

FINANCIAL STATEMENTS
TOWNSHIP OF SULLIVAN
MUSKEGON COUNTY, MICHIGAN
MARCH 31, 2007

SULLIVAN TOWNSHIP MUSKEGON COUNTY
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Sullivan Township Board
Muskegon County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan Township, Muskegon County, Michigan, as of and for the year ended March 31, 2007 which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Sullivan Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my 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 Sullivan Township, as of March 31, 2007 and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information as identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sullivan Township's basic financial statements. The accompanying supplemental financial information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Sullivan Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Richard B. Parker, CPA, PC

Certified Public Accountant

November 26, 2008
Holton, Michigan

SULLIVAN TOWNSHIP
Government-Wide Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets -	
Cash and cash equivalents	\$1,082,099
Taxes receivable	19,850
Accounts receivable	137,020
Noncurrent Assets -	
Capital assets, net of accumulated depreciation	<u>152,282</u>
TOTAL ASSETS	<u><u>\$1,391,251</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities -	
Accounts payable	<u>40,031</u>
TOTAL LIABILITIES	<u>40,031</u>
Net Assets -	
Invested in capital assets, net of related debt	152,282
Restricted for -	
Fire protection	104,903
Other purposes	390,392
Unrestricted	<u>703,643</u>
TOTAL NET ASSETS	<u>1,351,220</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,391,251</u></u>

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

SULLIVAN TOWNSHIP
Government-Wide Statement of Activities
For the Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities			
Legislative	\$ 21,757	\$	\$ (21,757)
General Government	127,497	23,562	(103,935)
Public safety	113,019	11,602	(101,417)
Public works	56,082		(56,082)
Recreation and culture	15,388		(15,388)
Other functions	<u>8,029</u>	<u> </u>	<u>(8,029)</u>
Total Governmental Activities	<u>341,772</u>	<u>35,164</u>	<u>(306,608)</u>
General revenues			
Property taxes			176,124
State Shared revenues			168,506
Investment earnings			25,951
Other			<u>356,724</u>
Total General Revenues			<u>727,305</u>
Change in Net Assets			420,697
Net Assets - Beginning			<u>930,523</u>
Net Assets - Ending			<u><u>\$1,351,220</u></u>

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

SULLIVAN TOWNSHIP
Balance Sheet
GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>	<u>Fire Protection Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$681,081	\$102,504	\$298,514	\$1,082,099
Taxes receivable	7,739	11,952	159	19,850
Accounts receivable	<u>27,865</u>	<u>-</u>	<u>109,155</u>	<u>137,020</u>
	<u>\$716,685</u>	<u>\$114,456</u>	<u>\$407,828</u>	<u>\$1,238,969</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES:				
Cash overdraft	\$ -	\$ 9,553	\$ -	\$ 9,553
Accounts payable	<u>13,042</u>	<u>-</u>	<u>17,436</u>	<u>30,478</u>
TOTAL LIABILITIES	<u>13,042</u>	<u>9,553</u>	<u>17,436</u>	<u>40,031</u>
FUND BALANCES:				
Unrestricted	703,643	-	\$ -	\$ 703,643
Restricted	<u>-</u>	<u>104,903</u>	<u>390,392</u>	<u>495,295</u>
TOTAL FUND BALANCE	<u>703,643</u>	<u>104,903</u>	<u>390,392</u>	<u>1,198,938</u>
	<u>\$716,685</u>	<u>\$114,456</u>	<u>\$407,828</u>	<u>\$1,238,969</u>

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

SULLIVAN TOWNSHIP
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Assets
March 31, 2007

Total Governmental Fund Balances	\$1,198,938
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Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	325,762
Governmental accumulated depreciation	<u>(173,480)</u>

Net Assets of Governmental Activities	<u><u>\$1,351,220</u></u>
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The notes to the financial statements are an integral part of this statement.

