

Tobin & Co.

Kearney Township

Antrim County, Michigan

Audit Report

For the Year Ended March 31, 2007

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Kearney Township	County Antrim
Fiscal Year End 3/31/07	Opinion Date 9/6/07	Date Audit Report Submitted to State 9/7/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name) Tobin & Co., P.C.	Telephone Number 231-947-0151	
Street Address 400 E. Eighth St.	City Traverse City	State Zip MI 49686
Authorizing CPA Signature <i>David L. Basler</i>	Printed Name DAVID L. BASLER	License Number 1108013418

Tobin & Co.

Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4 - 5
------------------------------	-------

FINANCIAL SECTION

Accountant's Report	7
Management's Discussion and Analysis	8 - 11

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13

Governmental Funds:	
Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances	16

Fiduciary Funds	
Statement of Fiduciary Net Assets	17

Notes to Basic Financial Statements	18 - 23
-------------------------------------	---------

SUPPLEMENTAL DATA SECTION

Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
1 - General Fund	25 - 28
2 - Road Fund	29
3 - Swiss Village East Debt Service Fund	30
4 - Swiss Village East Capital Project Fund	31

Other Supplementary Information:	
5 - Statement of Changes in Assets and Liabilities – Current Tax Collection Fund	32
6 - 2006 Property Tax Levy and Collection	33
7 - Statement of Revenues and Expenditures and Balance – Property Tax Administration Fees	34

INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

We have audited the basic financial statements of Kearney Township, Antrim County, for the year ended March 31, 2007 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Kearney Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

The records were maintained in good condition by your Clerk and Treasurer. Recorded revenues were deposited timely and intact, journals and ledgers were properly posted, Board minutes were in good order, and supporting documents and follow-up procedures appeared to be in good order.

We did note some shortcomings in the maintenance of these records and in a separate management letter, we have detailed these shortcomings and suggested measures which, if adopted, will improve the accounting records and internal controls.

Budgets and Procedures

The Township prepared and formally adopted budgets for its General and Special Revenue Funds.

General Fund

The General Fund is presented on Schedule 1. The fund balance at March 31, 2007 was \$693,743. The Fire District, Library, and Ambulance taxes were handled through this fund since the same amounts received were paid out to the Fire District, Public Library, and Ambulance Authority.

The Township may wish to consider a Public Improvement Fund, a Budget Stabilization Fund, or consider the fund balance in future tax levies.

Fire District Tax

Kearney Township is a member of a Fire District and levies a 1.5 mill special assessment for fire protection. Since the amounts collected are paid over to the Fire District, receipts and disbursements are handled through the General Fund. For 2006-2007, the amount collected and paid out was \$237,936.

Library Tax

For the audit year, Kearney Township levied a .3445 mill property tax for library services. The amount collected was paid over to the Bellaire Public Library, so the receipts and disbursements were handled through the General Fund. For 2006-2007, the amount collected and paid out was \$45,086.

Ambulance Authority Tax

For the audit year, Kearney Township levied a .4715 mill property tax for ambulance services. The amount collected was paid over to the Ambulance Authority, so the receipts and disbursements were handled through the General Fund. For 2006-2007, the amount collected and paid out was \$61,709.

Road Fund

This fund, presented on Schedule 2, was established to account for a special voted tax of .7074 mill for road maintenance and improvements. Tax collections totaled \$109,648 while road expenditures were \$1,824. The fund balance at March 31, 2007 was \$321,234.

Tobin & Co.

Comments and Recommendations

Special Assessments

During a prior audit year, the Township established a special assessment district for construction of roads in the Swiss Village East development. The Capital Outlay and Debt Service funds related to this development are reflected on Schedules 3 and 4.

During a prior audit year, the Township established a special assessment district for the Mancelona Water Authority. The Township treasurer collects these assessments and submits them directly to the Water Authority.

Property Tax Administration Fees

A 1% property tax administration fee is authorized by statute to offset such property tax administration costs as assessing, collecting, and the review and appeal process. Kearney Township levied this fee on its 2006 property taxes. For the audit year collections exceeded these fees by \$4,648. Accumulated costs exceed fees by \$124,630.

