

# 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 type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

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.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature		Printed Name		License Number

OCEOLA TOWNSHIP

REPORT ON AUDIT OF  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

**OCEOLA TOWNSHIP**

**TOWNSHIP OFFICIALS**

Supervisor - William Bamber  
Treasurer - Evelyn Cornell  
Clerk - Kathleen McLean

**BOARD OF TRUSTEES**

William Bamber  
Evelyn Cornell  
Kathleen McLean  
Sean Dunleavy  
Robert Henshaw  
Kieth Huff  
Lance Schuhmacher

**LEGAL COUNSEL**

Neal Nielsen & Associates

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**PFEFFER ■ HANNIFORD ■ PALKA**  
*Certified Public Accountants*

**John M. Pfeffer, C.P.A.**  
**Patrick M. Hanniford, C.P.A.**  
**Kenneth J. Palka, C.P.A.**

*Members:*  
*AICPA Private Practice Companies Section*  
*MACPA*

**225 E. Grand River - Suite 104**  
**Brighton, Michigan 48116-1575**  
**(810) 229-5550**  
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October 2, 2007

Board of Trustees  
Oceola Township  
1577 North Latson  
Howell, Michigan 48843

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oceola Township as of and for the year ended June 30, 2007, which collectively comprise Oceola Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oceola Township'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

The Management's Discussion and Analysis and other Required Supplementary Information on pages 9 through 13 and 35 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 an opinion on the financial statements that collectively comprise Oceola Township's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

MANAGEMENT  
DISCUSSION  
AND  
ANALYSIS

Management Discussion and Analysis  
June 30, 2007

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Within this section of Oceola Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units). The Township had no component units for the year ended June 30, 2007.

***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

*Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$12,522,844. This is a \$873,625 increase over last year's net assets of \$11,649,219.

The following tables provide a summary of the Township's financial activities and changes in net assets:

	<b>Summary of Net Assets</b>		Increase (Decrease)
	<u>Governmental Activities</u>		
	<u>June 30, 2006</u>	<u>June 30, 2007</u>	
Current and other assets	\$ 27,114,892	\$ 26,095,447	\$ (1,019,445)
Capital assets	<u>2,733,500</u>	<u>3,399,019</u>	<u>665,519</u>
Total assets	<u>29,848,392</u>	<u>29,494,466</u>	<u>(353,926)</u>
Other liabilities	1,467,874	1,578,772	110,898
Long-term liabilities	<u>16,731,299</u>	<u>15,392,850</u>	<u>(1,338,449)</u>
Total liabilities	<u>18,199,173</u>	<u>16,971,622</u>	<u>(1,227,551)</u>
Net assets:			
Invested in capital assets, net of related debt	2,733,500	3,399,019	665,519
Restricted	2,268,150	2,447,473	179,323
Unrestricted	<u>6,647,569</u>	<u>6,676,352</u>	<u>28,783</u>
Total net assets	<u>\$ 11,649,219</u>	<u>\$ 12,522,844</u>	<u>\$ 873,625</u>

### Summary of Changes in Net Assets

	Governmental Activities		Increase (Decrease)
	June 30, 2006	June 30, 2007	
Revenues:			
Program revenues			
Charges for services	\$ 186,243	\$ 493,558	\$ 307,315
Capital grants and contributions	3,782,683	97,600	(3,685,083)
General revenues			
State shared revenues	573,973	562,043	(11,930)
Property taxes	716,761	789,871	73,110
Interest income	390,509	505,864	115,355
Interest on special assessments	925,016	793,887	(131,129)
Other revenues	135,931	156,318	20,387
<b>Total revenues</b>	<b>6,711,116</b>	<b>3,399,141</b>	<b>(3,311,975)</b>
Expenses			
General government	698,546	785,830	87,284
Public safety	5,065	5,065	
Utility systems	1,766,010	420,183	(1,345,827)
Parks and recreation	58,015	100,835	42,820
Roads	577,594	436,890	(140,704)
Interest on long-term debt	856,917	776,713	(80,204)
<b>Total expenses</b>	<b>3,962,147</b>	<b>2,525,516</b>	<b>(1,436,631)</b>
<b>Changes in net assets</b>	<b>2,748,969</b>	<b>873,625</b>	<b>(1,875,344)</b>
<b>Beginning net assets</b>	<b>8,900,250</b>	<b>11,649,219</b>	<b>2,748,969</b>
<b>Ending net assets</b>	<b>\$ 11,649,219</b>	<b>\$ 12,522,844</b>	<b>\$ 873,625</b>

Financial Analysis of the Township's Funds

The Township has 6 major funds for the year ended June 30, 2007. These funds include:

- General Fund
- Eager/Latson Water Debt Service Fund
- M-59/Latson Water and Sewer Debt Service Fund
- Road Millage Fund
- Building Improvement Fund
- Sewer New User Fund

The General Fund added \$259,653 to its fund balance due to increases in overall general revenues. Expenditures remained approximately the same as the prior year.

The remaining major funds have significant activity in the current year because of the construction and financing activities related to the water and sewer systems, road projects and hall expansion.

General Fund Budgetary Highlights

The Township adopted its budget before the beginning of the fiscal year. One amendment was made during the year to change its original budget. Budget appropriations exceeded actual expenditures by \$144,978 for the year.

Capital Asset and Debt Administration

The Township began an expansion project on its Township Hall late in the prior fiscal year. As of June 30, 2007 \$512,387 was spent toward the expansion and recorded as an addition to fixed assets. These costs were related to architectural, engineering and construction services.

The Township also made other various capital acquisitions and improvements totaling \$232,004 which consisted of the following:

Emergency sirens	\$ 45,520
Soccer fields	<u>186,484</u>
	<u>\$ 232,004</u>

The Township paid \$1,353,088 of principal and \$776,713 of interest to repay various contracts and bonds payable. Most debt is being repaid with special assessments levied on the respective road and utility districts.

Economic Conditions and Future Activities

The Township is currently recognizing a severe slow down in developer activity. There are several developments (subdivisions) which have come to a complete stop regarding new home sales. Management believes the economy for housing will be very slow for the next several years which could adversely effect assessment collections used for paying down debt. Management is currently studying the situation in an effort to be proactive. Revisions to the debt structure may need to be put in place.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Oceola Township at 1577 North Latson, Howell, Michigan, 48843.

BASIC  
FINANCIAL STATEMENTS

GOVERNMENT - WIDE  
FINANCIAL STATEMENTS

OCEOLA TOWNSHIP  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,926,882
Cash and cash equivalents - restricted	330,786
Receivables	
State shared revenues	180,820
Accounts receivable - other	546,874
Special assessments - restricted	13,110,085
Capital assets	
Land	2,090,001
Buildings and improvements	1,278,823
Machinery and equipment	109,279
Construction in progress	186,484
Less: accumulated depreciation	(265,568)
Total assets	29,494,466
<b>LIABILITIES</b>	
Accounts payable	237,425
Accrued liabilities	2,898
Bonds/contracts payable	
Current	1,338,449
Non-current	15,392,850
Total liabilities	16,971,622
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	3,399,019
Restricted for:	
Debt service	2,447,473
Unrestricted	6,676,352
Total net assets	\$ 12,522,844

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Contributions</u>	
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ (785,830)	\$ 168,058	\$	\$ (617,772)
Public safety	(5,065)			(5,065)
Parks and recreation	(100,835)			(100,835)
Roads	(436,890)			(436,890)
Utility systems	(420,183)	325,500	97,600	2,917
Interest/fees on long-term debt	(776,713)			(776,713)
	<u>\$ (2,525,516)</u>	<u>\$ 493,558</u>	<u>\$ 97,600</u>	<u>(1,934,358)</u>
<b>General revenues</b>				
Property taxes				789,871
State shared revenues				562,043
Interest on cash and equivalents				505,864
Interest on special assessments				793,887
Cable franchise fees				66,507
Rental income				58,230
(Loss) on disposal of capital assets				(3,679)
Other income				35,260
				<u>2,807,983</u>
				873,625
				<u>11,649,219</u>
				<u>\$ 12,522,844</u>

The notes are an integral part of the financial statements.