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and
Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2007

	<u>General</u>	<u>Fire Protection Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 59,288	\$114,456	\$ 2,380	\$ 176,124
Licenses and permits	11,602	-	-	11,602
State grants	168,506	-	-	168,506
Charges for services	21,437	-	-	21,437
Interest earned	25,215	-	736	25,951
Rent	-	-	2,125	2,125
Other revenue	<u>41,250</u>	<u>-</u>	<u>315,474</u>	<u>356,724</u>
TOTAL REVENUE	<u>327,298</u>	<u>114,456</u>	<u>320,715</u>	<u>762,469</u>
EXPENDITURES:				
Legislative	21,757	-	-	21,757
General government	92,459	-	28,394	120,853
Public safety	17,687	95,332	-	113,019
Public works	3,299	-	52,783	56,082
Recreation and cultural	9,851	-	5,537	15,388
Other functions	<u>8,029</u>	<u>-</u>	<u>-</u>	<u>8,029</u>
TOTAL EXPENDITURES	<u>153,082</u>	<u>95,332</u>	<u>86,714</u>	<u>335,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>174,216</u>	<u>19,124</u>	<u>234,001</u>	<u>427,341</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	-	10,000	10,000
Transfers to other funds	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	164,216	19,124	244,001	427,341
FUND BALANCE - APRIL 1, 2006	<u>539,427</u>	<u>85,779</u>	<u>146,391</u>	<u>771,597</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$703,643</u></u>	<u><u>\$104,903</u></u>	<u><u>\$390,392</u></u>	<u><u>\$1,198,938</u></u>

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

SULLIVAN TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended March 31, 2007

Net change in Fund balances - Total Governmental Funds	\$427,341
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	<u>(6,644)</u>
Change in Net Assets of Governmental Activities	<u><u>\$420,697</u></u>

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

SULLIVAN TOWNSHIP
Statement of Net Assets
FIDUCIARY FUNDS
March 31, 2007

ASSETS

Cash	<u>\$3,000</u>
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LIABILITIES

Accounts payable	\$2,000
Rent deposits	<u>1,000</u>
	<u>\$3,000</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Sullivan Township is located in Muskegon County and provides services to its residents in many areas including public safety, highways and streets, general administrative services, fire protection, and community enrichment and development. The Township is a general law Township, and is governed by a 5 member board elected by the citizens of Sullivan Township. The board consists of the supervisor, clerk, treasurer and two trustees whom reside in the township.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net assets and the Statement of Changes in Net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

Additionally, the township reports the following fund types:

Agency Funds - These funds account for assets held on behalf of outside parties, including other governments.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

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

Building and Building Improvements	10 - 25 years
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Long-Term Obligations

The Township has no long-term debt or other long-term obligations.

Fund Equity

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year, the township incurred expenditures in certain budgetary fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General - Administration	\$33,750	\$39,895	\$6,145

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, 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 of 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 Board has designated various banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

At the year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total
Cash and cash equivalents	<u>\$1,082,099</u>	<u>\$3,000</u>	<u>\$1,085,099</u>

The breakdown between deposits and investments is as follows:

Bank deposits	\$1,085,049
Petty Cash and Cash on Hand	<u>50</u>
	<u>\$1,085,099</u>

The bank balance of the Township's deposits is \$1,175,983, of which \$703,000 is covered by Federal depository insurance.

NOTE 4 - PROPERTY TAXES

Property taxes are levied on each December 1 on the taxable valuation of property located in the township as of the preceding December 31. The Township property taxes were levied and collectible on December 1, 2006. It is the policy of the Township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable valuation of the Township amounted to \$58,288,576 on which ad valorem taxes of 1.0191 mills were levied for Township operating purposes and 1.9650 for fire protection services, resulting in property tax revenue of \$59,288 and \$114,456 respectively during the fiscal year ended March 31, 2007. This amount is recognized in the General Fund and Fire Protection Fund financial statements as tax revenue.

