

TOWNSHIP OF WHITNEY
Arenac County, Michigan
FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION
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 TOWNSHIP OF WHITNEY	County ARENAC
Fiscal Year End 03/31/07	Opinion Date 09/10/07	Date Audit Report Submitted to State 09/10/07	

We affirm that:

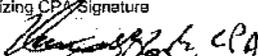
We are certified public accountants licensed to practice in Michigan.

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) KENNETH B. COOK, CPA, PC	Telephone Number (989)362-4412		
Street Address 438 LAKE STREET, P.O. BOX 127	City TAWAS CITY	State MI	Zip 48764
Authorizing CPA Signature 	Printed Name KENNETH B. COOK	License Number 10520	

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Table of Contents

Independent Auditors' Report	1
Management's Discussion and Analysis	2-3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	4
Government-wide Statement of Activities	5-6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7-8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9-10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Assets - Proprietary Fund	12
Statement of Revenues, Expenditures and Changes in Net Assets - Proprietary Fund	13
Statement of Cash Flows - Proprietary Fund	14
Statement of Assets and Liabilities - Fiduciary Fund	15
Notes to Financial Statements	16-18
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Fire Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Gypsy Moth Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Mosquito Control Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Building Inspection Fund	23
Audit Communications and Report of Comments and Recommendations	24-25

Kenneth B. Cook, CPA, PC

Certified Public Accountant

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INDEPENDENT AUDITORS' REPORT

September 10, 2007

Members of the Township Board
Township of Whitney
Arenac County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Whitney, Arenac 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 the Township's management. Our responsibility is to express our opinion on these financial statements based on our audit.

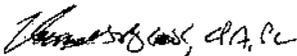
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Whitney, Arenac County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2007, on our consideration of the Township of Whitney's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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


Kenneth B. Cook, CPA, PC
Certified Public Accountant

TOWNSHIP OF WHITNEY
Arenac County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Whitney covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

The Township's total assets exceeded its liabilities by \$1,415,960.

The Township ceased operation of its independent fire department and joined with other neighboring units of government to form a fire and rescue authority. The Township's Fire Fund assets were contributed to the authority.

The Township's total net assets decreased by \$74,973 due to the contribution of the Fire Fund assets to the authority.

Overall revenues were \$644,176.

The Township did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are government-wide financial statements and provide both long and short-term information about the Township's overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Township as a whole. These statements include the financial activities of the primary government except for its fiduciary fund. The statements distinguish between those activities of the Township that are governmental in nature and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely on charges for services.

The two entity-wide financial statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

Activities of the Township reported as governmental activities include the General Fund, Fire Fund, Gypsy Moth Fund, Mosquito Fund and Building Inspection Fund. Business-type activities of the Township include the Water Fund.

TOWNSHIP OF WHITNEY
Arenac County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, Fire Fund, Gypsy Moti Fund, Mosquito Fund and Building Inspection Fund. The Township's enterprise fund is the Water Fund and is used to account for the business activity of providing goods and services to the users (citizens) of the water system. Fiduciary funds report focuses on net assets. The Township's agency fund accounts for assets held by the Township for political subdivision in which the Township acts as fiscal agency for collection of property taxes.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable with the exception of the Township divesting itself of its Fire Fund

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund, Fire Fund, Gypsy Moth Fund, Mosquito Fund and Building Inspection fund pays for the Township's governmental activities which totaled \$490,487. The governmental activities decreased by \$136,099.

The Township's businss-type activity is the Water Fund. The Water Fund increased its net assets by \$61,126.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$3,435 in capital assets this year.

The Township did not have any long-term debt activity during the year.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is uncertain and represents a significant portion of the Township's income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk, Linda Kauffman at the township hall.