Property Tax Collections

The Treasurer handled this function well. Receipts were filed in order of payment, and supported by computer printouts. Deposits were timely and intact. Deposits were placed in interest bearing accounts.

Schedules 5 and 6 reflect the amount levied, collected, and returned delinquent for the 2006 property tax levy.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, Zoning Administrator, and Supervisor have surety bond coverage.

Payroll Procedures

The Clerk observes federal and State guidelines in the withholding of income taxes and social security. Withholdings were paid over in a timely manner, required reports were filed, and forms W-2 were issued to employees at calendar year end. Payroll records were maintained in good order.

Other Data

Excess cash is invested by the Treasurer in interest bearings savings and money market accounts and in certificates of deposit. This resulted in earned interest of \$40,216 for which the Treasurer and other Board members are commended.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

Tobin & Co.

FINANCIAL SECTION

Tobin & Co.

REPORT OF INDEPENDENT AUDITOR

To the Township Board
Kearney Township
Antrim County
Bellaire, Michigan 49615

We have audited the accompanying financial statements of the governmental activities and each fund of Kearney Township 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 the 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Kearney Township at March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Kearney Township's basic financial statements. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Kearney Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
September 6, 2007

Tobin & Co.

KEARNEY TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Kearney Township's annual report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2007. Please read it in conjunction with the financial statements, which immediately follow this section.

Financial Highlights

The assets of Kearney Township exceeded its liabilities at the close of the most recent fiscal year by \$1,576,609. Of this amount, \$1,357,667 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,100,528, an increase of \$90,329 in comparison with the prior year. Of the total amount, \$693,743 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$693,743, or 65% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Kearney Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Kearney Township does not have any business-type activities (examples would include water and sewer, golf courses, cemeteries, etc.).

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Kearney Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Kearney Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Tobin & Co.

Kearney Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Swiss Village East Debt Service Fund, and Swiss Village East Capital Projects Fund. All Township government activities are included in these four funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other funds to demonstrate compliance with this budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic Fiduciary fund financial statements can be found on page 15 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

General Fund: This fund is used to record all activities of the Township not required to be recorded in a separate fund. This would include parks, zoning, building and grounds, legislative, administrative, and elections. The major source of revenue for the general fund is from the Township tax base and the revenue sharing from the State of Michigan.

Analysis of Balances and Transactions of the Other Township's Funds.

Roads: This fund is used to record revenues and expenses for road maintenance and construction located within the Township. The source of revenue comes from a voted millage. The major expense for this fund is hot mix asphalt paving. The Township has been able to cost share several of their road projects with the Antrim County Road Commission to maximize their paving dollar.

Swiss Village East Capital Project Fund: This fund is used to record revenues and expenses to pay the construction expense for road projects within the Swiss Village East Development. Source for this revenue was a bond.

Swiss Village East Debt Service Fund: This fund is used to record revenues and expenses to pay off the bond used for road construction within the Swiss Village East Development. The source for this revenue is a special assessment of properties within Swiss Village East Development.

Condensed Financial Information

	Net Assets	
	Governmental and Total Activities	
	3/31/07	3/31/06
Current Assets	\$ 1,360,256	\$ 1,089,632
Capital Assets	223,553	35,358
Other Long-term Assets	<u>347,157</u>	<u>469,064</u>
Total Assets	1,930,966	1,594,054
Current Liabilities	2,589	2,054
Long-term Debt	<u>351,768</u>	<u>180,000</u>
Total Liabilities	<u>354,357</u>	<u>182,054</u>
Net Assets:		
Investment in Capital and Intangible Assets, net of Related Debt	218,942	208,764
Unrestricted	<u>1,357,667</u>	<u>1,203,236</u>
Total Net Assets	<u>\$ 1,576,609</u>	<u>\$ 1,412,000</u>

Tobin & Co.