FUND  
FINANCIAL STATEMENTS

OCEOLA TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

<u>ASSETS</u>	<u>General Fund</u>	<u>Road Millage Fund</u>	<u>Building Improvement Fund</u>	<u>Eager/Latson Water Debt Service Fund</u>	<u>M-59/Latson Water and Sewer Debt Service Fund</u>	<u>Sewer New User Fund</u>	<u>Other Non-major Funds</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,004,331	\$ 1,708,685	\$ 317,793	\$ 172,703	\$ 707,600	\$ 2,741,247	\$ 4,274,523	\$ 11,926,882
Cash and cash equivalents - restricted	330,786							330,786
Receivables								
Special assessments	74,501			2,700,044	7,384,500		2,951,040	13,110,085
Contracts receivable - residents						39,478	487,048	526,526
State shared revenues	180,820							180,820
Accounts receivable - other	3,220		17,128					20,348
Due from other funds	416						1,490,834	1,491,250
	<u>2,594,074</u>	<u>1,708,685</u>	<u>334,921</u>	<u>2,872,747</u>	<u>8,092,100</u>	<u>2,780,725</u>	<u>9,203,445</u>	<u>27,586,697</u>
Total assets	<u>\$ 2,594,074</u>	<u>\$ 1,708,685</u>	<u>\$ 334,921</u>	<u>\$ 2,872,747</u>	<u>\$ 8,092,100</u>	<u>\$ 2,780,725</u>	<u>\$ 9,203,445</u>	<u>\$ 27,586,697</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 14,266	\$ 33,408	\$ 50,451	\$	\$	\$	\$ 139,300	\$ 237,425
Accrued liabilities	1,133							1,133
Due to other funds	2,181	564,370					926,464	1,493,015
Deferred revenues				2,700,044	7,384,500	39,478	3,438,088	13,562,110
	<u>17,580</u>	<u>597,778</u>	<u>50,451</u>	<u>2,700,044</u>	<u>7,384,500</u>	<u>39,478</u>	<u>4,503,852</u>	<u>15,293,683</u>
Total liabilities	<u>17,580</u>	<u>597,778</u>	<u>50,451</u>	<u>2,700,044</u>	<u>7,384,500</u>	<u>39,478</u>	<u>4,503,852</u>	<u>15,293,683</u>
<b>FUND BALANCES</b>								
Unreserved	2,576,494	1,110,907	284,470				108,676	4,080,547
Designated for recreation/cemetery							848,175	848,175
Reserved for debt service				172,703	707,600		1,567,170	2,447,473
Reserved for utilities system						2,741,247	2,175,572	4,916,819
	<u>2,576,494</u>	<u>1,110,907</u>	<u>284,470</u>	<u>172,703</u>	<u>707,600</u>	<u>2,741,247</u>	<u>4,699,593</u>	<u>12,293,014</u>
Total fund balances	<u>2,576,494</u>	<u>1,110,907</u>	<u>284,470</u>	<u>172,703</u>	<u>707,600</u>	<u>2,741,247</u>	<u>4,699,593</u>	<u>12,293,014</u>
Total liabilities and fund balances	<u>\$ 2,594,074</u>	<u>\$ 1,708,685</u>	<u>\$ 334,921</u>	<u>\$ 2,872,747</u>	<u>\$ 8,092,100</u>	<u>\$ 2,780,725</u>	<u>\$ 9,203,445</u>	<u>\$ 27,586,697</u>

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP  
 RECONCILIATION OF STATEMENT OF NET ASSETS OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
 JUNE 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 12,293,014
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 3,664,587	
Depreciation	<u>(265,568)</u>	
Capital assets net of depreciation		3,399,019
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds/contracts payable		(16,731,299)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		
		<u>13,562,110</u>
Net assets of governmental activities		<u><u>\$ 12,522,844</u></u>

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Road Millage Fund	Building Improvement Fund	Eager/Latson Water Debt Service Fund	M-59/Latson Water and Sewer Debt Service Fund	Sewer New User Fund	Non-major Funds	Total
<b>REVENUES</b>								
Taxes	\$ 326,644	\$ 463,227	\$	\$	\$	\$	\$	\$ 789,871
Special assessments - principal				178,456	506,700	10,621	753,987	1,449,764
Special assessments - interest				143,344	428,969	2,485	219,089	793,887
State shared revenues	562,043							562,043
Licenses and permits	10,196							10,196
Connection fees						229,500	96,000	325,500
Rental income	1,690		23,652			31,668	1,220	58,230
Franchise fees			66,507					66,507
Charges for services	157,862							157,862
Interest	108,106	80,345	20,310	8,839	27,354	85,407	175,503	505,864
Miscellaneous	20,260					15,000		35,260
<b>Total revenues</b>	<b>1,186,801</b>	<b>543,572</b>	<b>110,469</b>	<b>330,639</b>	<b>963,023</b>	<b>374,681</b>	<b>1,245,799</b>	<b>4,754,984</b>
<b>EXPENDITURES</b>								
General government	752,922		510,387					1,263,309
Parks and recreation	100,835						186,484	287,319
Roads	40,126	355,394					41,370	436,890
Public works	33,265						386,918	420,183
Debt service - principal				150,000	425,000	156,533	621,556	1,353,089
Debt service - interest				107,457	295,300	152,418	221,537	776,712
Miscellaneous		383	1,750	327	375	1,450	6,015	10,300
<b>Total expenditures</b>	<b>927,148</b>	<b>355,777</b>	<b>512,137</b>	<b>257,784</b>	<b>720,675</b>	<b>310,401</b>	<b>1,463,880</b>	<b>4,547,802</b>
Excess of revenues over (under) expenditures	259,653	187,795	(401,668)	72,855	242,348	64,280	(218,081)	207,182
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in						74,087	1,639,893	1,713,980
Transfers (out)		(564,370)			(148,174)		(1,001,436)	(1,713,980)
<b>Total other financing sources (uses)</b>		<b>(564,370)</b>			<b>(148,174)</b>	<b>74,087</b>	<b>638,457</b>	
<b>Net change in fund balance</b>	<b>259,653</b>	<b>(376,575)</b>	<b>(401,668)</b>	<b>72,855</b>	<b>94,174</b>	<b>138,367</b>	<b>420,376</b>	<b>207,182</b>
<b>FUND BALANCE, JULY 1, 2006</b>	<b>2,316,841</b>	<b>1,487,482</b>	<b>686,138</b>	<b>99,848</b>	<b>613,426</b>	<b>2,602,880</b>	<b>4,279,217</b>	<b>12,085,832</b>
<b>FUND BALANCE, JUNE 30, 2007</b>	<b>\$ 2,576,494</b>	<b>\$ 1,110,907</b>	<b>\$ 284,470</b>	<b>\$ 172,703</b>	<b>\$ 707,600</b>	<b>\$ 2,741,247</b>	<b>\$ 4,699,593</b>	<b>\$ 12,293,014</b>

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

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

Net change in fund balances - governmental funds \$ 207,182

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 704,710	
Depreciation expense	(35,512)	
(Loss) on disposal of assets	<u>(3,679)</u>	

Total 665,519

Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repayment of		
Bonds payable	730,000	
Contracts payable	<u>623,088</u>	

Total 1,353,088

New assessments are recognized in the year levied 37,000

Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities.

Principal collected on assessments		<u>(1,389,164)</u>
------------------------------------	--	--------------------

Change in net assets of governmental activities \$ 873,625

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2007

	Trust and Agency funds	Current Tax Fund	Total
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 89,038	\$ 5	\$ 89,043
Due from other funds	2,181		2,181
Total assets	\$ 91,219	\$ 5	\$ 91,224
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 411	\$ 5	\$ 416
Due to others	90,808		90,808
Total liabilities	\$ 91,219	\$ 5	\$ 91,224

The notes are an integral part of the financial statements.

NOTES  
TO  
FINANCIAL  
STATEMENTS

OCEOLA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Oceola Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

OCEOLA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 general government, except those required to be accounted for in another fund.

The Road Millage Fund accounts for the taxes levied for road improvements.

The Building Improvement Fund accounts for funds used for improvement and expansion of the Township Hall.

The Eager/Latson Water Debt Service Fund accounts for the special assessments levied and related debt associated with the utilities systems constructed for the residents.

The M59/Latson Water and Sewer Debt Service Fund accounts for the special assessments levied and related debt associated with the utilities system constructed for these residents.

The Sewer New User Fund accounts for the connection fees associated with funding the Township's participation in the local sewer authority.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

OCEOLA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

For the year ended June 30, 2007, expenditures exceeded appropriations in several functional activities in the General Fund.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2006 levy was assessed at an adjusted taxable value of \$ 466,126,264. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township operations	0.6939
Roads	<u>0.9932</u>
Total millage	<u><u>1.6871</u></u>

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds' financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

OCEOLA TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of Oceola Township as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables and interfund transfers are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>		<u>Interfund Transfers In</u>	<u>Interfund Transfers (Out)</u>
General Fund	\$ 416	\$ 2,181	General Fund	\$	\$
Parks and Recreation	871,008		Parks and Recreation	931,088	
Cemetery Fund	53,697		Cemetery Fund	50,000	
Recreation/Cemetery		924,705	Recreation/Cemetery		981,088
Sewer Debt Service #1		444	M-59/Latson Water Sewer		148,174
Sewer Debt Service #2	1,315		Road Millage Fund		564,370
Sewer Debt Service 1A	444	1,315	Sewer Water Improvement	74,087	
Road Millage Fund		564,370	Water New User	74,087	
Eager/Latson Water Construction	564,370		Eager/Latson Water Construction	584,718	
Trust and Agency	2,181	411	Eager Road Improvement		20,348
Current Tax		5			
	<u>                    </u>	<u>                    </u>		<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,493,431</u>	<u>\$ 1,493,431</u>	Total	<u>\$ 1,713,980</u>	<u>\$ 1,713,980</u>

OCEOLA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 - PENSION PLANS

The Township maintained a defined contribution plan under Group No. GM-11120-3 with John Hancock. Under this plan employees were required to withhold 7.5% pre-tax dollars which the Township matched dollar for dollar (Township's contribution was also 7.5% of compensation). Thus, a total of 15% was contributed to the plan for each participating employee.

Effective March 1, 2006 the Township Board approved to pull-out of the above plan and replace it with a defined benefit plan with MERS.

Under the grandfather laws, some employees decided to stay with the defined contribution plan with John Hancock. All other employees switched to MERS, therefore, transferring their balances with John Hancock to MERS.

For the year ending June 30, 2007 the following summarizes contributions attributable to each plan:

	Total	John Hancock Defined Contribution Plan	(MERS) Defined Benefit Plan
Payroll	\$ 366,472	\$ 73,570	\$ 292,902
Employee withholding	\$ 27,828	\$ 5,518	\$ 22,310
Township contribution	\$ 26,783	\$ 5,518	\$ 21,265

The total payroll for the Township was \$422,018 for the year ending June 30, 2007.