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Government-wide Statement of Net Assets

March 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current Assets:			
Cash - Checking & Savings	\$503,755	\$62,338	\$566,093
Cash - Certificates & Time Deposits	59,081	\$428,613	487,694
Accounts Receivable	-	16,882	16,882
Special Assessments Receivable	16,210	24,340	40,550
Delinquent Taxes Receivable	16,029	-	16,029
Due from Other Funds	7,299	-	7,299
Total Current Assets	602,374	532,173	1,134,547
Non-Current Assets:			
Capital Assets	298,955	3,383	302,338
Less: Accumulated Depreciation	(6,196)	(242)	(6,438)
Total Non-Current Assets	292,759	3,141	295,900
Totals Assets	\$895,133	\$535,314	\$1,430,447
<u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts Payable	\$6,545	\$65	\$6,610
Due to Individuals	6,630	-	6,630
Due to Other Funds	1,247	-	1,247
Total Current Liabilities	14,422	65	14,487
Net Assets:			
Invested in Capital Assets	-	3,141	3,141
Unrestricted	880,711	532,108	1,412,819
Total Net Assets	880,711	535,249	1,415,960
Total Liabilities & Net Assets	\$895,133	\$535,314	\$1,430,447

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Government-wide Statement of Activities
March 31, 2007

	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities:				
Legislative	\$19,236	\$0	\$0	\$0
General Government	90,629	20,942	-	-
Public Safety	253,509	3,727	-	-
Public Works	54,665	-	-	-
Other Functions	72,448	-	-	-
Total Governmental Activities	<u>\$490,487</u>	<u>\$24,669</u>	<u>\$0</u>	<u>\$0</u>
Business-type Activities:				
Water Services	203,993	242,518	-	-
Total Primary Government	<u>\$694,480</u>	<u>\$267,187</u>	<u>\$0</u>	<u>\$0</u>
General Revenues:				
Property Taxes				
State Shared Revenue				
Interest on Investments & Special Assessment				
Total General Revenues				
Changes in Net Assets				
Net Assets, April 1, 2006				
Net Assets, March 31, 2007				

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

Net (Expense) Revenue and
 Changes in Net Assets
 Primary Government

Governmental Activities	Business-Type Activities	Total
(\$19,236)	\$0	(\$19,236)
(69,687)	-	(69,687)
(249,782)	-	(249,782)
(54,665)	-	(54,665)
(72,448)	-	(72,448)
(\$465,818)	\$0	(\$465,818)
-	38,525	38,525
(\$465,818)	\$38,525	(\$427,293)
266,401	0	266,401
70,483	-	70,483
17,504	22,601	40,105
354,388	22,601	376,989
(111,430)	61,126	(50,304)
992,141	474,123	1,466,264
\$880,711	\$535,249	\$1,415,960

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Balance Sheet - Governmental Funds
March 31, 2007

	General Fund	Fire Fund	Gypsy Moth Fund
<u>Assets</u>			
Current Assets:			
Cash - Checking & Savings	\$124,593	\$0	\$130,071
Cash - Certificates & Time Deposits	121,357	-	-
Special Assessment Receivable	16,210	-	-
Delinquent Taxes Receivable	10,450	-	-
Due from Other Funds (Note 3)	7,101	-	-
Total Current Assets	<u>279,712</u>	<u>0</u>	<u>130,071</u>
Non-Current Assets:			
Capital Assets	298,955	-	-
Less: Accumulated Depreciation	(6,196)	-	-
Total Non-Current Assets	<u>292,759</u>	<u>0</u>	<u>0</u>
 Total Assets	 <u>\$572,471</u>	 <u>\$0</u>	 <u>\$130,071</u>
<u>Liabilities & Fund Equity</u>			
Liabilities:			
Accounts Payable	\$6,545	\$0	\$0
Due to Individuals	-	-	-
Due to Other Funds	198	-	-
Total Liabilities	<u>6,743</u>	<u>0</u>	<u>0</u>
Fund Equity:			
Fund Balance			
Unreserved:			
Undesignated, reported in:			
General fund	565,728	-	-
Special revenue funds	-	-	130,071
Total Fund Equity	<u>565,728</u>	<u>0</u>	<u>130,071</u>
 Total Liabilities & Fund Equity	 <u>\$572,471</u>	 <u>\$0</u>	 <u>\$130,071</u>

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

Mosquito Control Fund	Building Inspection Fund	Total Government Funds
\$168,954	\$17,860	\$441,478
-	-	121,357
-	-	16,210
5,579	-	16,029
198	-	7,299
<u>174,731</u>	<u>17,860</u>	<u>602,374</u>
-	-	298,955
-	-	(6,196)
0	0	<u>292,759</u>
<u>\$174,731</u>	<u>\$17,860</u>	<u>\$895,133</u>
\$0	\$0	\$6,545
-	6,630	6,630
-	1,049	1,247
<u>0</u>	<u>7,679</u>	<u>14,422</u>
-	-	565,728
174,731	10,181	314,983
174,731	10,181	880,711
<u>\$174,731</u>	<u>\$17,860</u>	<u>\$895,133</u>