NOTE 5 - RECEIVABLES

Accounts Receivable

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

	General Fund
State Shared Revenue	\$ 27,865
Timber sales	109,155
Less: Allowance for uncollectibles	<u>-</u>
Net receivables	<u>\$137,020</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	<u>\$ 69,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,854</u>
Subtotal	<u>69,854</u>	<u>-</u>	<u>-</u>	<u>69,854</u>
Capital assets Being Depreciated				
Buildings and building improvements	<u>255,908</u>	<u>-</u>	<u>-</u>	<u>255,908</u>
Subtotal	<u>255,908</u>	<u>-</u>	<u>-</u>	<u>255,908</u>
Less Accumulated Depreciation (as restated) for Buildings and building improvements	<u>166,836</u>	<u>6,644</u>	<u>-</u>	<u>173,480</u>
Subtotal	<u>166,836</u>	<u>6,644</u>	<u>-</u>	<u>173,480</u>
Net Capital Assets Being Depreciated	<u>89,072</u>	<u>(6,644)</u>	<u>-</u>	<u>82,428</u>
Governmental Activities Capital Total Capital Assets - Net of Depreciation	<u><u>\$158,926</u></u>	<u><u>\$(6,644)</u></u>	<u><u>\$ -</u></u>	<u><u>\$152,282</u></u>

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

Governmental Activities	
General government	<u>\$ 6,644</u>
Total Governmental Activities	<u><u>\$ 6,644</u></u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The operating transfers are summarized as follows:

	Transfers In	Transfers (Out)
General Fund	\$ -	\$10,000
Building Operation and Maintenance	3,000	-
Parks and Recreation	5,000	-
Highway Improvement	2,000	-
TOTAL	\$10,000	\$10,000

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township maintains commercial insurance coverage for 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 9 - RETIREMENT PLAN

The Township's retirement plan is administered by John Hancock Life Insurance Company. It is a defined contribution retirement plan which provides retirement benefits for elected officials and full time employees. The Township contributed varying amounts based on each employees annual salary. The amount contributed by the Township for the year ended March 31, 2007 was \$7,636. The amount contributed by the employees amounted to \$3,880. Total Township payroll for the year was approximately \$69,000 including approximately \$57,000 payroll covered by the plan. Employees become 100% vested in the Township's contributions immediately.

NOTE 10 - COMMON BANK ACCOUNT

The cash equity of each fund in the common bank account, that includes an unauthorized interfund loan, at March 31, 2007 is as follows:

Fund	Balance
General	\$ 34,283
Highway	1,111
Cemetery	4,690
Street Light	3,960
Forestry	206,579
Building Operation	30,861
Parks and Recreation	30,272
Fire Protection (unauthorized interfund loan)	(9,553)
	\$302,203

REQUIRED SUPPLEMENTAL INFORMATION

SULLIVAN TOWNSHIP
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - <u>favorable</u> <u>(unfavorable)</u>
REVENUES:			
Taxes	\$ 55,890	\$ 59,288	\$ 3,398
Licenses and permits	10,018	11,602	1,584
State grants	168,893	168,506	(387)
Charges for services	16,945	21,437	4,492
Interest earned	6,000	25,215	19,215
Other revenue	<u>100</u>	<u>41,250</u>	<u>41,150</u>
TOTAL REVENUE	<u>257,846</u>	<u>327,298</u>	<u>69,452</u>
EXPENDITURES:			
Legislative	29,860	21,757	8,103
General government	85,625	92,459	(6,834)
Public safety	32,250	17,687	14,563
Public works	3,500	3,299	201
Other functions	8,800	9,851	(1,051)
Capital outlay	<u>12,000</u>	<u>8,029</u>	<u>3,971</u>
TOTAL EXPENDITURES	<u>172,035</u>	<u>153,082</u>	<u>18,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>85,811</u>	<u>174,216</u>	<u>88,405</u>
OTHER FINANCING SOURCES (USES):			
Transfer to other funds	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	75,811	164,216	88,405
FUND BALANCE - APRIL 1, 2006	<u>539,427</u>	<u>539,427</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$615,238</u>	<u>\$703,643</u>	<u>\$88,405</u>