The Township also offers all employees a deferred compensation plan with the ING Group. Participating employees may elect to contribute up to the Internal Revenue Service limit of compensation on a pre-tax basis. The Township does not match employee contributions made into this plan.

The following is more information related to the defined benefit plan with MERS:

Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined benefit public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. The Township has no fiduciary responsibility for the plan. All officials and employees averaging 20 hours per week are eligible to participate in the plan immediately upon employment.

OCEOLA TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 - PENSION PLANS - continued

As of December 31, 2006, the Township had fourteen covered employees and eighteen total eligible employees. Covered payroll for the year then ended was \$298,770.

The Township is covered under benefit program (C-NEW). The plan provides for vesting of benefits after eleven years of service.

Employees must contribute 7.5% of his or her respective salary/wage.

The following information, which is the most current available, was obtained from the Township's actuarial consultants, the Gabriel/Roeder Smith & Company. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 1997. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5% per year (annually) after retirement.

At December 31, 2006, the unfunded actuarial accrued liability was \$ 113,131, determined as follows:

Pension benefit obligation		
Retirees and beneficiaries currently receiving benefits	\$	0
Terminated employees not yet receiving benefits		0
Non-vested terminated employees		0
Current employees		
Accumulated employee contribution, including allocated investment income		232,192
Employer financed		142,859
		375,051
Total pension benefit obligation		375,051
Net assets available for benefits, at cost (at market)		261,920
Unfunded actuarial accrued liability	\$	113,131

OCEOLA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 - PENSION PLANS - continued

Analysis of Funding Progress

Valuation Date <u>December 31</u>	Net Assets Available for <u>Benefits (1)</u>	Pension Benefit Obligation <u>(PBO) (2)</u>	Percent Funded <u>(1)/(2)</u>	Unfunded (Overfunded) PBO <u>(2)-(1)</u>	Annual Covered <u>Payroll</u>	Unfunded PBO as a % of Covered <u>Payroll</u>
2006	\$ 261,920	\$ 375,051	70%	\$ 113,131	\$ 298,770	38%

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance 07/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/07</u>
Land	\$ 2,090,001	\$	\$	\$ 2,090,001
Buildings and improvements	766,436	512,387		1,278,823
Machinery and equipment	84,334	45,520	20,575	109,279
Construction in progress	39,681	659,190	512,387	186,484
 Total capital assets	 2,980,452	 1,217,097	 532,962	 3,664,587
Accumulated depreciation	<u>(246,952)</u>	<u>(35,512)</u>	<u>(16,896)</u>	<u>(265,568)</u>
 Governmental activities capital assets, net	 <u>\$ 2,733,500</u>	 <u>\$ 1,181,585</u>	 <u>\$ 516,066</u>	 <u>\$ 3,399,019</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets.

Depreciation expense was allocated to the following activities:

General government	\$ 30,447
Fire protection	<u>5,065</u>
Total	<u>\$ 35,512</u>

OCEOLA TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long term debt for the year.

	<u>Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2007</u>
1. Loan payable to Livingston County, Sanitary Sewer Drain No. 1, Drainage District Refunding Bonds, Series 1998, principal payable in annual installments of \$78,644 starting May 1, 2001, interest is charged at 4.2% to 4.25%, payable semi-annually.	\$ 238,920	\$	\$ 78,645	\$ 160,275
2. Loan payable to Livingston County, dated June 27, 1991, to finance 36.75% of the construction costs of Genoa-Oceola Sanitary Sewer Drain Service Area #2, Payable in annual principal installments ranging from \$124,950 graduating to \$161,700 through 2011, plus interest at 2% per annum.	777,262		148,837	628,425
3. Loan payable to Livingston County, dated October 13, 1994, to finance construction costs of the Oceola Township Water Improvement Special Assessment District. Payable in annual principal installments ranging from \$80,000 graduating to \$160,000, plus interest in semi-annual installments through 2014 ranging from \$20,000 graduating to \$65,000 through 2014, plus interest in semi-annual installments from 7.25% decreasing to 6.5% per annum.	1,140,000		130,000	1,010,000
4. Loan payable to Livingston County, dated August 12, 1994, to finance construction costs of the Oceola Township Sanitary Sewer Drain - Service area #1A. Payable in annual principal installments ranging from \$20,000 graduating to \$65,000 through 2014, plus interest in semi-annual installments from 7.25% decreasing to 6.5% per annum.	380,000		35,000	345,000
5. Special assessment bonds payable, dated June 1, 1996, to finance construction costs of certain water service districts (Thompson Lake district). Payable in annual principal installments ranging from \$20,000 graduating to \$30,000 through 2015, plus interest in semi-annual installments from 7% decreasing to 6% per annum.	220,000		20,000	200,000
6. Loan payable to Livingston County, dated August 15, 1996, to finance 20.8% of the construction costs of a water treatment plant and other water system improvements. Payable in annual principal installments ranging from \$27,778 graduating to \$40,109 through 2016, plus interest in semi-annual installments ranging from 8.0% decreasing to 5.25% per annum.	393,518		39,352	354,166

7. Loan payable to Livingston County, dated August 15, 1996, to finance 25% of the construction costs of a water treatment plant. Payable in annual principal installments ranging from \$22,222 to \$53,472 through 2016 plus interest in semi-annual installments ranging from 5.2% increasing to 5.375% per annum.	465,972	34,722	431,250
8. Oakcrest Special Assessment Bonds Payable for road paving, Series 1997. Payable in annual principal installments ranging from \$35,000 to \$40,000 through 2007.	40,000	40,000	
9. Golf Club Special Assessment Bonds Payable, dated April 1, 1999, to finance construction costs of certain water service districts. Payable in annual principal installments of \$30,000 through 2019, interest is charged at 4.0% graduating to 5% in 2002. Interest payments are paid semi-annually.	390,000	30,000	360,000
10. Pineridge Special assessment Bonds Payable, dated November 14, 2001 to finance road construction. Payable in annual installments of \$50,000 to \$70,000 through May 1, 2016. Interest is charged at 4.25% graduating to 4.75% paid semi-annually.	665,000	65,000	600,000
11. Contract payable to Genoa-Oceola SWATH - Sewer plant expansion; contract with Genoa-Oceola SWATH, (paid from new user funds); principal is payable in annual installments of \$128,696 to \$320,000; interest at 4% to 4.8%; maturity date is June 1, 2021.	3,443,715	156,532	3,287,183
12. M-59/Latson Special Assessment Bonds Payable, dated October 22, 2002 to finance water and sewer construction. Payable in annual installments of \$425,000 through May 1, 2022. Interest is charged at 3.00% graduating to 5.00% paid semi-annually.	7,025,000	425,000	6,600,000
13. Eager/Latson Special Assessment Bonds Payable, dated February 1, 2006 to finance water system construction. Payable in annual installments of \$125,000 to \$155,000 through October 1, 2025. Interest is charged at 3.00% graduating to 4.30% paid semi-annually.	<u>2,905,000</u>	<u>150,000</u>	<u>2,755,000</u>
Total long-term debt	<u><u>\$ 18,084,387</u></u>	<u><u>\$ 1,353,088</u></u>	<u><u>\$ 16,731,299</u></u>

OCEOLA TOWNSHIP  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - LONG-TERM DEBT - continued

The annual principal requirements to amortize all debt outstanding as of June 30, 2007 are as follows:

2008	\$ 1,338,449
2009	1,362,067
2010	1,302,710
2011	1,323,342
2012	1,194,576
2013 - 2017	5,473,986
2018 - 2022	4,271,169
2023 - 2025	<u>465,000</u>
Total	<u><u>\$ 16,731,299</u></u>

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 400,000	\$	\$ 400,000	\$ 400,000
Uninsured and uncollateralized	<u>11,857,668</u>	<u>89,043</u>	<u>11,946,711</u>	<u>12,641,533</u>
Total deposits	<u><u>\$ 12,257,668</u></u>	<u><u>\$ 89,043</u></u>	<u><u>\$ 12,346,711</u></u>	<u><u>\$ 13,041,533</u></u>

The Township has a board approved investment policy.