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
March 31, 2007

	General Fund	Fire Fund	Gypsy Moth Fund
Revenues:			
Taxes	\$174,859	\$0	\$0
State Shared Revenue	70,483	-	-
Charges for Services	20,942	-	-
Interest on Investments	6,912	1,022	4,893
Total Revenues	273,196	1,022	4,893
Expenditures:			
Legislative:			
Township Board	19,236	-	-
General Government:			
Supervisor	11,375	-	-
Elections	3,496	-	-
General Services Administration:			
Assessor	27,366	-	-
Clerk	14,069	-	-
Board of Review	6,036	-	-
Treasurer	13,634	-	-
Building & Grounds	14,653	-	-
Public Safety:			
Building Inspection	-	-	-
Liquor Law Enforcement	350	-	-
Fire Protection	61,049	186,994	-
Public Works:			
Highways, Streets & Bridges	12,948	-	-
Street Lighting	5,717	-	-
Refuse Collection	36,000	-	-
Other Functions:			
Cemetery	6,000	-	-
Conservation of Natural Resources	-	-	3,927
Miscellaneous	10,536	-	-
Capital Outlay	3,435	-	-
Total Expenditures	245,900	186,994	3,927
Excess of Revenues Over (Under) Expenditures	27,296	(185,972)	966
Other Financing Sources (Uses):			
Operating Transfers In (Out)	1,049	-	-
Excess of Revenues and Other Sources	28,345	(185,972)	966
Over (Under) Expenditures and Other Uses	28,345	(185,972)	966
Fund Balances, April 1, 2006	537,383	185,972	129,105
Fund Balances, March 31, 2007	\$565,728	\$0	\$130,071

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

Mosquito Control Fund	Building Inspection Fund	Total Government Funds
\$91,542	\$0	\$266,401
-	-	70,483
-	3,727	24,669
3,824	853	17,504
95,366	4,580	379,057
-	-	19,236
-	-	11,375
-	-	3,496
-	-	27,366
-	-	14,069
-	-	6,036
-	-	13,634
-	-	14,653
-	5,116	5,116
-	-	350
-	-	248,043
-	-	12,948
-	-	5,717
-	-	36,000
-	-	6,000
48,550	-	52,477
-	-	10,536
-	-	3,435
48,550	5,116	490,487
46,816	(536)	(111,430)
-	(1,049)	0
46,816	(1,585)	(111,430)
127,915	11,766	992,141
\$174,731	\$10,181	\$880,711

TOWNSHIP OF WHITNEY
Arenac County, Michigan

**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

Total governmental fund balances \$883,472

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. Capital assets at year end consist of:

Capital Outlay	3,435
Depreciation Expense	(6,196)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Principal payments on long-term debt	0
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Total net assets - governmental activities \$880,711

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Net Assets - Proprietary Fund
March 31, 2007

	Enterprise Fund
	Water Fund
<u>Assets</u>	
Current Assets:	
Cash - Checking & Savings	\$62,338
Cash - Certificates & Time Deposits	428,613
Accounts Receivable	16,882
Special Assessments Receivable	24,340
Due from Other Funds	-
Total Current Assets	532,173
Non-Current Assets:	
Capital Assets	3,383
Less: Accumulated Depreciation	(242)
Total Non-Current Assets	3,141
Totals Assets	\$535,314
<u>Liabilities and Net Assets</u>	
Current Liabilities:	
Accounts Payable	\$65
Due to Individuals	-
Due to Other Funds	-
Total Current Liabilities	65
Net Assets:	
Invested in Capital Assets	3,141
Unrestricted	532,108
Total Net Assets	535,249
Total Liabilities & Net Assets	\$535,314

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in Net Assets -
Proprietary Fund
March 31, 2007

