

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 OREGON TOWNSHIP	County LAPEER
Fiscal Year End 6/30/07	Opinion Date 11/8/07	Date Audit Report Submitted to State 11/14/07	

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) BROWN & KENT, PC		Telephone Number 810-664-4470		
Street Address 951 S. MAIN ST., STE. 3		City LAPEER	State MI	Zip 48446
Authorizing CPA Signature 		Printed Name CLARK D. KENT, CPA		License Number 1101018986

**OREGON TOWNSHIP
LAPEER, MICHIGAN**

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION
FOR YEAR ENDED JUNE 30, 2007**

OREGON TOWNSHIP

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BROWN & KENT, P.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Oregon Township
Lapeer, MI 48446

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Township (the "Township"), Lapeer, Michigan, as of and for the year ended June 30, 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, each major fund and the aggregate remaining fund information of Oregon Township, Lapeer, Michigan, at June 30, 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 and the 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 applied limited procedures, consisting 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 it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oregon Township's basic financial statements. The accompanying other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Brown & Kent, P.C.

Certified Public Accountants

November 8, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OREGON TOWNSHIP
LAPEER COUNTY
LAPEER, MICHIGAN**

Management's Discussion and Analysis

As management of Oregon Township, Lapeer County, Lapeer, Michigan (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the Township's financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented herein in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Oregon Township exceeded its liabilities at the end of the fiscal year by \$760,495. Of this amount, \$462,314 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$482,967, an increase of \$19,622 in comparison with the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$392,275, an increase of \$52,400 from the beginning of the year.
- The Township's total debt increased \$23,403, during the current fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the 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. It also contains other supplemental information to provide a greater detail of the data presented in the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements provide information about the activities of the Township, presenting a broad long-term overview of the Township's finances, in a manner similar to a private-sector business. This longer-term view uses the accrual basis of accounting, so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

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 useful indicators of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the 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.

The Statement of Net Assets and the Statement of Activities report the governmental activities for the Township, which encompasses all of the Township's services, including general government, public safety, public works, and cemetery operations. Property taxes and unrestricted state-shared revenue finance most of these activities.

Reporting the Township's Most Significant Funds – Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds, not the Township as a whole.

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. Some funds are required to be established by State law.

These fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

All of the funds of the Township can be divided into two categories:

- (1) Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements.
- (2) Fiduciary Funds – The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements

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

THE TOWNSHIP AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position.

The following table shows, in a condensed format, the net assets as of June 30, 2007.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Assets			
Current Assets	\$ 519,757	\$ 476,732	\$ 43,025
Capital Assets – Net of Depreciation	277,528	292,202	(14,674)
Total Assets	<u>797,285</u>	<u>768,934</u>	<u>28,351</u>
Liabilities			
Current Liabilities	36,790	13,387	23,403
Total Liabilities	<u>36,790</u>	<u>13,387</u>	<u>23,403</u>
Net Assets			
Invested in Capital Assets	277,528	292,202	(14,674)
Restricted	20,653	20,653	-
Unrestricted	462,314	442,692	19,622
Total Net Assets	<u>\$ 760,495</u>	<u>\$ 755,547</u>	<u>\$ 4,948</u>

The following table shows the changes of net assets during the fiscal year ending June 30, 2007.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues			
Charges for Services	\$ 122,346	\$ 140,718	\$ (18,372)
General Revenue			
Property Taxes and Collection Fees	319,820	309,170	10,650
State-shared Revenue	428,113	429,325	(1,212)
Franchise Fees	20,810	29,863	(9,053)
Other Revenue	<u>20,620</u>	<u>22,644</u>	<u>(2,024)</u>
Total Revenue	911,709	931,720	(20,011)
Program Expenses			
General Government	346,875	365,010	(18,135)
Health and Welfare	18,498	18,498	-
Public Safety	292,391	294,716	(2,325)
Public Works	232,052	266,440	(34,388)
Cemetery	<u>16,945</u>	<u>16,557</u>	<u>388</u>
Total Program Expenses	906,761	961,221	(54,460)
Change in Net Assets	4,948	(29,501)	34,449
Net Assets – Beginning of year	<u>755,547</u>	<u>785,048</u>	<u>(29,501)</u>
Net Assets – End of year	<u>\$ 760,495</u>	<u>\$ 755,547</u>	<u>\$ 4,948</u>

The Township's total governmental revenues, as reported in the Statement of Activities, totaled approximately \$911,700, down from the prior fiscal year. There were decreases in all revenue categories except property taxes and collection fees. Total program expenses, as reported in the Statement of Activities, totaled approximately \$906,800. This was a decrease of approximately \$54,400 over the prior fiscal year. Significant decreases in expenditures include reductions in attorney fees and roadwork.