SULLIVAN TOWNSHIP
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FIRE PROTECTION FUND - MAJOR SPECIAL REVENUE FUND
 For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	<u>\$107,686</u>	<u>\$114,456</u>	<u>\$ 6,770</u>
TOTAL REVENUES	<u>107,686</u>	<u>114,456</u>	<u>6,770</u>
EXPENDITURES:			
Contracted services	<u>107,686</u>	<u>95,332</u>	<u>12,354</u>
TOTAL EXPENDITURES	<u>107,686</u>	<u>95,332</u>	<u>12,354</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	19,124	19,124
FUND BALANCE - APRIL 1, 2006	<u>85,779</u>	<u>85,779</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ 85,779</u>	<u>\$104,903</u>	<u>\$19,124</u>

ADDITIONAL INFORMATION

SULLIVAN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
TAXES:			
Property taxes	\$ 55,890	\$ 59,288	\$ 3,398
LICENSES AND PERMITS	<u>10,018</u>	<u>11,602</u>	<u>1,584</u>
STATE GRANTS:			
State shared revenue	<u>168,893</u>	<u>168,506</u>	<u>(387)</u>
CHARGES FOR SERVICES:			
Administration fees	15,945	17,706	1,761
Summer tax collection reimbursement	<u>1,000</u>	<u>3,731</u>	<u>2,731</u>
	<u>16,945</u>	<u>21,437</u>	<u>4,492</u>
ZONING ADMINISTRATION	<u>-</u>	<u>5,900</u>	<u>5,900</u>
INTEREST INCOME	<u>6,000</u>	<u>25,215</u>	<u>19,215</u>
OTHER REVENUE:			
Refunds and reimbursements	-	35,001	35,001
Miscellaneous	<u>100</u>	<u>349</u>	<u>249</u>
	<u>100</u>	<u>35,350</u>	<u>35,250</u>
TOTAL REVENUES	<u>257,846</u>	<u>327,298</u>	<u>69,452</u>
LEGISLATIVE:			
Salaries	2,000	1,620	380
Payroll taxes	-	169	(169)
Professional services	10,660	7,374	3,286
Pride week	8,000	5,248	2,752
Printing and publishing	2,000	1,690	310
Dues	6,000	3,498	2,502
Miscellaneous	<u>1,200</u>	<u>2,158</u>	<u>(958)</u>
TOTAL LEGISLATIVE	<u>29,860</u>	<u>21,757</u>	<u>8,103</u>

SULLIVAN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND

For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
GENERAL GOVERNMENT:			
SUPERVISOR -			
Salary	\$ 8,600	\$ 8,592	\$ 8
Transportation	<u>150</u>	<u>80</u>	<u>70</u>
	<u>8,750</u>	<u>8,672</u>	<u>78</u>
ELECTIONS -			
Salary	2,500	2,204	296
Payroll taxes	-	257	(257)
Miscellaneous	<u>500</u>	<u>715</u>	<u>(215)</u>
	<u>3,000</u>	<u>3,176</u>	<u>(176)</u>
ASSESSOR -			
Professional services	21,000	21,588	(588)
Miscellaneous	<u>225</u>	<u>200</u>	<u>25</u>
	<u>21,225</u>	<u>21,788</u>	<u>(563)</u>
CLERK -			
Salaries	8,700	8,592	108
Payroll taxes	-	125	(125)
Transportation	<u>500</u>	<u>329</u>	<u>171</u>
	<u>9,200</u>	<u>9,046</u>	<u>154</u>
BOARD OF REVIEW -			
Salaries	500	418	82
Payroll taxes	<u>-</u>	<u>32</u>	<u>(32)</u>
	<u>500</u>	<u>450</u>	<u>50</u>
TREASURER -			
Salaries	8,700	8,592	108
Transportation	<u>500</u>	<u>840</u>	<u>(340)</u>
	<u>9,200</u>	<u>9,432</u>	<u>(232)</u>
GENERAL ADMINISTRATION -			
Salaries	26,000	30,113	(4,113)
Payroll taxes	-	2,304	(2,304)
Transportation	150	24	126
Office expense	4,000	5,053	(1,053)
Data processing	600	834	(234)
Telephone	2,000	1,567	433
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>1,000</u>
	<u>33,750</u>	<u>39,895</u>	<u>(6,145)</u>
TOTAL GENERAL GOVERNMENT	<u>85,625</u>	<u>92,459</u>	<u>(6,834)</u>
PUBLIC SAFETY:			
POLICE	<u>500</u>	<u>-</u>	<u>500</u>