NOTE 8 - CONTINGENT LIABILITIES

The Township is involved in some legal actions arising in the normal course of business as well as some potential legal actions related to zoning issues. In the opinion of management, the current legal actions should not have a material effect on the financial position of the Township.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

OCEOLA TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$	\$	\$ 326,644	\$
Tax administration fees			146,159	
Dog licenses			846	
Land use and other permits			9,350	
State shared revenues			562,043	
Board of appeals fees			200	
Site plan reviews			1,600	
Zoning fees			1,600	
P.U.D. fees			2,300	
Copy/map charges			661	
Fire runs			950	
Cemetery lot sales			3,416	
Interest			108,106	
Reimbursements			11,788	
Hall rental fees			1,690	
Trash day			976	
Other revenue			8,472	
	<u>1,072,126</u>	<u>1,072,126</u>	<u>1,186,801</u>	<u>114,675</u>
<b>EXPENDITURES</b>				
Board of trustees	36,800	36,800	38,128	(1,328)
Supervisor	45,500	45,500	43,067	2,433
Election	26,050	26,050	16,898	9,152
Assessor	88,450	88,450	82,368	6,082
Clerk	118,766	118,766	105,716	13,050
Board of review			2,537	(2,537)
Treasurer	100,966	100,966	89,793	11,173
Building and grounds	58,000	58,000	69,736	(11,736)
General (unallocated)	226,000	256,000	221,073	34,927
Planning and zoning	104,350	104,350	83,606	20,744
Public works	206,244	136,244	73,391	62,853
Recreation	61,000	101,000	100,835	165
	<u>1,072,126</u>	<u>1,072,126</u>	<u>927,148</u>	<u>144,978</u>
Net change in fund balance			259,653	259,653
FUND BALANCE, JULY 1, 2006	<u>2,316,841</u>	<u>2,316,841</u>	<u>2,316,841</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 2,316,841</u>	<u>\$ 2,316,841</u>	<u>\$ 2,576,494</u>	<u>\$ 259,653</u>

OCEOLA TOWNSHIP  
 BUILDING IMPROVEMENT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Cable fees	\$	\$	\$ 66,507	\$
Lease			23,652	
Interest			20,310	
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>110,469</u>	<u>30,469</u>
EXPENDITURES				
Maintenance/construction			510,387	
Property taxes			1,550	
Audit fees			200	
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>512,137</u>	<u>(12,137)</u>
Net change in fund balance	(420,000)	(420,000)	(401,668)	18,332
FUND BALANCE, JULY 1, 2006	<u>686,138</u>	<u>686,138</u>	<u>686,138</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 266,138</u>	<u>\$ 266,138</u>	<u>\$ 284,470</u>	<u>\$ 18,332</u>

OCEOLA TOWNSHIP  
ROAD MILLAGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Tax collections	\$	\$	\$ 463,227	\$
Interest			80,345	
Total revenues	<u>463,073</u>	<u>463,073</u>	<u>543,572</u>	<u>80,499</u>
<b>EXPENDITURES</b>				
Road maintenance			301,239	
Dust control			54,155	
Audit fees			250	
Miscellaneous			133	
Total expenditures	<u>885,630</u>	<u>885,630</u>	<u>355,777</u>	<u>529,853</u>
Excess of revenues over (under) expenditures	(422,557)	(422,557)	187,795	610,352
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out)	<u>(564,370)</u>	<u>(564,370)</u>	<u>(564,370)</u>	
Net change in fund balance	(986,927)	(986,927)	(376,575)	610,352
FUND BALANCE, JULY 1, 2006	<u>1,487,482</u>	<u>1,487,482</u>	<u>1,487,482</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 500,555</u>	<u>\$ 500,555</u>	<u>\$ 1,110,907</u>	<u>\$ 610,352</u>

SUPPLEMENTARY  
INFORMATION

COMBINING  
FINANCIAL  
STATEMENTS

OCEOLA TOWNSHIP  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007

<u>ASSETS</u>	<u>Road Maintenance Fund</u>	<u>Road Millage Fund</u>	<u>Recreation/ Cemetery Fund</u>	<u>Parks and Recreation Fund</u>	<u>Cemetery Fund</u>	<u>Building Improvement Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 108,676	\$ 1,708,685	\$ 924,705	\$	\$	\$ 317,793	\$ 2,339	\$ 3,062,198
Accounts receivable						17,128		17,128
Due from other funds				871,008	53,697			924,705
<b>Total assets</b>	<b><u>\$ 108,676</u></b>	<b><u>\$ 1,708,685</u></b>	<b><u>\$ 924,705</u></b>	<b><u>\$ 871,008</u></b>	<b><u>\$ 53,697</u></b>	<b><u>\$ 334,921</u></b>	<b><u>\$ 2,339</u></b>	<b><u>\$ 4,004,031</u></b>
 <u>LIABILITIES AND FUND BALANCE</u>								
LIABILITIES								
Accounts payable	\$	\$ 33,408	\$	\$ 78,869	\$	\$ 50,451	\$	162,728
Due to other funds		564,370	924,705					1,489,075
<b>Total liabilities</b>		<b><u>597,778</u></b>	<b><u>924,705</u></b>	<b><u>78,869</u></b>		<b><u>50,451</u></b>		<b><u>1,651,803</u></b>
FUND BALANCE								
Designated Fund balance	108,676	1,110,907		792,139	53,697	284,470	2,339	848,175
<b>Total fund balance</b>	<b><u>108,676</u></b>	<b><u>1,110,907</u></b>		<b><u>792,139</u></b>	<b><u>53,697</u></b>	<b><u>284,470</u></b>	<b><u>2,339</u></b>	<b><u>2,352,228</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 108,676</u></b>	<b><u>\$ 1,708,685</u></b>	<b><u>\$ 924,705</u></b>	<b><u>\$ 871,008</u></b>	<b><u>\$ 53,697</u></b>	<b><u>\$ 334,921</u></b>	<b><u>\$ 2,339</u></b>	<b><u>\$ 4,004,031</u></b>

OCEOLA TOWNSHIP  
 ALL DEBT SERVICE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2007

	Eager/Latson Water Debt Service Fund	Sewer Debt Service #1 Fund	Sewer Debt Service #2 Fund	Sewer Debt Service #1A Fund
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 172,703	\$ 71,351	\$ 211,247	\$ 246,210
Special assessment receivable	2,700,044	124,491	444,479	196,617
Due from other funds			1,315	444
	<u>\$ 2,872,747</u>	<u>\$ 195,842</u>	<u>\$ 657,041</u>	<u>\$ 443,271</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Deferred revenue	2,700,044	124,491	444,479	196,617
Due to other funds		444		1,315
	<u>2,700,044</u>	<u>124,935</u>	<u>444,479</u>	<u>197,932</u>
Total liabilities	2,700,044	124,935	444,479	197,932
FUND BALANCE	<u>172,703</u>	<u>70,907</u>	<u>212,562</u>	<u>245,339</u>
Total liabilities and fund balance	<u>\$ 2,872,747</u>	<u>\$ 195,842</u>	<u>\$ 657,041</u>	<u>\$ 443,271</u>

<u>Water Debt Service #1 Fund</u>	<u>Thompson Lake Debt Service Fund</u>	<u>Oakcrest Debt Service Fund</u>	<u>Golf Club Debt Service Fund</u>	<u>Pineridge Road Debt Service Fund</u>	<u>M-59/Latson Water and Sewer Debt Service Fund</u>	<u>Total</u>
\$ 674,337	\$ 144,422	\$ 72,355	\$ 70,939	\$ 76,760	\$ 707,600	\$ 2,447,924
1,119,431	150,770		361,041	554,211	7,384,500	13,035,584
						1,759
<u>\$ 1,793,768</u>	<u>\$ 295,192</u>	<u>\$ 72,355</u>	<u>\$ 431,980</u>	<u>\$ 630,971</u>	<u>\$ 8,092,100</u>	<u>\$ 15,485,267</u>
\$ 1,119,431	\$ 351	\$ 100	\$ 361,041	\$ 554,211	\$ 7,384,500	\$ 451
	150,770					13,035,584
						1,759
\$ 1,119,431	151,121	100	361,041	554,211	7,384,500	13,037,794
674,337	144,071	72,255	70,939	76,760	707,600	2,447,473
<u>\$ 1,793,768</u>	<u>\$ 295,192</u>	<u>\$ 72,355</u>	<u>\$ 431,980</u>	<u>\$ 630,971</u>	<u>\$ 8,092,100</u>	<u>\$ 15,485,267</u>

OCEOLA TOWNSHIP  
ALL CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007

	Eager/Latson Water Construction	Sewer New User Fund	Water New User Fund	M-59/Latson Water and Sewer Construction Fund	Total
<u>ASSETS</u>					
ASSETS					
Cash and cash equivalents	\$ 645,885	\$ 2,741,247	\$ 626,319	\$ 398,978	\$ 4,412,429
Accounts receivable - residents		39,478	487,048		526,526
Due from other funds	564,370				564,370
Total assets	<u>\$ 1,210,255</u>	<u>\$ 2,780,725</u>	<u>\$ 1,113,367</u>	<u>\$ 398,978</u>	<u>\$ 5,503,325</u>
<u>LIABILITIES AND FUND BALANCE</u>					
LIABILITIES					
Accounts payable	\$	\$	\$	\$ 59,980	\$ 59,980
Deferred revenue		39,478	487,048		526,526
Total liabilities		39,478	487,048	59,980	586,506
FUND BALANCE	1,210,255	2,741,247	626,319	338,998	4,916,819
Total liabilities and fund balance	<u>\$ 1,210,255</u>	<u>\$ 2,780,725</u>	<u>\$ 1,113,367</u>	<u>\$ 398,978</u>	<u>\$ 5,503,325</u>

OCEOLA TOWNSHIP  
 ALL FIDUCIARY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2007

	Agency Fund	Current Tax Fund	Total
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 89,038	\$ 5	\$ 89,043
Due from other funds	2,181		2,181
Total assets	\$ 91,219	\$ 5	\$ 91,224
 <u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 411	\$ 5	\$ 416
Due to others	90,808		90,808
Total liabilities	\$ 91,219	\$ 5	\$ 91,224