THE TOWNSHIP'S FUNDS

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health. The analysis of the Township's major funds begins on page 4, following the government-wide financial statements.

The Township completed this year with a combined governmental fund balance of \$482,967, an increase of \$19,622 from last year. The General Fund's fund balance increased \$52,400. This increase was due in large part to operating transfers from the Public Improvement Fund and decreased expenditures.

The General Fund accounts for most of the Township's government services. The most significant are fire protection, law enforcement, assessing, and roads. Except for law enforcement, management of these services is not supported by special millages, but through the general revenues of property taxes and state-shared revenue. Law enforcement is only partially supported by special millage.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the Township had \$545,258 invested in broad range of capital assets, including land, buildings, and equipment. This amount represents a net decrease of \$14,674.

	June 30, 2007	June 30, 2006	Increase / (Decrease)
Land and Improvements	\$ 136,476	\$ 136,476	\$ -
Buildings and Improvements	290,319	290,319	-
Equipment	118,463	111,328	7,135
Total Capital Assets	545,258	538,123	7,135
Less Accumulated Depreciation	267,730	245,921	21,809
Net Capital Assets	<u>\$ 277,528</u>	<u>\$ 292,202</u>	<u>\$ (14,674)</u>

The major reason for this decrease was depreciation. See Note 3 of the financial statements for additional information.

Debt Administration

The Township has no long-term debt outstanding as of June 30, 2007.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget of the General Fund was an increase in appropriations of \$6,905. There was no change in the revenue budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Township must watch the budget very closely each year, due to the impact of Proposal A and the Headlee Amendment.

Among the significant events during the fiscal year were increases in the cost of fire protection. The increases in this area are expected to continue in the coming years and the Township must continue to monitor its spending in other areas to offset those increases.

The Township's revenues have also been negatively impacted due to the statutory portion of the State Revenue Sharing being eliminated.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our residents, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township office at 2525 Marathon Road, Lapeer, MI 48446.

BASIC FINANCIAL STATEMENTS

**OREGON TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash in Bank	
Demand Deposits	\$ 183,572
Savings Deposits	49,919
Certificates of Deposit	172,824
Investments	75,253
Petty Cash	211
Receivables	
Accounts Receivable - Other	9,953
Accounts Receivable - Fire Runs	28,025
Total Current Assets	<u>519,757</u>
Capital Assets	
Land and Improvements, Net of Depreciation	44,199
Building and Improvements, Net of Depreciation	169,131
Equipment, Net of Depreciation	64,198
Total Capital Assets	<u>277,528</u>
TOTAL ASSETS	<u><u>\$ 797,285</u></u>
LIABILITIES	
Accounts Payable	<u>\$ 36,790</u>
TOTAL LIABILITIES	<u>36,790</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt Restricted for	277,528
Permanent Fund - Perpetual Care Fund	
Expendable	653
Non-Expendable	20,000
Unrestricted	462,314
TOTAL NET ASSETS	<u>760,495</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 797,285</u></u>

The accompanying notes are an integral part of the financial statements.

**OREGON TOWNSHIP
STATEMENT OF ACTIVITIES
JUNE 30, 2007**

	Functions / Programs			
	General Government	Health and Welfare	Public Safety	Public Works
EXPENSES				
Salaries and Benefits	\$ 165,255	\$ -	\$ 12,123	\$ -
Employment Taxes	9,896	-	803	-
Professional Services	66,195	18,498	271,741	-
Materials and Supplies	13,632	-	13	-
Repairs and Maintenance	3,634	-	-	-
Roads	-	-	-	226,900
Recycling	-	-	-	1,927
Street Lights	-	-	-	1,132
Other Program Expenses	70,256	-	7,711	2,093
Depreciation	18,007	-	-	-
TOTAL EXPENSES	346,875	18,498	292,391	232,052
PROGRAM REVENUES				
Charges for Services	14,558	-	101,798	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
NET PROGRAM (EXPENSES)				
REVENUES	(332,317)	(18,498)	(190,593)	(232,052)
GENERAL REVENUES				
Property Taxes				
Collection Fees				
State Revenue Sharing				
Interest Income				
Cable TV Franchise Fee				
Hall Rental				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

The accompanying notes are an integral part of the financial statements.