Activities

	Governmental and Total Activities	
	3/31/07	3/31/06
Program Revenues:		
Charges for Services	\$ 190	\$ 25,962
Operating Grants	8,728	8,823
General Revenues:		
Property Taxes	638,597	562,584
State Shared Revenues	74,509	74,427
Other	<u>56,386</u>	<u>30,855</u>
Total Revenues	<u>778,410</u>	<u>702,651</u>
Expenses:		
General Government	237,082	198,938
Public Safety	331,225	273,385
Public Works	8,218	15,015
Recreation and Cultural	<u>37,276</u>	<u>53,896</u>
Total Expenses	<u>613,801</u>	<u>541,234</u>
Change in Net Assets	<u>\$ 164,609</u>	<u>\$ 161,417</u>

Capital Asset and Debt Administration

Capital Assets

The Township's net investment in capital and intangible assets for its governmental activities as of March 31, 2007, amounts to \$218,942. This investment in capital assets includes: various parcels of land, township hall, cemetery facilities and equipment, and office equipment and computers. The investment in intangible assets includes road construction. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives.

Cash Assets

At the end of the current fiscal year, the Township had \$1,211,938 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had \$351,768 of installment debt outstanding. During the fiscal year the Township incurred debt for the construction of a new ambulance facility.

Pension Plan

The Township makes pension contributions equal to approximately 15% of each employee's wage to John Hancock Life Insurance Co. on behalf of each participating employee. This is an expensed item in the budget and totaled \$0,000 for the fiscal year.

Currently Known Factors Affecting Future Operations

The Township completed an ambulance building during the audit year. The Township is currently renting the building to the Ambulance Authority at a rate of \$7,210 per month which goes directly to the bank to make the monthly payment on the construction loan. There is no outlay of general fund monies for this building as the rent payment covers the expenses to the Township.

Tobin & Co.

Requests for Information

This financial report is designed to provide a general overview of Kearney Township's finances for all those with an interest in the Township's finances and to demonstrate the Township's accountability for the revenues it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Timothy Comben, Kearney Township Supervisor at P. O. Box 51, Bellaire, MI 49615.

Tobin & Co.

Kearney Township
Statement of Net Assets
March 31, 2007

	Governmental Activities <u>And Total</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,211,938
Accounts Receivable	47,729
Special Assessments Receivable	100,589
Capital Assets:	
Land	162
Other Capital Assets, Net of Depreciation	223,391
Intangible Assets, Net of Amortization	<u>347,157</u>
Total Assets	<u>1,930,966</u>
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	2,589
Long-term Liabilities:	
Due Within One Year	97,909
Due in More Than One Year	<u>253,859</u>
Total Liabilities	<u>354,357</u>
<u>Net Assets</u>	
Invested in Capital and Intangible Assets, Net of Related Debt	218,942
Restricted for:	
Roads	321,234
Debt Service – Swiss Village East	175,561
Capital Projects – Swiss Village East	10,579
Unrestricted	<u>850,293</u>
Total Net Assets	<u>\$ 1,576,609</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Kearney Township
Statement of Activities
March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities and Total</u>
Governmental Activities:				
Legislative	\$ 54,875	\$ -	\$ -	\$ (54,875)
General Government	172,218	4,663	-	(167,555)
Public Safety	331,225	-	-	(331,225)
Public Works	8,218	-	4,255	(3,963)
Recreation and Cultural	37,276	-	-	(37,276)
Interest on Long-Term Debt	<u>9,989</u>	<u>-</u>	<u>-</u>	<u>(9,989)</u>
Total Governmental Activities	<u>\$ 613,801</u>	<u>\$ 4,663</u>	<u>\$ 4,255</u>	<u>(604,883)</u>

General Revenues:		
Property Taxes		638,597
Grants and Contributions Not Restricted to Specific Programs		74,509
Unrestricted Investment Earnings		43,165
Miscellaneous		<u>13,221</u>
Total General Revenues		769,492
Change in Net Assets		164,609
Net Assets – Beginning		<u>1,412,000</u>
Net Assets – Ending		<u>\$ 1,576,609</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Kearney Township
Balance Sheet
Governmental Funds
March 31, 2007