OCEOLA TOWNSHIP  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

	Road Maintenance Fund	Road Millage Fund	Recreation/ Cemetery Fund	Parks and Recreation Fund	Cemetery Fund	Building Improvement Fund	Cemetery Perpetual Care Fund	Total
<b>REVENUES</b>								
Franchise and lease fees	\$	\$	\$	\$ 1,220	\$	\$ 90,159	\$	\$ 91,379
Taxes		463,227						463,227
Special assessments	60,601							60,601
Interest	4,130	80,345		46,440	3,822	20,310	111	155,158
<b>Total revenues</b>	<b>64,731</b>	<b>543,572</b>		<b>47,660</b>	<b>3,822</b>	<b>110,469</b>	<b>111</b>	<b>770,365</b>
<b>EXPENDITURES</b>								
Maintenance and construction	41,370	355,394		186,484		510,387		1,093,635
Miscellaneous fees		383		125	125	1,750		2,383
<b>Total expenditures</b>	<b>41,370</b>	<b>355,777</b>		<b>186,609</b>	<b>125</b>	<b>512,137</b>		<b>1,096,018</b>
Excess of revenues over (under) expenditures	23,361	187,795		(138,949)	3,697	(401,668)	111	(325,653)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in				931,088	50,000			981,088
Transfer (out)		(564,370)	(981,088)					(1,545,458)
<b>Total other financing sources (uses)</b>		<b>(564,370)</b>	<b>(981,088)</b>	<b>931,088</b>	<b>50,000</b>			<b>(564,370)</b>
Net change in fund balance	23,361	(376,575)	(981,088)	792,139	53,697	(401,668)	111	(890,023)
FUND BALANCE, JULY 1, 2006	85,315	1,487,482	981,088			686,138	2,228	3,242,251
FUND BALANCE, JUNE 30, 2007	<u>\$ 108,676</u>	<u>\$ 1,110,907</u>	<u>\$</u>	<u>\$ 792,139</u>	<u>\$ 53,697</u>	<u>\$ 284,470</u>	<u>\$ 2,339</u>	<u>\$ 2,352,228</u>

OCEOLA TOWNSHIP  
 ALL DEBT SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

	Eager/Latson Water Debt Service Fund	Sewer Debt Service #1 Fund	Sewer Debt Service #2 Fund	Sewer Debt Service #1A Fund
<b>REVENUES</b>				
Special assessments - principal	\$ 178,456	\$ 61,386	\$ 127,315	\$ 35,838
Special assessments - interest	143,344	13,938	11,472	16,955
Interest	8,839	3,910	10,328	12,070
Total revenues	<u>330,639</u>	<u>79,234</u>	<u>149,115</u>	<u>64,863</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	150,000	78,645	148,837	35,000
Interest	107,457	10,154	7,773	22,863
Miscellaneous	327	159	100	500
Total expenditures	<u>257,784</u>	<u>88,958</u>	<u>156,710</u>	<u>58,363</u>
Excess of revenues over (under) expenditures	72,855	(9,724)	(7,595)	6,500
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out)				
Net change in fund balance	72,855	(9,724)	(7,595)	6,500
FUND BALANCE, JULY 1, 2006	<u>99,848</u>	<u>80,631</u>	<u>220,157</u>	<u>238,839</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 172,703</u>	<u>\$ 70,907</u>	<u>\$ 212,562</u>	<u>\$ 245,339</u>

<u>Water Debt Service #1 Fund</u>	<u>Thompson Lake Debt Service Fund</u>	<u>Oakcrest Debt Service Fund</u>	<u>Golf Club Debt Service Fund</u>	<u>Pineridge Road Debt Service Fund</u>	<u>M-59/Latson Water and Sewer Debt Service Fund</u>	<u>Total</u>
\$ 200,379	\$ 29,455	\$ 33,300	\$ 30,087	\$ 78,684	\$ 506,700	\$ 1,281,600
79,542	10,894	2,218	19,556	31,805	428,969	758,693
33,569	6,694	3,576	2,949	2,632	27,354	111,921
<u>313,490</u>	<u>47,043</u>	<u>39,094</u>	<u>52,592</u>	<u>113,121</u>	<u>963,023</u>	<u>2,152,214</u>
204,074	20,000	40,000	30,000	65,000	425,000	1,196,556
116,810	12,874	1,940	19,500	29,623	295,300	624,294
656	450	550	375	375	375	3,867
<u>321,540</u>	<u>33,324</u>	<u>42,490</u>	<u>49,875</u>	<u>94,998</u>	<u>720,675</u>	<u>1,824,717</u>
(8,050)	13,719	(3,396)	2,717	18,123	242,348	327,497
					<u>(148,174)</u>	<u>(148,174)</u>
(8,050)	13,719	(3,396)	2,717	18,123	94,174	179,323
<u>682,387</u>	<u>130,352</u>	<u>75,651</u>	<u>68,222</u>	<u>58,637</u>	<u>613,426</u>	<u>2,268,150</u>
<u>\$ 674,337</u>	<u>\$ 144,071</u>	<u>\$ 72,255</u>	<u>\$ 70,939</u>	<u>\$ 76,760</u>	<u>\$ 707,600</u>	<u>\$ 2,447,473</u>

OCEOLA TOWNSHIP  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2007

	Eager/Latson Water Construction	Eager Road Construction	Sewer New User Fund	Water New User Fund	M-59/Latson Water and Sewer Construction Fund	Total
<b>REVENUES</b>						
Special assessments - principal	\$	\$	\$ 10,621	\$ 96,942	\$	\$ 107,563
Special assessments - interest			2,485	32,709		35,194
Connection fees			229,500	96,000		325,500
Rent			31,668			31,668
Other revenue			15,000			15,000
Interest	25,717	60	85,407	8,539	10,956	130,679
<b>Total revenues</b>	<u>25,717</u>	<u>60</u>	<u>374,681</u>	<u>234,190</u>	<u>10,956</u>	<u>645,604</u>
<b>EXPENDITURES</b>						
Debt service						
Principal			156,533			156,533
Interest			152,418			152,418
Construction	284,821				102,097	386,918
Audit fees	650		1,450	1,450	500	4,050
<b>Total expenditures</b>	<u>285,471</u>	<u>60</u>	<u>310,401</u>	<u>1,450</u>	<u>102,597</u>	<u>699,919</u>
Excess of revenues over (under) expenditures	<u>(259,754)</u>	<u>60</u>	<u>64,280</u>	<u>232,740</u>	<u>(91,641)</u>	<u>(54,315)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	584,718		74,087	74,087		732,892
Transfer (out)		(20,348)				(20,348)
<b>Total other financing sources (uses)</b>	<u>584,718</u>	<u>(20,348)</u>	<u>74,087</u>	<u>74,087</u>		<u>712,544</u>
Net change in fund balance	324,964	(20,288)	138,367	306,827	(91,641)	658,229
FUND BALANCE, JULY 1, 2006	<u>885,291</u>	<u>20,288</u>	<u>2,602,880</u>	<u>319,492</u>	<u>430,639</u>	<u>4,258,590</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 1,210,255</u>	<u>\$</u>	<u>\$ 2,741,247</u>	<u>\$ 626,319</u>	<u>\$ 338,998</u>	<u>\$ 4,916,819</u>

INDIVIDUAL  
FUNDS

GENERAL  
FUND

OCEOLA TOWNSHIP  
 GENERAL FUND  
 BALANCE SHEET  
 JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,004,331	
Due from State of Michigan	180,820	
Due from other funds	416	
Due from others	<u>3,220</u>	
 Total unrestricted assets		 \$ 2,188,787

RESTRICTED ASSETS

Cash and cash equivalents - John Doe	330,786	
Special assessments receivable	<u>74,501</u>	

Total restricted assets		<u>405,287</u>
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Total assets		<u><u>\$ 2,594,074</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 14,266	
Accrued liabilities	1,133	
Due to other funds	<u>2,181</u>	
 Total liabilities		 \$ 17,580

FUND BALANCE

Fund balance - reserved	405,287	
Fund balance - unreserved	<u>2,171,207</u>	

Total fund balance		<u>2,576,494</u>
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Total liabilities and fund balance		<u><u>\$ 2,594,074</u></u>
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OCEOLA TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$	\$ 326,644	\$
Tax administration fees		146,159	
Dog licenses		846	
Land use and other permits		9,350	
State shared revenues		562,043	
Board of appeals fees		200	
Site plan reviews		1,600	
Zoning fees		1,600	
P.U.D. fees		2,300	
Copy/map charges		661	
Fire runs		950	
Cemetery lot sales		3,416	
Reimbursements		11,788	
Interest		108,106	
Hall rental fees		1,690	
Trash day		976	
Other revenue		8,472	
	<u>1,072,126</u>	<u>1,186,801</u>	<u>114,675</u>
<b>EXPENDITURES</b>	<u>1,072,126</u>	<u>927,148</u>	<u>144,978</u>
Net change in fund balance		259,653	259,653
FUND BALANCE, JULY 1, 2006	<u>2,316,841</u>	<u>2,316,841</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 2,316,841</u>	<u>\$ 2,576,494</u>	<u>\$ 259,653</u>

OCEOLA TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>BOARD OF TRUSTEES</b>			
Salaries	\$	\$ 29,186	\$
Fringe benefits		8,932	
Mileage		10	
	36,800	38,128	(1,328)
<b>SUPERVISOR</b>			
Salary		34,635	
Fringe benefits		8,412	
Mileage		20	
	45,500	43,067	2,433
<b>ELECTION</b>			
Salaries		12,454	
Supplies		3,242	
Publishing		384	
Miscellaneous		818	
	26,050	16,898	9,152
<b>ASSESSOR</b>			
Contract services		45,801	
Assessor - fringe		9,096	
Assistant assessor salary		13,285	
Assistant fringe		1,750	
Tax roll		12,419	
Mileage		17	
	88,450	82,368	6,082