Cemetery	Total Governmental
\$ -	\$ 177,378
-	10,699
11,040	367,474
-	13,645
-	3,634
-	226,900
-	1,927
-	1,132
2,103	82,163
3,802	21,809
16,945	906,761
5,990	122,346
-	-
-	-
(10,955)	(784,415)

271,074
48,746
428,113
18,838
20,810
1,150
632
789,363
4,948
755,547
\$ 760,495

**OREGON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Fund	Cemetery Operating Fund	Public Improvement Fund	Other Governmental Funds
ASSETS				
Cash in Bank				
Demand Deposits	\$ 174,967	\$ 8,605	\$ -	\$ -
Savings Deposits	49,266	-	-	653
Certificates of Deposit	161,546	11,278	-	-
Investments	-	-	55,084	20,169
Petty Cash	211	-	-	-
Due from Other Funds	5,165	169	-	-
Accounts Receivable - Other	9,883	70	-	-
Accounts Receivable - Fire Runs	28,025	-	-	-
TOTAL ASSETS	<u>\$ 429,063</u>	<u>\$ 20,122</u>	<u>\$ 55,084</u>	<u>\$ 20,822</u>
LIABILITIES				
Accounts Payable	\$ 36,788	\$ 2	\$ -	\$ -
Due to Other Funds	-	5,165	-	169
TOTAL LIABILITIES	<u>36,788</u>	<u>5,167</u>	<u>-</u>	<u>169</u>
FUND EQUITY				
Fund Balance				
Unreserved - Undesignated	392,275	4,955	55,084	20,653
Reserved	-	10,000	-	-
TOTAL FUND EQUITY	<u>392,275</u>	<u>14,955</u>	<u>55,084</u>	<u>20,653</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 429,063</u>	<u>\$ 20,122</u>	<u>\$ 55,084</u>	<u>\$ 20,822</u>

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	Reconciliation of Total Governmental Funds Balances to Net Assets of Governmental Activities	
\$ 183,572 49,919 172,824 75,253 211 5,334 9,953 28,025 <hr/> \$ 525,091 <hr/> \$ 36,790 5,334 <hr/> 42,124 <hr/> 472,967 10,000 <hr/> 482,967 <hr/> \$ 525,091 <hr/>	Total Governmental Funds Balances \$ 482,967	
	Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:	
	Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. <u>277,528</u>	
	Net Assets of Governmental Activities <u>\$ 760,495</u>	

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

	General Fund	Cemetery Operating Fund	Public Improvement Fund	Other Governmental Funds
REVENUES				
Taxes	\$ 319,820	\$ -	\$ -	\$ -
Intragovernmental	428,113	-	-	-
Charges for Services	116,356	5,990	-	-
Sale of Capital Assets	-	-	-	-
Interest	14,507	537	2,807	987
Other Revenue	22,592	-	-	-
TOTAL REVENUES	901,388	6,527	2,807	987
EXPENDITURES				
General Government	336,002	-	-	-
Health and Welfare	18,498	-	-	-
Cemetery	-	13,144	-	-
Public Safety	292,391	-	-	-
Public Works	232,052	-	-	-
TOTAL EXPENDITURES	878,943	13,144	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,445	(6,617)	2,807	987
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	29,955	987	-	-
Operating Transfers Out	-	-	(29,955)	(987)
TOTAL OTHER FINANCING SOURCES (USES)	29,955	987	(29,955)	(987)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	52,400	(5,630)	(27,148)	-
FUND BALANCE - BEGINNING	339,875	20,585	82,232	20,653
FUND BALANCE - ENDING	\$ 392,275	\$ 14,955	\$ 55,084	\$ 20,653

The accompanying notes are an integral part of the financial statements.

Total Governmental Funds	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
\$ 319,820	Net change in fund balance -
428,113	Total Governmental Funds
122,346	
-	Amounts reported for Governmental Activities
18,838	in the Statement of Activities are different
22,592	because:
<u>911,709</u>	
336,002	Governmental Funds report capital outlays as
18,498	expenditures. In the Statement of Activities
13,144	the cost of those assets is allocated over their
292,391	estimated useful lives as depreciation expense.
232,052	This is the amount by which depreciation
<u>892,087</u>	exceeded capital outlays in the current period.
	<u>(14,674)</u>
	Change in Net Assets of Governmental Activities
	<u>\$ 4,948</u>
<u>19,622</u>	
30,942	
<u>(30,942)</u>	
-	
19,622	
463,345	
<u>\$ 482,967</u>	

**OREGON TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007**

	Trust & Agency Fund	Tax Collection Fund	Total Agency Funds
ASSETS			
Cash in Bank			
Demand Deposits	\$ 200	\$ -	\$ 200
Savings	-	-	-
Investments	-	-	-
TOTAL ASSETS	\$ 200	\$ -	\$ 200
LIABILITIES			
Deposits Payable	\$ 200	\$ -	\$ 200
Due to Others	-	-	-
TOTAL LIABILITIES	200	-	200
NET ASSETS	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Oregon Township (the “Township”), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. REPORTING ENTITY

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees and the Township Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority or the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, Oregon Township has no component units.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Township has no business-type activities.

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; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. BASIS OF PRESENTATION (Continued)

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 major governmental funds.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Public Improvement Fund – The Public Improvement Fund is used to set aside monies for the future improvements to the Township. When items are constructed money is moved from this fund to the General Fund and expenditures are accounted for there.