	<u>General</u>	<u>Road</u>	<u>Swiss Village East Debt Service</u>	<u>Swiss Village East Capital Project</u>	<u>Total</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 790,389	\$ 321,234	\$ 74,972	\$ 10,579	\$ 1,197,174
Accounts Receivable, Net	39,540	8,189	100,589	-	148,318
Due from Other Funds	<u>14,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,764</u>
Total Assets	<u>\$ 844,693</u>	<u>\$ 329,423</u>	<u>\$ 175,561</u>	<u>\$ 10,579</u>	<u>\$ 1,360,256</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Due to Other Units of Government	\$ 2,589	\$ -	\$ -	\$ -	\$ 2,589
Deferred Revenue	<u>148,361</u>	<u>8,189</u>	<u>100,589</u>	<u>-</u>	<u>257,139</u>
Total Liabilities	<u>150,950</u>	<u>8,189</u>	<u>100,589</u>	<u>-</u>	<u>259,728</u>
Fund Balances:					
Unrestricted	<u>693,743</u>	<u>321,234</u>	<u>74,972</u>	<u>10,579</u>	<u>1,100,528</u>
Total Fund Balances	<u>693,743</u>	<u>321,234</u>	<u>74,972</u>	<u>10,579</u>	1,100,528
Total Liabilities and Fund Balances	<u>\$ 844,693</u>	<u>\$ 329,423</u>	<u>\$ 175,561</u>	<u>\$ 10,579</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					570,710
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.					144,639
Some liabilities, including notes payable and certain accrued expenses, are not due and payable in the current period and therefore are not reported in the funds.					<u>(239,268)</u>
Net assets of governmental activities.					<u>\$ 1,576,609</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2007

	<u>General</u>	<u>Road</u>	<u>Swiss Village East Debt Service</u>	<u>Swiss Village East Capital Project</u>	<u>Total</u>
<u>Revenues</u>					
Taxes	\$ 558,514	\$ 109,648	\$ -	\$ -	\$ 668,162
Licenses and Permits	4,473	-	-	-	4,473
State Grants	74,509	4,255	-	-	78,764
Charges for Services	190	-	-	-	190
Interest and Rents	61,224	6,923	1,409	947	70,503
Other	<u>4,620</u>	<u>-</u>	<u>27,434</u>	<u>-</u>	<u>32,054</u>
Total	<u>703,530</u>	<u>120,826</u>	<u>28,843</u>	<u>947</u>	<u>854,146</u>
<u>Expenditures</u>					
Legislative	54,875	-	-	-	54,875
General Government	137,748	-	-	-	137,748
Public Safety	331,225	-	-	-	331,225
Public Works	144	1,824	-	-	1,968
Recreation and Cultural	37,276	-	-	-	37,276
Debt Service	141,630	-	28,197	-	169,827
Other	30,898	-	-	-	30,898
Capital Outlay	<u>331,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,626</u>
Total	<u>1,065,422</u>	<u>1,824</u>	<u>28,197</u>	<u>-</u>	<u>1,095,443</u>
<u>Excess Revenues (Expenditures)</u>	(361,892)	119,002	646	947	(241,297)
<u>Other Financing Sources (Uses)</u>					
Proceeds of Loan	<u>331,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,626</u>
Total	<u>331,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,626</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(30,266)	119,002	646	947	90,329
Fund Balance – Beginning of Year	<u>724,009</u>	<u>202,232</u>	<u>74,326</u>	<u>9,632</u>	<u>1,010,199</u>
Fund Balance – End of Year	<u>\$ 693,743</u>	<u>\$ 321,234</u>	<u>\$ 74,972</u>	<u>\$ 10,579</u>	<u>\$ 1,100,528</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Kearney Township
Reconciliation of the 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	\$ 90,329
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and intangible assets exceeded depreciation and amortization in the current period.	321,804
Governmental funds report proceeds of long-term debt as a revenue. This is not reported as revenue in the statement of activities.	(331,626)
Governmental funds report principal payments on long-term debt as an expenditure. This is not reported as an expense in the statement of activities	159,838
Certain revenues in the governmental funds that provide current financial resources are not reported as revenues in the statement of activities	<u>(75,736)</u>
Changes in net assets of governmental activities	<u>\$ 164,609</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Kearney Township
Statement of Fiduciary Net Assets
March 31, 2007