	Enterprise Fund Water Fund
Operating Revenues:	
Charges for Services	\$242,518
Total Operating Revenues	242,518
Operating Expenditures:	
Salaries and Wages	\$5,904
Payroll Taxes and Fringe Benefits	454
Operating Supplies	25,501
Professional Fees and Services	1,150
Water Purchases and O&M	154,400
Miscellaneous	16,584
Total Operating Expenditures	203,993
Operating Income	38,525
Non-operating Revenue (Expenditures):	
Interest on Investments	21,015
Interest on Special Assessments	1,586
Total Non-operating Revenue (Expenditures)	22,601
Change in Net Assets	61,126
Net Assets, April 1, 2006	474,123
Net Assets, March 31, 2007	\$535,249

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

TOWNSHIP OF WHITNEY

Arenac County, Michigan

Statement of Cash Flows - Proprietary Fund

March 31, 2007

	<u>Enterprise Fund</u>
	<u>Water</u>
	<u>Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$228,535
Payments for Operating Expenses	(203,746)
Net Cash Provided by Operating Activities	<u>24,789</u>
Cash Flows from Noncapital Financing Activities:	
Special Assessments Received	7,594
Net Cash Provided by Noncapital Financing Activities	<u>7,594</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	-
Net Cash Used by Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities:	
Interest on Investments	22,601
Net Cash Provided by Investing Activities	<u>22,601</u>
Net Increase in Cash and Cash Equivalents	54,984
Cash and Cash Equivalents, April 1, 2006	<u>435,967</u>
Cash and Cash Equivalents, March 31, 2007	<u>\$490,951</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$38,525
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	242
Change in Assets and Liabilities:	
Accounts Receivable	(13,983)
Accounts Payable	5
Net Cash Provided by Operating Activities	<u>\$24,789</u>
Noncash Capital and Related Financing Activities:	

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Assets and Liabilities - Fiduciary Fund
March 31, 2007

Current Tax Collection Fund

	Balance			Balance
	April 1, 2006	Additions	Deductions	March 31, 2007
<u>Assets</u>				
Cash - Checking & Savings	\$116,527	\$2,015,662	(\$2,110,232)	\$21,957
Total Assets	\$116,527	\$2,015,662	(\$2,110,232)	\$21,957
<u>Liabilities</u>				
Due to Other Governmental Units	\$113,960	\$1,731,715	(\$1,829,769)	\$15,906
Due to Individuals	0	10,476	(10,476)	0
Due to Other Funds	2,567	273,471	(269,987)	6,051
Total Liabilities	\$116,527	\$2,015,662	(\$2,110,232)	\$21,957

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Whitney, Arenac County, Michigan, conform to generally accepted accounting principles as applicable to government units.

Description of Township Operations and Fund Types

Whitney Township operates under an elected Township Board (five members) and provides services to its more than 1,033 residents in many areas including fire protection, street lighting, refuse collection, gypsy moth control, mosquito control and improvement of local roads.

The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Implementation of GASB 34 regarding the new reporting model for governmental units began with the fiscal year ended March 31, 2007. All activities over which the Township exercises oversight responsibility have been included in the reporting entity.

Water intake and treatment are provided to Whitney Township by contract with Sims-Whitney Utilities Authority which is a separate governmental entity and is not a part of this report. Fire department operations are now provided to Whitney Township citizens by contract with the Au Gres, Sims, Whitney Fire and Rescue Authority which is a separate governmental entity and is not a part of this report.

Basis of Presentation:

The financial activities of the Township are recorded in the funds described as follows:

Governmental Funds

General Fund

This fund is used to account for all the transactions not accounted for in another fund, including the general operating expenditures of the Township revenues, which are primarily derived from property taxes and state distributions.

Special Revenue Funds

These funds (Fire Fund, Gypsy Moth Fund, Mosquito Control Fund, Building Inspection Fund) are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal, regulatory or administrative action.

Proprietary Funds

Enterprise Fund

This fund (Water Fund) is used to account for the operations of the public water system. Revenues required to operate the system are derived primarily from user fees. Expenditures reflect maintenance and operation of the water system as well as the Township's financial participation in the Sims-Whitney Utilities Authority.

Fiduciary Fund

This fund (Property Tax Collection Fund) is used to account for assets held in an agency capacity for others.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting.

Inventories

Inventories have not been recognized in the financial statements as materials and supplies are not material and have been expensed when purchased.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over estimated useful lives.

Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township's total millage was .7470 for operations, .9723 for fire protection and 1.4583 for mosquito control. The total taxable value of properties in the Township was \$62,728,484.

Note 2 - Budgets

The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the proposed operating budget is submitted to the Township Board which includes proposed expenditures and a means for financing them.
2. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted prior to April 1.
4. Budget appropriations lapse at the end of the fiscal year.
5. Budgetary amounts are reported in these financial statements as they are originally adopted, or as amended by the Township Board.

Note 3 - Deposits and Investments

The Township's investment policy does not address the concentration of credit risk, interest rate risk or foreign currency risk.

The Township Board has adopted an investment policy in accordance with Act 196, PA 1997 which authorizes the Township to deposit and invest in 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 or federal agency obligation repurchase agreements; banker's acceptances of the United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures of all cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$445,654	\$445,654
Uninsured	630,091	688,216
Total	\$1,075,745	\$1,133,870

Note 4 - Receivables and Payables within the Reporting Entity

The amounts of interfund receivables and payables as of March 31, 2007 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$1,049.12	Building Inspection Fund	\$1,049.12
General Fund	6,051.65	Tax Collection Fund	6,051.65
Mosquito Control Fund	197.56	General Fund	197.56
Totals	\$7,298.33		\$7,298.33

Note 5 - Capital Assets

A summary of changes in capital assets for the current year are as follows:

	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2007</u>
Land	\$32,208	\$0	\$0	\$32,208
Buildings	234,779	0	0	234,779
Equipment & Furniture	31,916	3,435	0	35,351
Total	\$298,903	\$3,435	\$0	\$302,338
Accumulated Depreciation	0	(6,438)	0	(6,438)
Net Capital Assets	\$298,903	(\$3,003)	\$0	\$295,900

Note 6 - Pension Plan

The Township has a defined contribution plan with Travelers Life Insurance Company covering substantially all of its employees effective July 1, 1992. The pension expense is based on 7.5% of compensation. Vesting is 100% from the date of deposit.

Note 7 - Risk Management

The Township is exposed to various risk of loss related to property loss, torts, errors, omissions, and employee injuries. The Township has purchased commercial insurance for risks of loss. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
For the Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$167,050	\$167,050	\$174,859	\$7,809
State Shared Revenue	69,000	69,000	70,483	1,483
Charges for Services	22,160	18,000	20,942	2,942
Interest on Investments	900	900	6,912	6,012
Total Revenues	259,110	254,950	273,196	18,246
Expenditures:				
Township Board	25,700	25,700	19,236	6,464
Supervisor	12,350	12,350	11,375	975
Elections	5,000	5,000	3,496	1,504
General Services Administration:				
Assessor	27,600	27,600	27,366	234
Clerk	15,370	15,370	14,069	1,301
Board of Review	1,400	6,400	6,036	364
Treasurer	15,367	15,367	13,634	1,733
Building & Grounds	49,950	39,450	14,653	24,797
Public Safety:				
Liquor Law Enforcement	470	470	350	120
Fire Protection	62,000	62,000	61,049	951
Public Works:				
Highways, Streets & Bridges	9,500	13,500	12,948	552
Street Lighting	6,000	6,000	5,717	283
Refuse Collection	36,000	36,000	36,000	0
Other Functions:				
Cemetery	6,000	6,000	6,000	0
Miscellaneous	12,400	11,400	10,536	864
Capital Outlay	2,000	3,500	3,435	65
Total Expenditures	287,107	286,107	245,900	40,207
Excess of Revenues Over (Under) Expenditure:	(27,997)	(31,157)	27,296	58,453
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	1,000	1,049	49
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources	-	-	-	-
Over (Under) Expenditures and Other Uses	(27,997)	(30,157)	28,345	58,502
Fund Balance, April 1, 2006	537,383	537,383	537,383	-
Fund Balance, March 31, 2007	<u>\$509,386</u>	<u>\$507,226</u>	<u>\$565,728</u>	<u>\$58,502</u>