Cemetery Operating Fund – The Cemetery Operating Fund is used to account for the revenues and expenditures of operating the cemetery.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

Additionally, the Township reports a Permanent fund, which is used to account for resources held in trust for use by the Township's cemetery. Legal restrictions on use of the funds' resources require that the principal remain intact and only the earnings be used.

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 liability is incurred.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Governmental 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 revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

D. BUDGETS AND BUDGETARY ACCOUNTING

The Township Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

E. CASH EQUIVALENTS

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. INVESTMENTS

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

H. USE OF ESTIMATES

The preparation of basic financial statements in conformance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

I. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost 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 has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	5-50 years
Equipment	5-20 years
Land Improvements	15-20 years

J. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

K. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as “Due to/from other funds.”

L. GOVERNMENTAL FUND BALANCE RESERVES

The Township records reservations for portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore not available for appropriation. Unreserved fund balance indicates the portion of fund balance that is available for appropriation in future periods.

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

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS

All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

STATUTORY AUTHORITY

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (1) Bonds and other direct obligations of the United States or its agencies,
- (2) Certificates of deposits, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146), and
- (3) Mutual funds composed of investments, which are legal for direct investment of local government.

CASH AND EQUIVALENTS

A summary of cash and equivalents as of June 30, 2007 follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Covered By FDIC Insurance</u>
Cash			
Demand Deposits	\$ 183,772	\$ 212,418	\$ 104,956
Savings Deposits	49,919	51,042	51,042
Petty Cash	211	-	-
Total Cash	<u>233,902</u>	<u>263,460</u>	<u>155,998</u>
 Certificates of Deposit	 <u>172,824</u>	 <u>172,824</u>	 <u>100,000</u>
Total Cash & Certificates of Deposit	<u><u>\$ 406,726</u></u>	<u><u>\$ 436,284</u></u>	<u><u>\$ 255,998</u></u>

Bank balance does not reflect deposits in transit or outstanding checks.

FDIC Regulation Number 330.8, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000, in every financial institution that is not a branch location and that is a member of FDIC in the following deposit accounts:

- (1) All demand, non-interest bearing accounts (checking), in the name of the authorized or statutory custodian (treasurer) of public funds.
- (2) All savings deposits, which include regular passbook, daily interest savings, and time certificates of deposit in the name of the governmental unit's custodian.

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

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS

The Governmental Accounting Standards Board of the Financial Accounting Foundation Statement 3, includes the requirement that a government entity's investments be classified into three categories of credit risk. The categories are:

- (1) Insured or registered securities held by the government entity of its agent in the entity's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

The Township has no investments that fall under the above-mentioned categories.

NOTE 3 – CAPITAL ASSETS

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

	Balance 7-01-06	Additions	Deletions	Balance 6-30-07
Capital Assets Not Being Depreciated				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Total Capital Assets Not Being Depreciated	11,000	-	-	11,000
Capital Assets Being Depreciated				
Land Improvements	125,476	-	-	125,476
Building and Improvements	290,319	-	-	290,319
Equipment	111,328	7,135	-	118,463
Total Capital Assets Being Depreciated	527,123	7,135	-	534,258
Less Accumulated Depreciation for				
Land Improvements	85,697	6,580	-	92,277
Building and Improvements	114,846	6,342	-	121,188
Equipment	45,378	8,887	-	54,265
Total Accumulated Depreciation	245,921	21,809	-	267,730
Total Capital Assets Being Depreciated, Net	281,202	(14,674)	-	266,528
Total Government Assets, Net	<u>\$ 292,202</u>	<u>\$ (14,674)</u>	<u>\$ -</u>	<u>\$ 277,528</u>

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

General Government	\$ 18,007
Cemetery	3,802
Total Depreciation Expense	<u>\$ 21,809</u>

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

NOTE 4 – PROPERTY TAXES

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2006 tax is levied and collectible on December 1, 2006, and is recognized as revenue in the year ended June 30, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Township totaled approximately \$183,778,000, on which taxes levied consisted of 1.4738 mills for operating purposes. This resulted in approximately \$271,000 for operating purposes. This amount was recognized in the General Fund financial statements as tax revenue.

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Fund</u>	<u>Operating Transfers Out</u>
Special Revenue		Special Revenue	
Cemetery Perpetual Care	\$ 987	Public Improvement	\$ 29,955
General Fund	29,955	Fiduciary Fund	
		Cemetery Perpetual Care	987
Total	<u>\$ 30,942</u>	Total	<u>\$ 30,942</u>

Interfund Receivables/Payables

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 5,165	Special Revenue Fund	
Special Revenue Fund		Cemetery Operating	\$ 5,165
Cemetery Operating	169	Fiduciary Fund	
		Cemetery Perpetual Care	169
Total	<u>\$ 5,334</u>	Total	<u>\$ 5,334</u>

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

NOTE 6 – PENSION PLAN

The Township makes annual contributions to the John Hancock Defined Contribution Plan for Governmental Employees for all eligible employees. The Township contributes 25% of eligible wages to the plan. Eligible employees may make contributions of 1% - 75% of compensation.