	<u>Agency Funds</u>
Assets	
Cash	\$ 19,294
Total Assets	<u>19,294</u>
Liabilities	
Undistributed Taxes and Interest	<u>19,294</u>
Total Liabilities	<u>19,294</u>
Net Assets	<u><u>\$ -</u></u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Kearney Township is a general law township located in Antrim County. Population as of the 2000 census was 1,764, and the current state equalized valuation for taxable property is \$190,995,700. Taxable valuation is \$144,342,323.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

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

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – These funds are used to account for special assessments and other resources to be used for the payment of interest and principal on long-term debt.

Capital Projects Funds – Capital Projects Funds are used to account for the purchases and/or construction of capital facilities which are not accounted for by Proprietary or Trust Funds.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$1,500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 – 20 years
Buildings and Improvements	25 – 40 years
Fire Department Vehicles	20 years
Fire Department Equipment	25 – 30 years
Township Vehicles	4 – 7 years
Machinery and Equipment	5 – 10 years
Office Furniture	5 – 20 years
Computer Equipment	1 – 3 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$190,995,700	\$144,342,323	.9875
Fire Protection	\$179,082,900	\$132,429,523	1.5000
Roads	\$190,995,700	\$144,342,323	.7074
Library	\$190,995,700	\$144,342,323	.3445
Ambulance	\$190,995,700	\$144,342,323	.4715

G. Investments

Township investments at March 31, 2007 consisted of bank money market accounts composed of investment vehicles which are legal for direct investments by local units of government in Michigan. These are reported as cash in bank on the Township balance sheet.

H. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2007.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2007, the Township incurred expenditures in excess of amounts appropriated without formal budget amendment by the Board as follows:

General Fund Activities:

Board of Review	\$	3,890
Fire Protection		46,621
Zoning Board of Appeals		1,422
Capital Outlay		329,626
Debt Service		141,630

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$1,242,059 deposited with a local financial institution at March 31, 2007 with a carrying value of \$1,211,938. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$900,849 of uninsured deposits at March 31, 2007.

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2007

NOTE 4 - RECEIVABLES

\$44,050 and \$3,679 of accounts receivable of governmental activities represent delinquent property taxes due from Antrim County and individual taxpayers, and expense reimbursements due from another unit of government, respectively.

\$100,589 of governmental activities special assessments receivables are not due within one year.

NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	3/31/06	Additions	Deletions	3/31/07
Governmental Activities:				
Land and Improvements	\$ 9,162	\$ -	\$ -	\$ 9,162
Buildings and Improvements	78,361	-	-	78,361
Machinery and Equipment	13,971	-	-	13,971
Furniture and Fixtures	6,168	-	-	6,168
Capital Lease Receivable	-	191,768	-	191,768
Total	107,662	191,768	-	299,430
Less Accumulated Depreciation	(72,304)	(3,573)	-	(75,877)
Governmental Activities Capital Assets, Net	\$ 35,358	\$ 188,195	\$ -	\$ 223,553
	3/31/06	Additions	Deletions	3/31/07
Road Improvements	\$ 360,408	\$ -	\$ -	\$ 360,408
Less Accumulated Amortization	(7,002)	(8,074)	-	(15,076)
	\$ 353,406	\$ (8,074)	\$ -	\$ 345,332

NOTE 6 - LONG-TERM DEBT

On April 20, 1999 the Township issued \$295,000 in special assessment bonds for the purpose of road construction, with the bonds to be paid back over 15 years with the collection of special assessments of the affected property owners. Principal is payable every April 1 beginning April 1, 2001 and interest is payable every April 1 and October 1, beginning April 1, 2001 at rates from 3.7% to 5.5%.