SULLIVAN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
PUBLIC SAFETY:(continued)			
INSPECTION DEPARTMENT -			
Salaries	\$ 2,000	\$ 953	\$ 1,047
PLANNING COMMISSION -			
Salaries	4,000	3,570	430
Payroll taxes	-	230	(230)
Contracted services	<u>25,000</u>	<u>12,430</u>	<u>12,570</u>
	<u>29,000</u>	<u>16,230</u>	<u>12,770</u>
ZONING BOARD -			
Salaries	750	475	275
Payroll taxes	<u>-</u>	<u>29</u>	<u>(29)</u>
	<u>750</u>	<u>504</u>	<u>246</u>
TOTAL PUBLIC SAFETY	<u>32,250</u>	<u>17,687</u>	<u>14,563</u>
PUBLIC WORKS:			
STREET LIGHTING -			
Utilities	<u>3,500</u>	<u>3,299</u>	<u>201</u>
TOTAL PUBLIC WORKS	<u>3,500</u>	<u>3,299</u>	<u>201</u>
OTHER FUNCTIONS:			
Pension	4,500	7,636	(3,136)
Insurance and bonds	1,500	2,215	(715)
Payroll taxes	<u>2,800</u>	<u>-</u>	<u>2,800</u>
TOTAL OTHER FUNCTIONS	<u>8,800</u>	<u>9,851</u>	<u>(1,051)</u>
CAPITAL OUTLAY	<u>12,000</u>	<u>8,029</u>	<u>3,971</u>
TOTAL EXPENDITURES	<u>172,035</u>	<u>153,082</u>	<u>18,953</u>
EXCESS OF REVENUES OVER EXPENDITURES	85,811	174,216	88,405
OTHER FINANCING (USES):			
Transfer to other funds	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	75,811	164,216	88,405
FUND BALANCE - APRIL 1, 2006	<u>539,427</u>	<u>539,427</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$615,238</u>	<u>\$703,643</u>	<u>\$88,405</u>

SULLIVAN TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
March 31, 2007

<u>ASSETS</u>	<u>Building Operation and Maintenance</u>	<u>Cemetery</u>	<u>Forestry</u>	<u>Highway Improvement</u>
Cash and cash equivalents	\$49,679	\$4,690	\$206,579	\$1,111
Taxes receivable	-	-	-	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>109,155</u>	<u>-</u>
	<u>\$49,679</u>	<u>\$4,690</u>	<u>\$315,734</u>	<u>\$1,111</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts payable	\$ 4,337	\$ -	\$ 13,099	\$ -
Fund balance	<u>45,342</u>	<u>4,690</u>	<u>302,635</u>	<u>1,111</u>
	<u>\$49,679</u>	<u>\$4,690</u>	<u>\$315,734</u>	<u>\$1,111</u>

<u>Parks and Recreation</u>	<u>Street Light</u>	<u>TOTAL (memorandum only)</u>
\$30,272	\$6,183	\$298,514
-	159	159
<u>-</u>	<u>-</u>	<u>109,155</u>
<u>\$30,272</u>	<u>\$6,342</u>	<u>\$407,828</u>

\$ -	\$ -	\$ 17,436
<u>30,272</u>	<u>6,342</u>	<u>390,392</u>
<u>\$30,272</u>	<u>\$6,342</u>	<u>\$407,828</u>

SULLIVAN TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For the Year Ended March 31, 2007