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Fire Fund
For the Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Interest on Investments	25	25	1,022	997
Total Revenues	25	25	1,022	997
Expenditures:				
Public Safety				
Fire Protection	143,400	188,400	186,994	1,406
Total Expenditures	143,400	188,400	186,994	1,406
Excess of Revenues Over (Under) Expenditure	(143,375)	(188,375)	(185,972)	2,403
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	-	-
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(143,375)	(188,375)	(185,972)	2,403
Fund Balance, April 1, 2006	185,972	185,972	185,972	-
Fund Balance, March 31, 2007	\$42,597	(\$2,403)	\$0	\$2,403

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Gypsy Moth Fund
For the Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Interest on Investments	0	0	4,893	4,893
Total Revenues	0	0	4,893	4,893
Expenditures:				
Conservation of Natural Resources	2,500	4,000	3,927	73
Total Expenditures	2,500	4,000	3,927	73
Excess of Revenues Over (Under) Expenditure:	(2,500)	(4,000)	966	4,966
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	-	-
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,500)	(4,000)	966	4,966
Fund Balance, April 1, 2006	129,105	129,105	129,105	-
Fund Balance, March 31, 2007	\$126,605	\$125,105	\$130,071	\$4,966

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Mosquito Control Fund
For the Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$80,000	\$80,000	\$91,542	\$11,542
Interest on Investments	0	0	3,824	3,824
Total Revenues	80,000	80,000	95,366	15,366
Expenditures:				
Conservation of Natural Resources	80,000	80,000	48,550	31,450
Total Expenditures	80,000	80,000	48,550	31,450
Excess of Revenues Over (Under) Expenditure:	0	0	46,816	46,816
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	-	-
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	0	0	46,816	46,816
Fund Balance, April 1, 2006	127,915	127,915	127,915	-
Fund Balance, March 31, 2007	<u>\$127,915</u>	<u>\$127,915</u>	<u>\$174,731</u>	<u>\$46,816</u>

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

TOWNSHIP OF WHITNEY
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Building Inspection Fund
For the Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Charges for Services	\$10,000	\$3,700	\$3,727	\$27
Interest on Investments	25	25	853	828
Total Revenues	10,025	3,725	4,580	855
Expenditures:				
Public Safety				
Building Inspection	12,000	12,000	5,116	6,884
Total Expenditures	12,000	12,000	5,116	6,884
Excess of Revenues Over (Under) Expenditures	(1,975)	(8,275)	(536)	7,739
Other Financing Sources (Uses):				
Operating Transfers In (Out)	1,500	1,500	(1,049)	(2,549)
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	(475)	(6,775)	(1,585)	5,190
Fund Balance, April 1, 2006	11,766	11,766	11,766	-
Fund Balance, March 31, 2007	\$11,291	\$4,991	\$10,181	\$5,190

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

Kenneth B. Cook, CPA, PC

Certified Public Accountant

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Tawas City, MI 48764
Phone: (989) 362-4412
Fax: (989) 362-5171



AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

September 10, 2007

Members of the Township Board
Township of Whitney
Arenac County, Michigan

We have audited the financial statements of the Township of Whitney for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to communicate the following additional information related to our audit.

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States

We conducted our audit of the financial statements of the Township of Whitney in accordance with auditing standards generally accepted in the United States. Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of the audit process, we consider the internal control structure of the Township. Our consideration is for the purpose of determining our auditing procedures and not to provide any assurance concerning the internal controls.

We also perform tests of compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on the compliance with such provisions.

Significant Accounting Policies

The Township Board is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements.

Other Communications

Auditing standards require us to inform you of other significant issues such as, but not limited to, (1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ significantly from those expected; (2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; (3) Disagreements with the Township regarding the scope of the audit or application of accounting principles; (4) Consultation with other accountants; (5) Major issues discussed with management prior to retention; and (6) Difficulties encountered in performing the audit.

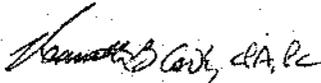
We have no significant issues, regarding these matters to report to you at this time. Audit adjustments were minimal, and are available to review.

Separation of Duties

Due to the small staffing at Whitney Township, it is impossible to have different individuals perform bank reconciliations, bank deposits and collection of cash to better segregate duties. This will be an ongoing internal control weakness until the Township employs assistants and separation of duties.

We wish to express our appreciation for the opportunity to serve you.

This information is intended solely for the 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 parties.



Kenneth B. Cook, CPA, PC
Certified Public Accountant