On August 22, 2006 the Township entered into an installment construction loan with a local bank for the purpose of building a new ambulance facility, payable \$7,210 monthly including interest at 5.5%. The maximum loan amount is \$310,000 with the balance at March 31, 2007 equaling \$191,768.

Debt service requirements to maturity:

	Principal	Interest
March 31, 2007	\$ 97,909	\$ 15,621
2008	102,312	10,348
2009	51,547	5,643
2010	20,000	4,340
2011	20,000	3,410
2012	20,000	2,460
2013	20,000	1,490
2014	20,000	500
	\$ 351,768	\$ 43,812

Tobin & Co.

Kearney Township
Notes to Financial Statements
March 31, 2007

NOTE 7 - ACCOUNTS PAYABLE

As of March 31, 2007 the General Fund had payroll taxes payable of \$2,589.

NOTE 8 - INVENTORIES

Kearney Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 9 - PENSION PLAN

The Township participates in a defined contribution plan through Manufacturers Life Insurance. By Board resolution the Township contributes 15% of the treasurer, clerk and supervisor salaries and 15% of trustees' salaries to a maximum of \$200 per year. The Township will pay 100% of the annual contribution.

The plan covers all elected officials with immediate 100% vesting.

The plan is administered by the Township Clerk.

For 2006-2007, Township contributions to the plan were \$10,421. Covered payroll for the year was \$59,794 with a total payroll for all employees of \$94,396.

The Township provides social security coverage for its officials and employees.

NOTE 10 - PROPERTY TAX ADMINISTRATION FEES

As permitted by statute, the Township levied a 1% administration fee on all 2006 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. The Township has accumulated excess costs of \$124,630 and is in compliance with statutory requirements.

NOTE 11- COMPENSATED ABSENCES

The Township provides no payment to employees for unused sick leave, accumulated leave, etc..

NOTE 12 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2007.

NOTE 13- 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. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule I
Page 1

<u>Revenues</u>	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current Taxes	\$ 372,446	\$ 372,446	\$ 416,144	\$ 43,698
Delinquent Taxes	70,944	70,944	80,289	9,345
Swamp Tax	1,196	1,196	1,196	-
Other Property Taxes	22	22	19	(3)
Penalties and Interest on Taxes	800	2,800	6,513	3,713
Property Tax Administration Fees	44,091	44,091	54,353	10,262
Licenses and Permits:				
Zoning Permits and Dog Licenses	3,010	3,010	4,473	1,463
State Grants:				
State Shared Revenues	75,000	75,000	74,509	(491)
Charges for Services:				
Fees	900	900	-	(900)
Sales	180	2,848	55	(2,793)
Land Splits	100	100	135	35
Interest and Rents:				
Interest	8,000	8,000	31,884	23,884
Rents	-	-	29,340	29,340
Other:				
Miscellaneous	1,000	1,000	479	(521)
Refunds and Reimbursements	100	100	4,141	4,041
Total Revenues	577,789	582,457	703,530	121,073
 <u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	3,075	-
Supplies	-	-	2,038	-
Legal and Contractual	-	-	18,120	-
Printing and Publishing	-	-	4,954	-
Dues	-	-	2,259	-
Other	-	-	24,429	-
Total	56,180	56,180	54,875	1,305
Total Legislative	56,180	56,180	54,875	1,305
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	13,007	-
Total	13,626	13,626	13,007	619