	<u>Building Operation and Maintenance</u>	<u>Cemetery</u>	<u>Forestry</u>	<u>Highway Improvement</u>
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Rents	2,125	-	-	-
Interest earned	736	-	-	-
Sales	-	900	313,124	-
Other revenue	<u>-</u>	<u>1,450</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>2,861</u>	<u>2,350</u>	<u>313,124</u>	<u>-</u>
EXPENDITURES:				
General government	24,676	3,718	-	-
Public works	-	-	37,601	12,284
Recreation and culture	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>24,676</u>	<u>3,718</u>	<u>37,601</u>	<u>12,284</u>
	<u>(21,815)</u>	<u>(1,368)</u>	<u>275,523</u>	<u>(12,284)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	3,000	-	-	2,000
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(18,815)	(1,368)	275,523	(10,284)
FUND BALANCE - APRIL 1, 2006	<u>64,157</u>	<u>6,058</u>	<u>27,112</u>	<u>11,395</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$45,342</u></u>	<u><u>\$4,690</u></u>	<u><u>\$302,635</u></u>	<u><u>\$ 1,111</u></u>

<u>Parks And Recreation</u>	<u>Street Light</u>	<u>TOTAL (memorandum only)</u>
\$ -	\$2,380	\$ 2,380
-	-	2,125
-	-	736
-	-	314,024
-	-	<u>1,450</u>
<u>-</u>	<u>2,380</u>	<u>320,715</u>
-	-	28,394
-	2,898	52,783
<u>5,537</u>	<u>-</u>	<u>5,537</u>
<u>5,537</u>	<u>2,898</u>	<u>86,714</u>
<u>(5,537)</u>	<u>(518)</u>	<u>234,001</u>
5,000	-	10,000
<u>-</u>	<u>-</u>	<u>-</u>
<u>5,000</u>	<u>-</u>	<u>10,000</u>
(537)	(518)	244,001
<u>30,809</u>	<u>6,860</u>	<u>146,391</u>
<u>\$30,272</u>	<u>\$6,342</u>	<u>\$390,392</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
BUILDING OPERATION AND MAINTENANCE FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUE:			
Rents	\$ 1,600	\$ 2,125	\$ 525
Interest earned	<u>-</u>	<u>736</u>	<u>736</u>
TOTAL REVENUES	<u>1,600</u>	<u>2,861</u>	<u>1,261</u>
EXPENDITURES:			
Salaries and wages	3,000	1,966	1,034
Payroll taxes	-	150	(150)
Utilities	8,800	9,297	(497)
Repairs and maintenance	1,700	1,807	(107)
Snowplowing/lot repairs	1,500	800	700
Insurance	7,000	5,860	1,140
Capital outlay	10,500	3,975	6,525
Supplies	1,500	580	920
Miscellaneous	<u>250</u>	<u>241</u>	<u>9</u>
TOTAL EXPENDITURES	<u>34,250</u>	<u>24,676</u>	<u>9,574</u>
	(32,650)	(21,815)	10,835
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>3,000</u>	<u>3,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(29,650)	(18,815)	10,835
FUND BALANCE - APRIL 1, 2006	<u>64,157</u>	<u>64,157</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$34,507</u>	<u>\$45,342</u>	<u>\$10,835</u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
CEMETERY FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Sale of lots	\$ 1,000	\$ 900	\$(100)
Other revenue	<u>2,600</u>	<u>1,450</u>	<u>(1,150)</u>
TOTAL REVENUES	<u>3,600</u>	<u>2,350</u>	<u>(1,250)</u>
EXPENDITURES:			
Sexton	1,400	1,400	-
Payroll taxes	-	107	(107)
Repairs and maintenance	2,000	1,425	575
Supplies	50	-	50
Utilities	500	572	(72)
Miscellaneous	250	214	36
Capital outlay	<u>15,500</u>	<u>-</u>	<u>15,500</u>
TOTAL EXPENDITURES	<u>19,700</u>	<u>3,718</u>	<u>15,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,100)	(1,368)	14,732
FUND BALANCE - APRIL 1, 2006	<u>6,058</u>	<u>6,058</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$(10,042)</u></u>	<u><u>\$4,690</u></u>	<u><u>\$14,732</u></u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
FORESTRY FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of timber	\$30,000	\$313,124	\$283,124
EXPENDITURES:			
Contracted services	<u>20,000</u>	<u>37,601</u>	<u>(17,601)</u>
EXCESS OF REVENUES OVER EXPENDITURES	10,000	275,523	265,523
FUND BALANCE - APRIL 1, 2006	<u>27,112</u>	<u>27,112</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$37,112</u></u>	<u><u>\$302,635</u></u>	<u><u>\$265,523</u></u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
HIGHWAY IMPROVEMENT FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Road improvements and maintenance	30,820	12,130	18,690
Miscellaneous	<u>250</u>	<u>154</u>	<u>96</u>
TOTAL EXPENDITURES	<u>31,070</u>	<u>12,284</u>	<u>18,786</u>
	<u>(31,070)</u>	<u>(12,284)</u>	<u>18,786</u>
OTHER FINANCING SOURCES:			
Transfer from other funds	<u>2,000</u>	<u>2,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>2,000</u>	<u>2,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(29,070)	(10,284)	18,786
FUND BALANCE - APRIL 1, 2006	<u>11,395</u>	<u>11,395</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$(17,675)</u></u>	<u><u>\$ 1,111</u></u>	<u><u>\$18,786</u></u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
PARKS AND RECREATION FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Salaries and wages	1,900	1,638	262
Payroll taxes	-	118	(118)
Supplies	500	265	235
Repairs and maintenance	1,500	2,251	(751)
Utilities	600	685	(85)
Capital outlay	10,500	580	9,920
Miscellaneous	<u>250</u>	<u>-</u>	<u>250</u>
TOTAL EXPENDITURES	<u>15,250</u>	<u>5,537</u>	<u>9,713</u>
	(15,250)	(5,537)	9,713
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>5,000</u>	<u>5,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(10,250)	(537)	9,713
FUND BALANCE - APRIL 1, 2006	<u>30,809</u>	<u>30,809</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$20,559</u></u>	<u><u>\$30,272</u></u>	<u><u>\$9,713</u></u>