The Township contributed \$24,685 to the plan for the year ended June 30, 2007.

NOTE 7 – CONTRACTS

A. LAW ENFORCEMENT CONTRACT

The Township has a contract with the Lapeer County Sheriff's Department for law enforcement services. The contract amount for January 1, 2006 through December 31, 2006 was \$162,853. The contract amount for January 1, 2007 through December 31, 2007 is \$168,535. Payments are to be made by the 5th day of each month.

B. FIRE DEPARTMENT CONTRACT

The Marathon Area Fire Authority was paid a standby fee of \$25,000 for the period January 1, 2006 through December 31, 2006, and a standby fee of \$25,000 for the period January 1, 2007 through December 31, 2007, for fire services. The Marathon Area Fire Authority also charges service fees for each fire run.

The City of Lapeer was paid \$73,815 for fire services, for the period July 1, 2006 through June 30, 2007.

The services fees are paid by Oregon Township when billed by the fire departments. The Township then bills the property owner who was provided the fire run service.

NOTE 8 – BUILDING DEPARTMENT

Statutory Authority

State Construction Code Act (Public Act 245 of 1999), requires that the legislative bodies of local government establish "reasonable fees," which "bear a reasonable relationship" to the cost of operating the enforcing agency. It also states that the use of fees generated under this section can only be used for the operation of the enforcing agency, the construction board of appeals, or both, and that the fees shall not be used for any other purpose.

The establishment of a separate fund is not mandatory if:

- (1) The fee structure of the local government is not intended to recover the full cost of the enforcing agency, and
- (2) The local government has the ability to track the full costs and revenues of the activity.

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

NOTE 8 – BUILDING DEPARTMENT (Continued)

Statutory Authority (Continued)

The following is a schedule of the revenues and costs of Oregon Township's building department.

Revenue	\$	4,096
Salaries		2,450
Employer FICA/Medicare		188
Life Insurance		41
Retirement		613
Supplies		5
Mileage		70
Miscellaneous		-
Overhead		1,389
Total Costs		4,756
Recovered Costs		(660)
Prior Unrecovered Costs		(149)
Net Unrecovered Costs	\$	(809)

Effective September 1, 2006, building department activities are being handled by a third party.

NOTE 9 – COMMITMENTS

The Township entered into an agreement on April 11, 2000, with the Board of County Commissioners of the County of Lapeer, to pay \$1,463,582 for improving, maintaining, and repairing certain public roads within the Township. Payments made for year ended June 30, 2007 totaled \$139,752.

Future payments required under this agreement are as follows:

Year Ending June 30	Amount
2008	\$ 134,203
2009	128,598
2010	122,934
2011	117,215
Thereafter	-
	\$ 502,950

NOTE 10 – RISK MANAGEMENT

The Township has exposure to risks of loss due to torts, errors and omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

NOTE 11 – CONTINGENCIES

The Township is also continuously involved in District Court ordinance enforcement actions. These District Court matters do not involve costs to the Township beyond prosecution expenses.