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 2

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures (Continued)				
General Government (Continued):				
Elections:				
Salaries and Wages	-	-	3,162	-
Supplies	-	-	1,450	-
Other	-	-	164	-
Total	5,600	5,600	4,776	824
Assessor:				
Supplies	-	-	4,002	-
Contractual Services	-	-	24,535	-
Postage	-	-	1,019	-
Printing and Publishing	-	-	743	-
Legal	-	-	3,636	-
Other	-	-	1,151	-
Total	31,635	40,635	35,086	5,549
Clerk:				
Salaries and Wages	-	-	25,690	-
Supplies	-	-	496	-
Other	-	-	199	-
Total	27,043	29,043	26,385	2,658
Board of Review:				
Salaries and Wages	-	-	1,750	-
Printing and Publishing	-	-	21	-
Other	-	-	4,344	-
Total	1,725	2,225	6,115	(3,890)
Treasurer:				
Salaries and Wages	-	-	21,065	-
Supplies	-	-	2,241	-
Postage	-	-	3,024	-
Contractual Services	-	-	1,954	-
Transportation	-	-	288	-
Printing and Publishing	-	-	53	-
Legal	-	-	188	-
Other	-	-	853	-
Total	28,969	30,969	29,666	1,303

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Township Hall and Grounds:				
Communications	-	-	6,370	-
Public Utilities	-	-	3,814	-
Maintenance and Repairs	-	-	10,676	-
Miscellaneous	-	-	432	-
Total	22,600	22,600	21,292	1,308
Cemetery:				
Salaries and Wages	-	-	1,328	-
Supplies	-	-	93	-
Total	2,950	1,950	1,421	529
Total General Government	134,148	146,648	137,748	8,900
Public Safety:				
Ambulance Services:				
Contractual Services	65,823	65,823	61,709	4,114
Total	65,823	65,823	61,709	4,114
Fire Protection:				
Contractual Services	191,315	191,315	237,936	(46,621)
Total	191,315	191,315	237,936	(46,621)
Zoning:				
Salaries and Wages	-	-	8,080	-
Legal	-	-	41	-
Other	-	-	698	-
Total	11,600	10,600	8,819	1,781
Planning:				
Salaries and Wages	-	-	16,476	-
Supplies	-	-	1,376	-
Printing and Publishing	-	-	565	-
Legal	-	-	687	-
Other	-	-	700	-
Total	26,600	24,600	19,804	4,796

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 4

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
Zoning Board of Appeals:				
Salaries and Wages	-	-	1,260	-
Printing and Publishing	-	-	86	-
Legal	-	-	1,526	-
Other	-	-	85	-
Total	1,535	1,535	2,957	(1,422)
Total Public Safety	296,873	293,873	331,225	(37,352)
Public Works:				
Street Lighting	300	300	144	156
Total Public Works	300	300	144	156
Recreation and Culture:				
Library	48,376	48,376	37,276	11,100
Park	6,000	-	-	-
Total Recreation and Culture	54,376	48,376	37,276	11,100
Other:				
Employee Benefits and Insurance	33,100	33,600	30,898	2,702
Contingencies	3,480	3,480	-	3,480
Total Other	36,580	37,080	30,898	6,182
Capital Outlay	2,000	-	331,626	(331,626)
Debt Service	-	-	141,630	(141,630)
Total Expenditures	580,457	582,457	1,065,422	(482,965)
Excess Revenues (Expenditures)	(2,668)	-	(361,892)	(361,892)
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	120,000	-	(120,000)
Proceeds of Loan	-	-	331,626	331,626
Total	-	120,000	331,626	211,626
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	\$ (2,668)	\$ 120,000	(30,266)	\$ (150,266)
Fund Balance – Beginning of Year			724,009	
Fund Balance – End of Year			\$ 693,743	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Road Fund
For the Year Ended March 31, 2007

Schedule 2

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 82,961	\$ 82,961	\$ 92,591	\$ 9,630
Delinquent Taxes	15,802	15,802	17,057	1,255
State Grants:				
Metro Act	-	-	4,255	4,255
Interest and Rents:				
Earned Interest	1,000	1,000	6,923	5,923
Total	99,763	99,763	120,826	21,063
<u>Expenditures</u>				
Road Improvements	99,763	99,763	1,824	97,939
Total	99,763	99,763	1,824	97,939
Excess Revenues (Expenditures)	\$ -	\$ -	119,002	\$ 119,002
Fund Balance – Beginning of Year			202,232	
Fund Balance – End of Year			\$ 321,234	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Swiss Village East Debt Service Fund
 For the Year Ended March 31, 2007