SULLIVAN TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
STREET LIGHT FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$2,259	\$2,380	\$121
EXPENDITURES:			
Utilities	<u>3,000</u>	<u>2,898</u>	<u>102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(741)	(518)	223
FUND BALANCE - APRIL 1, 2006	<u>6,860</u>	<u>6,860</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$6,119</u></u>	<u><u>\$6,342</u></u>	<u><u>\$223</u></u>

SULLIVAN TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
ALL AGENCY FUNDS
For the Year Ended March 31, 2007

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2007</u>
<u>ASSETS</u>				
Cash - rent and other deposits	\$2,900	\$ 7,050	\$ 6,950	\$3,000
Cash - taxes	<u>-</u>	<u>1,640,750</u>	<u>1,640,750</u>	<u>-</u>
	<u>\$2,900</u>	<u>\$1,647,800</u>	<u>\$1,647,700</u>	<u>\$3,000</u>
 <u>LIABILITIES</u>				
Accounts payable	\$2,000	\$ 13,235	\$ 13,235	\$2,000
Rent deposits	900	1,700	1,600	1,000
Due to other funds	-	177,062	177,062	-
Due to schools	-	614,791	614,791	-
Due to county	<u>-</u>	<u>841,012</u>	<u>841,012</u>	<u>-</u>
	<u>\$2,900</u>	<u>\$1,647,800</u>	<u>\$1,647,700</u>	<u>\$3,000</u>

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

Honorable Supervisor and Members
of the Township Board
Township of Sullivan
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the Township of Sullivan, Muskegon County, Michigan, for the year ended March 31, 2007, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the internal control and its operation that, in my judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters noted are only those that came to my attention and, had my procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

PRIOR YEAR COMMENTS AND RESOLUTION:

1. The Fire Protection Fund ended the fiscal year ended March 31, 2006 with a cash overdraft of \$21,874 in the Common Bank Account which is considered to be an unauthorized interfund loan.