OCEOLA TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CLERK</b>			
Salary		34,635	
Fringe benefits		9,881	
Deputy salary		25,624	
Deputy fringe		4,522	
Recording secretary		7,703	
Recording secretary fringe		1,893	
Records coordinator wages		17,155	
Recording coordinator fringe		4,192	
Administrative		20	
Mileage		91	
	<hr/>	<hr/>	<hr/>
Total clerk	118,766	105,716	13,050
	<hr/>	<hr/>	<hr/>
<b>BOARD OF REVIEW</b>			
Salaries		1,875	
Supplies		97	
Publishing		565	
	<hr/>	<hr/>	<hr/>
Total board of review		2,537	(2,537)
	<hr/>	<hr/>	<hr/>
<b>TREASURER</b>			
Salary		34,635	
Fringe benefits		7,476	
Deputy/assistant salaries		38,454	
Supplies		104	
Deputy assistant fringe		9,084	
Mileage		40	
	<hr/>	<hr/>	<hr/>
Total treasurer	100,966	89,793	11,173
	<hr/>	<hr/>	<hr/>
<b>BUILDINGS AND GROUNDS</b>			
Salary - maintenance		15,002	
Receptionist		16,229	
Supplies		6,268	
Telephone		3,817	
Electricity		8,310	
Heat		4,092	
Water		863	
Publishing		132	
Maintenance - hall		3,908	
Rubbish disposal		675	
Grounds maintenance		2,867	
Equipment maintenance		6,997	
Other		576	
	<hr/>	<hr/>	<hr/>
Total building and grounds	58,000	69,736	(11,736)
	<hr/>	<hr/>	<hr/>

OCEOLA TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL (UNALLOCATED)</b>			
Cemetery wages		1,134	
Payroll taxes		29,235	
Pension		27,965	
Insurance		23,882	
Supplies		16,022	
Attorney fees		14,539	
Audit fees		10,500	
Accounting fees		8,953	
Professional services		4,476	
Dues and subscriptions		6,301	
Administrative expense		3,338	
Printing and Publishing		725	
Education		10,530	
Cemetery maintenance		19,954	
Office machine maintenance		3,393	
County funding programs		925	
Mileage		1,743	
Miscellaneous		1,333	
Lease - vehicle		3,252	
Capital outlay		32,873	
Total general (unallocated)	256,000	221,073	34,927
<b>PLANNING AND ZONING</b>			
Planning salaries		10,670	
P.U.D. commissions		2,184	
Planning clerical salaries		922	
Planning supplies		163	
Planning consultants		48,215	
Administration expense		254	
Planning printing and publishing		3,684	
Zoning mileage		111	
Zoning salaries		12,202	
Fringe benefits		4,039	
Board of appeals salaries		968	
Board of appeals publishing		194	
Total planning and zoning	104,350	83,606	20,744

OCEOLA TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>PUBLIC WORKS</b>			
Trash clean up		2,990	
Drains		1,492	
Street lights		3,621	
Water study		5,812	
Road paving projects		40,136	
Sirens		19,340	
Total public works	136,244	73,391	62,853
<b>RECREATION</b>			
Contract	101,000	100,835	165
Total expenditures	\$ 1,072,126	\$ 927,148	\$ 144,978

ROAD  
MAINTENANCE  
FUND

OCEOLA TOWNSHIP  
ROAD MAINTENANCE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 108,676

FUND BALANCE

FUND BALANCE

\$ 108,676

OCEOLA TOWNSHIP  
ROAD MAINTENANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Assessments - various roads	\$	\$ 60,601	\$
Interest		4,130	
Total revenues	60,000	64,731	4,731
EXPENDITURES			
Maintenance - various roads	<u>60,000</u>	<u>41,370</u>	<u>18,630</u>
Net change in fund balance		23,361	23,361
FUND BALANCE, JULY 1, 2006	<u>85,315</u>	<u>85,315</u>	
FUND BALANCE, JUNE 30, 2007	<u><u>\$ 85,315</u></u>	<u><u>\$ 108,676</u></u>	<u><u>\$ 23,361</u></u>

ROAD  
MILLAGE  
FUND

OCEOLA TOWNSHIP  
ROAD MILLAGE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 1,708,685

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable  
Due to other funds

\$ 33,408  
564,370

Total liabilities

\$ 597,778

FUND BALANCE

1,110,907

\$ 1,708,685

OCEOLA TOWNSHIP  
ROAD MILLAGE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Tax collections	\$	\$ 463,227	\$
Interest		80,345	
	<u>463,073</u>	<u>543,572</u>	<u>80,499</u>
<b>EXPENDITURES</b>			
Road maintenance		301,239	
Dust control		54,155	
Audit fees		250	
Miscellaneous		133	
	<u>885,630</u>	<u>355,777</u>	<u>529,853</u>
Excess of revenues over (under) expenditures	(422,557)	187,795	610,352
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	<u>(564,370)</u>	<u>(564,370)</u>	
Net change in fund balance	(986,927)	(376,575)	610,352
FUND BALANCE, JULY 1, 2006	<u>1,487,482</u>	<u>1,487,482</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 500,555</u>	<u>\$ 1,110,907</u>	<u>\$ 610,352</u>

RECREATION / CEMETERY  
FUND

OCEOLA TOWNSHIP  
RECREATION/CEMETERY FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 924,705

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 924,705

FUND BALANCE

Total liabilities and fund balance

\$ 924,705

OCEOLA TOWNSHIP  
RECREATION/CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES	\$
EXPENDITURES	<hr/>
Excess of revenues over (under) expenditures	
OTHER FINANCING SOURCES (USES)	
Transfer out	<hr/> <u>(981,088)</u>
Net change in fund balance	(981,088)
FUND BALANCE, JULY 1, 2006	<hr/> <u>981,088</u>
FUND BALANCE, JUNE 30, 2007	<hr/> <u><u>\$</u></u>

PARKS AND RECREATION  
FUND

OCEOLA TOWNSHIP  
PARKS AND RECREATION FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Due from other funds

\$ 871,008

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 78,869

FUND BALANCE

792,139

Total liabilities and fund balance

\$ 871,008

OCEOLA TOWNSHIP  
PARKS AND RECREATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Interest	\$	\$ 46,440	\$
Lease		1,220	
Total revenues	480,000	47,660	47,660
<b>EXPENDITURES</b>			
Maintenance/construction		186,484	
Audit fees		125	
Total expenditures	480,000	186,609	293,391
Excess of revenues over (under) expenditures	(480,000)	(138,949)	341,051
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	931,088	931,088	
Net change in fund balance	451,088	792,139	341,051
FUND BALANCE, JULY 1, 2006			
FUND BALANCE, JUNE 30, 2007	\$ 451,088	\$ 792,139	\$ 341,051

CEMETERY  
FUND

OCEOLA TOWNSHIP  
CEMETERY FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Due from other funds

\$ 53,697

FUND BALANCE

FUND BALANCE

\$ 53,697

OCEOLA TOWNSHIP  
 CEMETERY FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$	\$ 3,822	\$ 3,822
EXPENDITURES	30,000	125	29,875
Excess of revenues over (under) expenditures	(30,000)	3,697	33,697
OTHER FINANCING SOURCES (USES)			
Transfer in	50,000	50,000	
Net change in fund balance	20,000	53,697	33,697
FUND BALANCE, JULY 1, 2006			
FUND BALANCE, JUNE 30, 2007	\$ 20,000	\$ 53,697	\$ 33,697

BUILDING IMPROVEMENT  
FUND

OCEOLA TOWNSHIP  
BUILDING IMPROVEMENT FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 317,793
Accounts receivable other	<u>17,128</u>
Total assets	<u><u>\$ 334,921</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 50,451
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FUND BALANCE

Total liabilities and fund balance	<u><u>\$ 334,921</u></u>
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OCEOLA TOWNSHIP  
 BUILDING IMPROVEMENT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Cable fees	\$	\$ 66,507	\$
Lease		23,652	
Interest		20,310	
	<u>80,000</u>	<u>110,469</u>	<u>30,469</u>
EXPENDITURES			
Maintenance/construction		510,387	
Property taxes		1,550	
Audit fees		200	
	<u>500,000</u>	<u>512,137</u>	<u>(12,137)</u>
Net change in fund balance	(420,000)	(401,668)	18,332
FUND BALANCE, JULY 1, 2006	<u>686,138</u>	<u>686,138</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 266,138</u>	<u>\$ 284,470</u>	<u>\$ 18,332</u>

CEMETERY PERPETUAL  
CARE  
FUND

OCEOLA TOWNSHIP  
CEMETERY PERPETUAL CARE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 2,339

FUND BALANCE

FUND BALANCE

\$ 2,339

OCEOLA TOWNSHIP  
CEMETERY PERPETUAL CARE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES	
Interest income	\$ 111
EXPENDITURES	<hr/>
Net change in fund balance	111
FUND BALANCE, JULY 1, 2006	<hr/> 2,228
FUND BALANCE, JUNE 30, 2007	<hr/> <hr/> \$ 2,339

EAGER / LATSON WATER  
DEBT SERVICE  
FUND

OCEOLA TOWNSHIP  
EAGER/LATSON WATER DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 172,703
Special assessment receivable	<u>2,700,044</u>
Total assets	<u>\$ 2,872,747</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 2,700,044
------------------	--------------