Schedule 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 1,409	\$ 1,409
Other:				
Special Assessments	<u>24,181</u>	<u>24,181</u>	<u>27,434</u>	<u>3,253</u>
Total Revenues	<u>24,181</u>	<u>24,181</u>	<u>28,843</u>	<u>4,662</u>
<u>Expenditures</u>				
Debt Service	27,860	27,860	28,197	(337)
Township	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total Expenditures	<u>28,160</u>	<u>28,160</u>	<u>28,197</u>	<u>(37)</u>
Excess Revenues (Expenditures)	(1) <u>\$ (3,979)</u>	<u>\$ (3,979)</u>	646	<u>\$ 4,625</u>
Fund Balance – Beginning of Year			<u>74,326</u>	
Fund Balance – End of Year			<u>\$ 74,972</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Kearney Township
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Swiss Village East Capital Outlay Fund
 For the Year Ended March 31, 2007

Schedule 4

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Interest and Rents:				
Interest	\$ -	\$ -	\$ 947	\$ 947
Total	-	-	947	947
<u>Expenditures</u>	-	-	-	-
Total	-	-	-	-
Excess Revenues (Expenditures)	\$ -	\$ -	947	\$ 947
Fund Balance – Beginning of Year			9,632	
Fund Balance – End of Year			<u>\$ 10,579</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended March 31, 2007

Schedule 5

	<u>Balance</u> <u>3/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/07</u>
<u>Assets</u>				
Cash	\$ 94,701	\$ 5,164,024	\$ 5,239,431	\$ 19,294
Total Assets	<u>\$ 94,701</u>	<u>\$ 5,164,024</u>	<u>\$ 5,239,431</u>	<u>\$ 19,294</u>
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 53,952	\$ 4,690,654	\$ 4,744,606	\$ -
Due to Other Funds	<u>40,749</u>	<u>473,370</u>	<u>494,825</u>	<u>19,294</u>
Total Liabilities	<u>\$ 94,701</u>	<u>\$ 5,164,024</u>	<u>\$ 5,239,431</u>	<u>\$ 19,294</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
2006 Property Tax Levy and Collections
For the Year Ended March 31, 2007

Schedule 6

	Millage Rate	Adjusted Levy	Collected	Returned Delinquent
County	6.2803	\$ 901,325	\$ 831,118	\$ 70,207
State Education	6.0000	861,146	801,252	59,894
School District	20.3500	2,190,626	2,031,061	159,565
School District	19.7500	166	-	166
Intermediate School District	2.9421	422,168	392,875	29,293
Intermediate School District	2.7513	69	-	69
Township - General	0.9875	141,716	129,252	12,464
- Roads	0.7074	101,515	92,586	8,929
- Library	0.3445	49,421	45,083	4,338
- Ambulance	0.4715	67,656	61,706	5,950
- Fire Special Assessment	1.5000	197,460	180,093	17,367
- Special Assessment – Roads		22,087	19,086	3,001
- Special Assessment - Water		116,523	100,848	15,675
- Other		86,275	69,760	16,515
 Total		 \$ 5,158,153	 \$ 4,754,720	 \$ 403,433

Percent of Levy Collected 92.18%

(I) Includes .3852 mil for Commission on Aging and .6937 mil for Meadowbrook Medical Care Facility

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Kearney Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Fees
For the Year Ended March 31, 2007

Schedule 7

Revenues

Property Tax Administration Fees \$ 54,353

Total Revenues 54,353

Expenditures

Assessor 35,086

Board of Review 6,115

Treasurer – 60% 17,800

Total 59,001

Excess Revenues (Expenditures) (4,648)

Excess Revenues (Expenditures) – Prior Years (119,982)

Accumulated Excess Revenues (Expenditures) \$ (124,630)

The Notes to the Financial Statements are an integral part of this statement.