REQUIRED SUPPLEMENTAL INFORMATION

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
TAXES				
Property Taxes	\$ 236,000	\$ 236,000	\$ 247,357	\$ 11,357
Delinquent Property Tax	30,500	30,500	23,717	(6,783)
Collection Fees	47,600	47,600	48,746	1,146
TOTAL TAXES	<u>314,100</u>	<u>314,100</u>	<u>319,820</u>	<u>5,720</u>
INTERGOVERNMENTAL				
State Revenue Sharing	438,500	438,500	428,113	(10,387)
TOTAL INTERGOVERNMENTAL	<u>438,500</u>	<u>438,500</u>	<u>428,113</u>	<u>(10,387)</u>
CHARGES FOR SERVICES				
Building Permits	12,000	12,000	4,096	(7,904)
Fines and Forfeits	400	400	1,562	1,162
Fire Run Fees and Fines	30,200	30,200	27,138	(3,062)
Land Divisions	2,500	2,500	3,000	500
Penal Fines	1,200	1,200	400	(800)
Special Assessments	73,060	73,060	74,260	1,200
Special Meetings	3,000	3,000	5,900	2,900
TOTAL CHARGES FOR SERVICES	<u>122,360</u>	<u>122,360</u>	<u>116,356</u>	<u>(6,004)</u>
MISCELLANEOUS SOURCES				
Interest Earned	8,000	8,000	14,507	6,507
Township Hall Rental	2,000	2,000	1,150	(850)
Cable TV	15,000	15,000	20,810	5,810
Sale of Fixed Assets	-	-	-	-
Other Revenue	2,000	2,000	632	(1,368)
TOTAL MISCELLANEOUS SOURCES	<u>27,000</u>	<u>27,000</u>	<u>37,099</u>	<u>10,099</u>
TOTAL REVENUES	<u>901,960</u>	<u>901,960</u>	<u>901,388</u>	<u>(572)</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
LEGISLATIVE				
Salary	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Per Diem	600	600	400	200
Employer Medicare	200	200	173	27
Employer FICA	750	750	738	12
Life Insurance	350	370	360	10
Retirement	2,875	2,875	2,875	-
Mileage	300	300	101	199
District Court	100	100	-	100
Education and Training	600	580	25	555
TOTAL LEGISLATIVE	<u>17,275</u>	<u>17,275</u>	<u>16,172</u>	<u>1,103</u>
SUPERVISOR				
Salary	18,500	18,500	18,500	-
Employer Medicare	300	300	268	32
Employer FICA	1,200	1,200	1,147	53
Life Insurance	600	600	581	19
Retirement	4,625	4,625	4,625	-
Elective Insurance	1,100	1,100	848	252
Mileage	800	800	745	55
Education and Training	500	500	210	290
TOTAL SUPERVISOR	<u>27,625</u>	<u>27,625</u>	<u>26,924</u>	<u>701</u>
ELECTIONS				
Salaries	7,000	7,650	7,926	(276)
Employer Medicare	50	50	16	34
Employer FICA	100	100	68	32
Supplies	500	2,000	1,877	123
Postage	500	-	-	-
Mileage	100	100	79	21
Miscellaneous	-	100	54	46
Printing and Publishing	500	650	436	214
TOTAL ELECTIONS	<u>8,750</u>	<u>10,650</u>	<u>10,456</u>	<u>194</u>
LEGAL AND ACCOUNTING				
Legal and Accounting	25,000	24,900	17,816	7,084
TOTAL LEGAL AND ACCOUNTING	<u>25,000</u>	<u>24,900</u>	<u>17,816</u>	<u>7,084</u>
ASSESSING				
Contractual Services	35,649	35,649	35,649	-
TOTAL ASSESSING	<u>35,649</u>	<u>35,649</u>	<u>35,649</u>	<u>-</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
CLERK				
Salary	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Salary - Deputy	12,640	12,430	11,980	450
Assistant Clerk	-	885	600	285
Employer Medicare	650	650	647	3
Employer FICA	2,800	2,800	2,764	36
Life Insurance	150	150	116	34
Retirement	8,000	8,000	8,000	-
Mileage	900	900	988	(88)
Education and Training	1,500	825	825	-
TOTAL CLERK	58,640	58,640	57,920	720
BOARD OF REVIEW				
Salaries	1,200	1,600	1,600	-
Employer Medicare	25	25	23	2
Employer FICA	100	100	99	1
Education and Training	300	-	-	-
TOTAL BOARD OF REVIEW	1,625	1,725	1,722	3
TREASURER				
Salary	31,000	31,000	31,000	-
Salary - Deputy	7,150	6,900	6,140	760
Employer Medicare	600	600	539	61
Employer FICA	2,000	2,350	2,303	47
Life Insurance	150	150	116	34
Retirement	7,750	7,750	7,750	-
Elective Insurance	-	3,810	3,808	2
Mileage	750	1,200	1,158	42
Education and Training	1,500	940	225	715
TOTAL TREASURER	50,900	54,700	53,039	1,661
TOWNSHIP HALL				
Salary	3,500	3,500	3,445	55
Contract Services	6,000	6,000	6,000	-
Employer Medicare	100	100	50	50
Employer FICA	250	250	214	36
Supplies	700	700	714	(14)
Insurance	7,500	7,000	6,512	488
Utilities	9,000	9,500	9,303	197