FUND BALANCE

	<u>172,703</u>
Total liabilities and fund balance	<u>\$ 2,872,747</u>

OCEOLA TOWNSHIP  
 EAGER/LATSON WATER DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 178,456	\$
Special assessment - interest		143,344	
Interest		8,839	
	<u>279,000</u>	<u>330,639</u>	<u>51,639</u>
<b>EXPENDITURES</b>			
Bond principal		150,000	
Bond interest		107,457	
Miscellaneous		327	
	<u>279,000</u>	<u>257,784</u>	<u>21,216</u>
Net change in fund balance		72,855	72,855
FUND BALANCE, JULY 1, 2006	<u>99,848</u>	<u>99,848</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 99,848</u>	<u>\$ 172,703</u>	<u>\$ 72,855</u>

SEWER DEBT SERVICE  
#1 FUND

OCEOLA TOWNSHIP  
SEWER DEBT SERVICE #1 FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$	71,351
Special assessment receivable		<u>124,491</u>
 Total assets		 <u><u>\$ 195,842</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$	124,491
Due to other funds		<u>444</u>
 Total liabilities		 \$ 124,935

FUND BALANCE

Total liabilities and fund balance	\$	<u><u>70,907</u></u> <u><u>195,842</u></u>
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OCEOLA TOWNSHIP  
SEWER DEBT SERVICE #1 FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - principal	\$	\$ 61,386	\$
Special assessments - interest		13,938	
Interest		3,910	
	<u>79,000</u>	<u>79,234</u>	<u>234</u>
EXPENDITURES			
Debt service			
Principal		78,645	
Interest		10,154	
Agent fees		59	
Audit fees		100	
	<u>92,500</u>	<u>88,958</u>	<u>3,542</u>
Total expenditures	<u>92,500</u>	<u>88,958</u>	<u>3,542</u>
Net change in fund balance	(13,500)	(9,724)	3,776
FUND BALANCE, JULY 1, 2006	<u>80,631</u>	<u>80,631</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 67,131</u>	<u>\$ 70,907</u>	<u>\$ 3,776</u>

SEWER DEBT SERVICE  
#2 FUND

OCEOLA TOWNSHIP  
SEWER DEBT SERVICE #2 FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 211,247
Special assessment receivable	444,479
Due from other funds	<u>1,315</u>
Total assets	<u>\$ 657,041</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 444,479
------------------	------------

FUND BALANCE

	<u>212,562</u>
Total liabilities and fund balance	<u>\$ 657,041</u>

OCEOLA TOWNSHIP  
SEWER DEBT SERVICE #2 FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - principal	\$	\$ 127,315	\$
Special assessments - interest		11,472	
Interest		10,328	
		<u>          </u>	<u>          </u>
Total revenues	<u>132,000</u>	<u>149,115</u>	<u>17,115</u>
EXPENDITURES			
Debt service			
Principal		148,837	
Interest		7,773	
Audit fees		100	
		<u>          </u>	<u>          </u>
Total expenditures	<u>166,000</u>	<u>156,710</u>	<u>9,290</u>
Net change in fund balance	(34,000)	(7,595)	26,405
FUND BALANCE, JULY 1, 2006	<u>220,157</u>	<u>220,157</u>	<u>          </u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 186,157</u>	<u>\$ 212,562</u>	<u>\$ 26,405</u>

SEWER DEBT SERVICE

#1 A FUND

OCEOLA TOWNSHIP  
SEWER DEBT SERVICE #1A FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$	246,210
Special assessment receivable		196,617
Due from other funds		<u>444</u>
 Total assets		 <u><u>\$ 443,271</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$	196,617
Due to other funds		<u>1,315</u>
 Total liabilities		 \$ 197,932

FUND BALANCE

		<u>245,339</u>
 Total liabilities and fund balance		 <u><u>\$ 443,271</u></u>

OCEOLA TOWNSHIP  
 SEWER DEBT SERVICE #1A FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 35,838	\$
Special assessment - interest		16,955	
Interest		12,070	
		<u>        </u>	<u>        </u>
Total revenues	<u>49,000</u>	<u>64,863</u>	<u>15,863</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		35,000	
Interest		22,863	
Agent fees		400	
Audit fees		100	
		<u>        </u>	<u>        </u>
Total expenditures	<u>61,000</u>	<u>58,363</u>	<u>2,637</u>
Net change in fund balance	(12,000)	6,500	18,500
FUND BALANCE, JULY 1, 2006	<u>238,839</u>	<u>238,839</u>	<u>        </u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 226,839</u>	<u>\$ 245,339</u>	<u>\$ 18,500</u>

WATER DEBT SERVICE  
#1 FUND

OCEOLA TOWNSHIP  
WATER DEBT SERVICE #1 FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 674,337
Special assessment receivable	<u>1,119,431</u>
Total assets	<u>\$ 1,793,768</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 1,119,431
------------------	--------------

FUND BALANCE

	<u>674,337</u>
Total liabilities and fund balance	<u>\$ 1,793,768</u>

OCEOLA TOWNSHIP  
 WATER DEBT SERVICE #1 FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 200,379	\$
Special assessment - interest		79,542	
Interest		33,569	
		<u>          </u>	<u>          </u>
Total revenues	<u>281,000</u>	<u>313,490</u>	<u>32,490</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		204,074	
Interest		116,810	
Agent fees		556	
Audit fees		100	
		<u>          </u>	<u>          </u>
Total expenditures	<u>322,000</u>	<u>321,540</u>	<u>460</u>
Net change in fund balance	(41,000)	(8,050)	32,950
FUND BALANCE, JULY 1, 2006	<u>682,387</u>	<u>682,387</u>	<u>          </u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 641,387</u>	<u>\$ 674,337</u>	<u>\$ 32,950</u>

THOMPSON LAKE  
DEBT SERVICE  
FUND

OCEOLA TOWNSHIP  
 THOMPSON LAKE DEBT SERVICE FUND  
 BALANCE SHEET  
 JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$	144,422
Special assessment receivable		<u>150,770</u>
 Total assets		 <u><u>\$ 295,192</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	351
Deferred revenue		<u>150,770</u>
 Total liabilities		 \$ 151,121

FUND BALANCE

		<u>144,071</u>
 Total liabilities and fund balance		 <u><u>\$ 295,192</u></u>

OCEOLA TOWNSHIP  
 THOMPSON LAKE DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 29,455	\$
Special assessment - interest		10,894	
Interest		6,694	
		<u>        </u>	<u>        </u>
Total revenues	<u>45,000</u>	<u>47,043</u>	<u>2,043</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		20,000	
Interest		12,874	
Agent fees		350	
Audit fees		100	
		<u>        </u>	<u>        </u>
Total expenditures	<u>33,500</u>	<u>33,324</u>	<u>176</u>
Net change in fund balance	11,500	13,719	2,219
FUND BALANCE, JULY 1, 2006	<u>130,352</u>	<u>130,352</u>	<u>        </u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 141,852</u>	<u>\$ 144,071</u>	<u>\$ 2,219</u>

OAKCREST  
DEBT SERVICE  
FUND

OCEOLA TOWNSHIP  
OAKCREST DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 72,355

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 100

FUND BALANCE

72,255

Total liabilities and fund balance

\$ 72,355

OCEOLA TOWNSHIP  
OAKCREST DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 33,300	\$
Special assessment - interest		2,218	
Interest		3,576	
		<u>          </u>	<u>          </u>
Total revenues	<u>50,000</u>	<u>39,094</u>	<u>(10,906)</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		40,000	
Interest		1,940	
Agent fees		350	
Audit fees		200	
		<u>          </u>	<u>          </u>
Total expenditures	<u>43,000</u>	<u>42,490</u>	<u>510</u>
Net change in fund balance	7,000	(3,396)	(10,396)
FUND BALANCE, JULY 1, 2006	<u>75,651</u>	<u>75,651</u>	<u>          </u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 82,651</u>	<u>\$ 72,255</u>	<u>\$ (10,396)</u>

GOLF CLUB  
DEBT SERVICE  
FUND

OCEOLA TOWNSHIP  
GOLF CLUB DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 70,939
Special assessment receivable	<u>361,041</u>
Total assets	<u>\$ 431,980</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 361,041
------------------	------------

FUND BALANCE

	<u>70,939</u>
Total liabilities and fund balance	<u>\$ 431,980</u>

OCEOLA TOWNSHIP  
 GOLF CLUB DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 30,087	\$
Special assessment - interest		19,556	
Interest income		2,949	
	<u>52,500</u>	<u>52,592</u>	<u>92</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		30,000	
Interest		19,500	
Agent fees		275	
Audit fees		100	
	<u>50,000</u>	<u>49,875</u>	<u>125</u>
Total expenditures	<u>50,000</u>	<u>49,875</u>	<u>125</u>
Net change in fund balance	2,500	2,717	217
FUND BALANCE, JULY 1, 2006	<u>68,222</u>	<u>68,222</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 70,722</u>	<u>\$ 70,939</u>	<u>\$ 217</u>

PINERIDGE ROAD  
DEBT SERVICE  
FUND

OCEOLA TOWNSHIP  
PINERIDGE ROAD DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 76,760
Special assessment receivable	<u>554,211</u>
Total assets	<u>\$ 630,971</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 554,211
------------------	------------

FUND BALANCE

	<u>76,760</u>
Total liabilities and fund balance	<u>\$ 630,971</u>

OCEOLA TOWNSHIP  
 PINERIDGE ROAD DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 78,684	\$
Special assessment - interest		31,805	
Interest income		2,632	
	<u>90,000</u>	<u>113,121</u>	<u>23,121</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		65,000	
Interest		29,623	
Agent fees		275	
Audit fees		100	
	<u>98,000</u>	<u>94,998</u>	<u>3,002</u>
Total expenditures			
Net change in fund balance	(8,000)	18,123	26,123
FUND BALANCE, JULY 1, 2006	<u>58,637</u>	<u>58,637</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 50,637</u>	<u>\$ 76,760</u>	<u>\$ 26,123</u>