RECOMMENDATION: The Township should not allow an overdraft situation in the Common Bank Account.

RESOLUTION: None. The Fire Protection Fund ended the fiscal year ended March 31, 2007 with a cash overdraft of \$9,553.

2. The Township did not adopt a budget for the Fire Protection Fund as required.

RECOMMENDATION: The Township should adopt a budget for the Fire Protection Fund in the future.

RESOLUTION: Resolved. A budget was adopted for all funds.

3. Act 267 of 1976, the Open Meetings Act, indicates a public body may meet in a closed session only for specific purposes which includes to consider a periodic personnel evaluation of an employee if the named person requests a closed hearing. The Township may have violated the Open Meetings Act by entering into a closed session for employee reviews when the employee involved did not request a closed session.

RECOMMENDATION: Because an auditor is not qualified to render a legal opinion, the Township may wish to obtain a legal opinion from its attorney as to the specific requirements for entering into a closed session.

RESOLUTION: No matters of this nature were noted during the current fiscal year.

CURRENT FISCAL YEAR MATTERS

Current fiscal year comments are attached.

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

RICHARD B. PARKER, CPA, PC

Richard B. Parker, CPA, PC
Holton, Michigan

November 26, 2008

SULLIVAN TOWNSHIP-MUSKEGON COUNTY, MICHIGAN
CURRENT YEAR COMMENTS AND RECOMMENDATIONS
MARCH 31, 2007

1. **BANK RECONCILIATIONS-**

It was noted that bank reconciliations were prepared each month however, the reconciled balance was not compared to the balance maintained in the Township's general ledger.

The reconciled balance should be compared to the balance in the general ledger each month.

2. **BANK DEPOSITS-**

Certain checks were received at the end of the current fiscal year but were not deposited for approximately three weeks. These checks received totaled approximately \$180,000.

All money received should be deposited immediately and not held for any reason.

3. **BUDGET MATTERS-**

The Township adopted a deficit budget in the Highway Fund and the Cemetery Fund. A deficit budget is when budgeted expenditures exceed the amount available in fund balance and the budgeted revenues.

The Township should not adopt a deficit budget for any fund in the future.

4. **ACCOUNTING RECORDS-**

The Township's accounting records should be accurately completed and balanced at the end of every month in a timely manner.

Lack of availability of the accounting records for the fiscal year ended March 31, 2007 until August, 2008 is an indication that the accounting records are not completed each month.

It is the responsibility of the Township's administration and governing body to resolve all of these matters.

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

The Honorable Supervisor and Members
of the Township Board
Township of Sullivan
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sullivan Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered Sullivan Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, I do not express an opinion on the effectiveness of the Township's internal control.

My 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, I identified certain deficiencies in internal control that I consider to be 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 a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

- Material misstatements were identified in the financial statements for the fiscal year ended March 31, 2007 that were not identified by the Township's internal control and adjusting entries were required to ensure the financial statement presentation was in conformity with U.S. generally accepted accounting principles.
- The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

In addition, I noted other matters involving internal control and its operation that I have reported to the management of Sullivan Township in a separate letter.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

This communication is intended solely for the information and use of management, the Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

RICHARD B. PARKER, CPA, PC

Richard B. Parker, CPA, PC
Holton, Michigan

November 26, 2008

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

November 26, 2008

The Honorable Supervisor and Members
of the Township Board
Township of Sullivan
Muskegon County, Michigan

I have audited the financial statements of the financial statements of Sullivan Township for the year ended March 31, 2007, and have issued my report thereon dated November 26, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated December 23, 2007, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

As part of my audit, I considered the internal control of Sullivan Township. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Sullivan Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Sullivan Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2007. I noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The Honorable Supervisor and Members
Of the Township Board
Township of Sullivan
November 26, 2008
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Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, some of the misstatements detected as a result of audit procedures and corrected by management were material.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 26, 2008

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to communicate with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

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

RICHARD B. PARKER, CPA, PC

Richard B. Parker, CPA, PC
Holton, Michigan