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TOWNSHIP HALL (Continued)				
Maintenance	\$ 4,100	\$ 3,950	\$ 3,634	\$ 316
TOTAL TOWNSHIP HALL	<u>31,150</u>	<u>31,000</u>	<u>29,872</u>	<u>1,128</u>
OTHER GENERAL GOVERNMENT				
Salaries	9,000	9,000	8,386	614
Salary/Administrative Assistant	2,250	2,950	2,699	251
Employer Medicare	200	200	161	39
Employer FICA	700	700	687	13
Insurance and Bonds	15,000	15,000	12,980	2,020
Elective Insurance	-	-	-	-
Office Supplies	7,000	6,500	3,834	2,666
Computers	5,000	10,900	8,046	2,854
Postage	8,000	7,500	7,207	293
Professional Services	8,000	8,000	6,730	1,270
Mileage	400	331	223	108
Transportation	4,100	4,069	4,069	-
Printing and Publishing	4,000	4,000	4,144	(144)
Miscellaneous	1,000	15,000	13,086	1,914
Retirement Administration	1,000	1,000	764	236
Dues	5,000	5,000	4,476	524
Education and Training	-	300	206	94
Conferences and Conventions	5,000	4,800	1,893	2,907
Disaster Relief	100	100	-	100
Equipment	2,441	2,441	6,841	(4,400)
TOTAL OTHER GENERAL GOVERNMENT	<u>78,191</u>	<u>97,791</u>	<u>86,432</u>	<u>11,359</u>
TOTAL GENERAL GOVERNMENT	<u>334,805</u>	<u>359,955</u>	<u>336,002</u>	<u>23,953</u>
PUBLIC SAFETY				
LAW ENFORCEMENT				
Contractual Services	160,000	160,000	154,389	5,611
Gas	7,000	7,000	5,422	1,578
TOTAL LAW ENFORCEMENT	<u>167,000</u>	<u>167,000</u>	<u>159,811</u>	<u>7,189</u>
FIRE SERVICE				
Fees	90,000	98,815	102,715	(3,900)
TOTAL FIRE SERVICE	<u>90,000</u>	<u>98,815</u>	<u>102,715</u>	<u>(3,900)</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
BUILDING INSPECTIONS				
Fees (Salary)	\$ 7,000	\$ 7,411	\$ 2,450	\$ 4,961
Salary - Zoning	15,800	5,035	3,292	1,743
Employer Medicare	350	83	83	-
Employer FICA	1,500	356	356	-
Life Insurance	500	500	96	404
Retirement	5,700	5,700	1,435	4,265
Supplies	300	300	13	287
Professional Services - Inspections	-	-	4,812	(4,812)
Professional Services - Zoning	-	-	1,425	(1,425)
Mileage	700	700	164	536
Miscellaneous	600	600	-	600
TOTAL BUILDING INSPECTIONS	<u>32,450</u>	<u>20,685</u>	<u>14,126</u>	<u>6,559</u>
PLANNING				
Salaries	4,200	4,200	3,010	1,190
Employer Medicare	100	100	44	56
Employer FICA	300	300	187	113
Professional Services	10,000	10,000	8,400	1,600
Printing and Publishing	1,200	1,200	497	703
Education and Training	1,000	1,000	527	473
TOTAL PLANNING	<u>16,800</u>	<u>16,800</u>	<u>12,665</u>	<u>4,135</u>
BOARD OF APPEALS				
Wages	2,700	2,700	1,840	860
Employer Medicare	50	50	25	25
Employer FICA	200	200	108	92
Professional	500	500	-	500
Printing and Publishing	1,000	1,000	585	415
Education and Training	600	600	516	84
TOTAL BOARD OF APPEALS	<u>5,050</u>	<u>5,050</u>	<u>3,074</u>	<u>1,976</u>
TOTAL PUBLIC SAFETY	<u>311,300</u>	<u>308,350</u>	<u>292,391</u>	<u>15,959</u>
HEALTH AND WELFARE				
AMBULANCE				
Fees	18,500	18,500	18,498	2
TOTAL AMBULANCE	<u>18,500</u>	<u>18,500</u>	<u>18,498</u>	<u>2</u>
TOTAL HEALTH AND WELFARE	<u>18,500</u>	<u>18,500</u>	<u>18,498</u>	<u>2</u>

OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC WORKS				
Drains	\$ 500	\$ 2,100	\$ 2,093	\$ 7
Street Lighting	1,100	1,250	1,132	118
Recycling	2,000	2,000	1,927	73
Roads	232,755	239,710	226,900	12,810
TOTAL PUBLIC WORKS	<u>236,355</u>	<u>245,060</u>	<u>232,052</u>	<u>13,008</u>
CONTINGENCIES	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>924,960</u>	<u>931,865</u>	<u>878,943</u>	<u>52,922</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(23,000)</u>	<u>(29,905)</u>	<u>22,445</u>	<u>52,350</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	23,000	29,955	29,955	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,000</u>	<u>29,955</u>	<u>29,955</u>	<u>-</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 50</u>	52,400	<u>\$ 52,350</u>
FUND BALANCE - BEGINNING			<u>339,875</u>	
FUND BALANCE - ENDING			<u>\$ 392,275</u>	

**OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY OPERATING FUND
FOR YEAR ENDED JUNE 30, 2007**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for Services	\$ 2,500	\$ 2,500	\$ 5,990	\$ 3,490
Interest	450	450	537	87
TOTAL REVENUES	<u>2,950</u>	<u>2,950</u>	<u>6,527</u>	<u>3,577</u>
 EXPENDITURES	 <u>(14,340)</u>	 <u>(14,340)</u>	 <u>(13,144)</u>	 <u>1,196</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(11,390)</u>	 <u>(11,390)</u>	 <u>(6,617)</u>	 <u>4,773</u>
 OTHER FINANCING SOURCES (USES)				
Operating Transfers In	800	800	987	187
TOTAL OTHER FINANCING SOURCES (USES)	<u>800</u>	<u>800</u>	<u>987</u>	<u>187</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	 <u>\$ (10,590)</u>	 <u>\$ (10,590)</u>	 (5,630)	 <u>\$ 4,960</u>
 FUND BALANCE - BEGINNING			 <u>20,585</u>	
 FUND BALANCE - ENDING			 <u>\$ 14,955</u>	

**OREGON TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC IMPROVEMENT FUND
FOR YEAR ENDED JUNE 30, 2007**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 2,500	\$ 2,500	\$ 2,807	\$ 307
TOTAL REVENUES	<u>2,500</u>	<u>2,500</u>	<u>2,807</u>	<u>307</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,500	2,500	2,807	307
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	(23,000)	(29,955)	(29,955)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(23,000)</u>	<u>(29,955)</u>	<u>(29,955)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (20,500)</u>	<u>\$ (27,455)</u>	(27,148)	<u>\$ 307</u>
FUND BALANCE - BEGINNING			<u>82,232</u>	
FUND BALANCE - ENDING			<u>\$ 55,084</u>	

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

**OREGON TOWNSHIP
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED JUNE 30, 2007**

BUDGETARY INFORMATION

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included in the Other Supplemental Information section of the financial statements.

EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Township had material expenditure budget overruns as follows:

<u>Fund and Activity</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Other General Government			
Equipment	\$ 2,441	\$ 6,841	\$ (4,400)
Public Safety			
Fees	98,815	102,715	(3,900)
Building Inspections			
Professional Services			
Inspections	-	4,812	(4,812)

OTHER SUPPLEMENTAL INFORMATION

**OREGON TOWNSHIP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Permanent Fund</u>		<u>Total Non-major Governmental Funds</u>
	<u>Cemetery Trust Fund</u>		
ASSETS			
Cash in Bank			
Savings	\$ 653		\$ 653
Investments	20,169		20,169
TOTAL ASSETS	<u><u>\$ 20,822</u></u>		<u><u>\$ 20,822</u></u>
 LIABILITIES			
Due to Other Funds	\$ 169		\$ 169
TOTAL LIABILITIES	<u> 169</u>		<u> 169</u>
 FUND EQUITY			
Fund Balance			
Unreserved - Undesignated	20,653		20,653
TOTAL FUND EQUITY	<u> 20,653</u>		<u> 20,653</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 20,822</u></u>		<u><u>\$ 20,822</u></u>

**OREGON TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Permanent Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Cemetery Trust Fund</u>	
REVENUES		
Charges for Services	\$ -	\$ -
Interest	987	987
TOTAL REVENUES	<u>987</u>	<u>987</u>
EXPENDITURES		
Cemetery	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>987</u>	<u>987</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers Out	<u>(987)</u>	<u>(987)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(987)</u>	<u>(987)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-
FUND BALANCE - BEGINNING	<u>20,653</u>	<u>20,653</u>
FUND BALANCE - ENDING	<u>\$ 20,653</u>	<u>\$ 20,653</u>



BROWN & KENT, P.C.

Certified Public Accountants

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To the Board Members
Oregon Township
Lapeer, MI 48446

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oregon Township (the "Township"), as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that we consider to be material weaknesses.

We consider the following deficiency to be a material weakness:

Lack of controls to determine and record accrual adjustments.

During the audit, we generally provide significant assistance in identifying and proposing accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records (capital assets [including the recording of additions, depreciation expense and disposals], accounts payable, etc.). We are pleased to assist in this process since our staff of auditors have the expertise in accrual adjustments and can generally assist in an effective manner. However, we bring this to your attention since it meets the above definition of a matter to be communicated to those charged with governance.

We consider the following deficiency to be a significant deficiency in internal control:

Lack of adequate controls to produce full-disclosure GAAP financial statements.

Requirement: All Michigan governmental units are required to prepare financial statements in accordance with generally accept accounting principles (GAAP). This is the responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

Condition: The Township, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

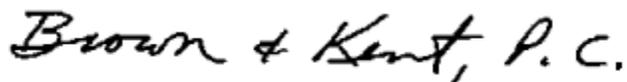
Effect: The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate that as required by professional standards.

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

We wish to thank the Board for the opportunity to serve as auditors for Oregon Township. Please contact us, if you have any questions regarding these or any other matters.

Sincerely,



Certified Public Accountants

November 8, 2007