M-59 / LATSON WATER AND SEWER  
DEBT SERVICE  
FUND

OCEOLA TOWNSHIP  
M-59/LATSON WATER AND SEWER DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash	\$ 707,600
Special assessment receivable	<u>7,384,500</u>
Total assets	<u>\$ 8,092,100</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 7,384,500
------------------	--------------

FUND BALANCE

	<u>707,600</u>
Total liabilities and fund balance	<u>\$ 8,092,100</u>

OCEOLA TOWNSHIP  
M-59/LATSON WATER AND SEWER DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Special assessment - principal	\$	\$ 506,700	\$
Special assessment - interest		428,969	
Interest income		27,354	
	<u>810,000</u>	<u>963,023</u>	<u>153,023</u>
<b>EXPENDITURES</b>			
Debt service			
Principal		425,000	
Interest		295,300	
Agent fees		275	
Audit fees		100	
	<u>800,000</u>	<u>720,675</u>	<u>79,325</u>
Excess of revenues over (under) expenditures	10,000	242,348	232,348
<b>OTHER FINANCING (USES)</b>			
Transfers (out)		(148,174)	(148,174)
Net change in fund balance	10,000	94,174	84,174
FUND BALANCE, JULY 1, 2006	<u>613,426</u>	<u>613,426</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 623,426</u>	<u>\$ 707,600</u>	<u>\$ 84,174</u>

EAGER / LATSON WATER  
CONSTRUCTION FUND

OCEOLA TOWNSHIP  
EAGER/LATSON WATER CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash

\$ 645,885

Due from other funds

564,370

Total assets

\$ 1,210,255

FUND BALANCE

FUND BALANCE

\$ 1,210,255

OCEOLA TOWNSHIP  
 EAGER/LATSON WATER CONSTRUCTION FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2007

REVENUES		
Interest		\$ 25,717
EXPENDITURES		
Project costs	\$ 284,821	
Audit	<u>650</u>	
Total expenditures		<u>285,471</u>
Excess of revenues over (under) expenditures		(259,754)
OTHER FINANCING SOURCES		
Transfers in		<u>584,718</u>
Net change in fund balance		324,964
FUND BALANCE, JULY 1, 2006		<u>885,291</u>
FUND BALANCE, JUNE 30, 2007		<u><u>\$ 1,210,255</u></u>

EAGER ROAD  
CONSTRUCTION  
FUND

OCEOLA TOWNSHIP  
 EAGER ROAD CONSTRUCTION FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2007

REVENUES	
Interest	\$ 60
EXPENDITURES	<hr/>
Excess of revenues over (under) expenditures	60
OTHER FINANCING (USES)	
Transfers out	<hr/> <u>(20,348)</u>
Net change in fund balance	(20,288)
FUND BALANCE, JULY 1, 2006	<hr/> <u>20,288</u>
FUND BALANCE, JUNE 30, 2007	<hr/> <u><u>\$</u></u>

SEWER NEW USER  
FUND

OCEOLA TOWNSHIP  
SEWER NEW USER FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,741,247
Contracts receivable - residents	<u>39,478</u>
Total assets	<u>\$ 2,780,725</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 39,478
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FUND BALANCE

	<u>2,741,247</u>
Total liabilities and fund balance	<u>\$ 2,780,725</u>

OCEOLA TOWNSHIP  
SEWER NEW USER FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES		
Connection fees	\$ 229,500	
Special assessment - principal	10,621	
Special assessment - interest	2,485	
Interest	85,407	
Other revenue	15,000	
Rent	<u>31,668</u>	
 Total revenues		 \$ 374,681
EXPENDITURES		
Debt - G/O SWATH		
Principal	156,533	
Interest	152,418	
Audit fees	<u>1,450</u>	
 Total expenditures		 <u>310,401</u>
 Excess of revenues over (under) expenditures		  64,280
OTHER FINANCING SOURCES		
Transfers in		<u>74,087</u>
 Net change in fund balance		 138,367
FUND BALANCE, JULY 1, 2006		<u>2,602,880</u>
FUND BALANCE, JUNE 30, 2007		<u><u>\$ 2,741,247</u></u>

WATER NEW USER  
FUND

OCEOLA TOWNSHIP  
WATER NEW USER FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 626,319
Contracts receivable - residents	<u>487,048</u>
Total assets	<u>\$ 1,113,367</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 487,048
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FUND BALANCE

Total liabilities and fund balance	<u>\$ 1,113,367</u>
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OCEOLA TOWNSHIP  
 WATER NEW USER FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2007

REVENUES		
Connection fees	\$ 96,000	
Special assessment - principal	96,942	
Special assessment - interest	32,709	
Interest	<u>8,539</u>	
Total revenues		\$ 234,190
EXPENDITURES		
Audit fees		<u>1,450</u>
Excess of revenues over (under) expenditures		232,740
OTHER FINANCING SOURCES		
Transfers in		<u>74,087</u>
Net change in fund balance		306,827
FUND BALANCE, JULY 1, 2006		<u>319,492</u>
FUND BALANCE, JUNE 30, 2007		<u><u>\$ 626,319</u></u>

M-59 / LATSON WATER AND SEWER  
CONSTRUCTION  
FUND

OCEOLA TOWNSHIP  
M-59/LATSON WATER AND SEWER CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS  
Cash

\$ 398,978

LIABILITIES AND FUND BALANCE

LIABILITIES  
Accounts payable

\$ 59,980

FUND BALANCE

338,998

Total liabilities and fund balance

\$ 398,978

OCEOLA TOWNSHIP  
M-59/LATSON WATER AND SEWER CONSTRUCTION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR END JUNE 30, 2007

REVENUES		
Interest		\$ 10,956
EXPENDITURES		
Project costs	\$ 102,097	
Audit	<u>500</u>	
Total expenditures		<u>102,597</u>
Net change in fund balance		(91,641)
FUND BALANCE, JULY 1, 2006		<u>430,639</u>
FUND BALANCE, JUNE 30, 2007		<u><u>\$ 338,998</u></u>

TRUST AND AGENCY  
FUND

OCEOLA TOWNSHIP  
TRUST AND AGENCY FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 89,038
Due from other funds	<u>2,181</u>
Total assets	<u><u>\$ 91,219</u></u>

LIABILITIES

LIABILITIES

Due to other funds	\$ 411
Due to others	<u>90,808</u>
Total liabilities	<u><u>\$ 91,219</u></u>

CURRENT  
TAX  
FUND

OCEOLA TOWNSHIP  
CURRENT TAX FUND  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 5

LIABILITIES

LIABILITIES

Due to other funds

\$ 5

October 2, 2007

Honorable Board of Trustees  
Oceola Township  
1577 North Latson  
Howell, Michigan 48843

Dear Honorable Board of Trustees:

During the audit process for the year ending June 30, 2007 certain items came to our attention which we would like to discuss with you. Those items are as follows:

1. Fringe Benefit Policy

Oceola Township has administered its own fringe benefit policy over the past several years. The policy has become quite complex. The administration of the policy has become much more difficult and cumbersome. We spent a great deal of time auditing the reimbursements for medical charges and payroll in lieu of reimbursements.

We highly recommend the Township obtain a third party administrator for fringe benefits. Under this new type of plan the allotted fringe benefit per employee would be added to the employees' wage. The employee could decide the amount to have withheld on a pretax basis to be used for medical charges. The third party administrator would handle the reimbursements and tracking of medical charges. We feel this would improve efficiencies in the office as well as internal controls such as segregation of duties.

2. Pension Disbursements

Oceola Township pays its pension obligations to MERS via electronic transfers on the computer. Documentation showing payment and a signature by the individual making the transfer was not always kept with the invoice from MERS.

The individual making the electronic transfer should attach the documentation which verifies the transfer was made to the invoice. A signature should also be applied to the invoice by the individual making the transfer.

3. Pre-approved Invoices for Payment

The Township Board has pre-approved certain invoices for payment to avoid late fees, penalties, etc. We noticed while reviewing the minutes the pre-approved amounts which were paid was not being included for review by the Township Board.

We recommend a list of paid bills which were pre-approved by the Board should be given to the Board at the meeting following payment. The list does not have to include individual payroll checks (total payroll amounts would suffice, i.e. gross wages, taxes, etc.).

4. Cashier's Checks

We noticed that management used cashier's checks for the Eager Road Water Project. The use of cashier's checks circumvents the internal controls of requiring two signatures for disbursements.

We suggest the Township stay away from using cashier's checks as a means of paying invoices. If cashier's checks must be used, additional procedures should be followed showing two approvals on the disbursement.

5. Communication of Significant Deficiencies and Material Weaknesses

In planning and performing our audit of the financial statements of the governmental activities of Oceola Township as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Oceola Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's 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 certain deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

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

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

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 or detected by the entity's internal control.

We consider the following to be a material weakness of the Township:

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principals. It should be noted that a number of these journal entries were related to transactions that were unusual and infrequent in nature. The entries also include those required for the full-accrual presentation of the government-wide statements.

We would like to thank the township officials and employees that assisted us during the audit process for their cooperation.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of Oceola Township and is not intended to be and should not be used by anyone other than the specified parties.

*Pfeffer, Hanniford & Palka, P.C.*

**PFEFFER, HANNIFORD & PALKA**  
Certified Public Accountants