

CATO TOWNSHIP
MONTCALM COUNTY, MICHIGAN
AUDIT REPORT
JUNE 30, 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 Cato Township	County Montcalm
Fiscal Year End June 30, 2007	Opinion Date August 20, 2007	Date Audit Report Submitted to State September 17, 2007	

We affirm that:

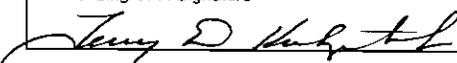
We are certified public accountants licensed to practice in Michigan.

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) Terry Kirkpatrick, CPA, P.C.		Telephone Number 231-796-3332	
Street Address 211 Maple Street		City Big Rapids	State Zip MI 49307
Authorizing CPA Signature 		Printed Name Terry D. Kirkpatrick	License Number 18035

CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	2
Statement of Activities	3
Governmental Fund Financial Statements	
Balance Sheet	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Fiduciary Fund	
Statement of Net Assets	7
Notes to Financial Statements	8-11
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	12
Budgetary Comparison Schedule – Fire Millage Fund	13
Budgetary Comparison Schedule – Honeymoon Heights S/A Fund	14
Budgetary Comparison Schedule – Satterlee Road S/A Fund	15

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Independent Auditor's Report

To the Township Board
Cato Township, Montcalm County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cato Township, Montcalm County, Michigan, as of and for the year ended June 30, 2007, which collectively comprise Cato Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Cato Township, Montcalm County, Michigan. 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 Cato Township, Montcalm County, Michigan, as of June 30, 2007, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Cato Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis- for State and Local Governments*, as of June 30, 2007. Management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cato Township, Montcalm County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the 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.



Big Rapids, Michigan
August 20, 2007

BASIC FINANCIAL STATEMENTS

Cato Township – Montcalm County, Michigan

Government Wide Statement of Net Assets

June 30, 2007

With Comparative Amounts at June 30, 2006

	June 30,	
	2007	2006
ASSETS		
Cash and Cash Equivalents	\$ 217,277	\$ 228,842
Special Assessments Receivable	37,972	0
Receivables - Other Governmental Units	49,441	39,509
Capital Assets (Net)	35,110	37,090
	<hr/>	<hr/>
Total assets	\$ 339,800	\$ 305,441
LIABILITIES		
Accounts Payable	\$ 1,700	\$ 1,700
NET ASSETS		
Invested in capital assets, net of related debt	35,110	37,090
Unrestricted	302,990	266,651
	<hr/>	<hr/>
Total net assets	338,100	303,741
	<hr/>	<hr/>
Total liabilities and net assets	\$ 339,800	\$ 305,441

The "Notes to Financial Statements" are an integral part of these statements.

Cato Township – Montcalm County, Michigan
 Government Wide Statement of Activities
 For the Year Ended June 30, 2007
 With Comparative Totals for June 30, 2006

	June 30,	
	2007	2006
	Governmental	
	Activities	
	Net (Expense)	
	Revenue and Changes	
	in Net Assets	
	Program Revenues	Operating
	Charges	Grants
	for	Grants
	Services	Grants
	Expenses	Grants
PRIMARY GOVERNMENT		
General Government	\$ 130,250	\$ 0
Public Safety	88,554	66,059
Public Works	132,342	97,822
Other Functions	13,696	0
Depreciation (unallocated)	1,980	0
	\$ 366,822	\$ 163,881
Total primary government	\$ (202,941)	\$ (277,554)

General Revenues		
Taxes	88,243	82,348
Licenses and permits	1,160	1,520
Charges for services	4,688	1,054
State revenue sharing, unrestricted	127,980	127,534
Interest Earnings	15,214	8,586
Other Revenue	15	1,010
Total general revenues	237,300	222,052
Change in Net Assets		
Net assets - Beginning of year	34,359	(55,502)
Net assets - End of year	303,741	359,243
	\$ 338,100	\$ 303,741

The "Notes to Financial Statements" are an integral part of these statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Cato Township – Montcalm County, Michigan
 Governmental Fund Balance Sheet
 June 30, 2007
 With Comparative Totals at June 30, 2006

	General Fund	Fire Millage Fund	Honeymoon Heights S/A Fund	Satterlee Road S/A Fund	Total Governmental Funds	June 30, 2006 Totals
ASSETS						
Cash and Cash Equivalents	\$ 143,268	\$ 47,643	\$ 26,366	\$ 0	\$ 217,277	\$ 228,842
Special Assessments Receivable	0	0	0	37,972	37,972	0
Due from Other Funds	46,668	0	326	0	46,994	1,823
Receivable from Other Governments	27,802	7,014	7,425	7,200	49,441	39,509
Total assets	\$ 217,738	\$ 54,657	\$ 34,117	\$ 45,172	\$ 351,684	\$ 270,174
LIABILITIES AND FUND EQUITY						
Accounts Payable	\$ 1,700	\$ 0	\$ 0	\$ 0	\$ 1,700	\$ 1,700
Due to Other Funds	326	1,496	0	45,172	46,994	1,823
Fund Balance - Unreserved and Undesignated	215,712	53,161	34,117	0	302,990	266,651
Total liabilities and fund equity	\$ 217,738	\$ 54,657	\$ 34,117	\$ 45,172	\$ 351,684	\$ 270,174

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

Total Governmental Fund Balances	\$ 302,990	\$ 266,651
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 are not reported in the funds.		
Cost of capital assets, net of depreciation	35,110	37,090
Net assets of governmental activities	\$ 338,100	\$ 303,741

The "Notes to Financial Statements" are an integral part of these statements.

Cato Township – Montcalm County, Michigan
 Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended June 30, 2007
 With Comparative Totals for June 30, 2006

	General Fund	Fire Millage Fund	Honeymoon Heights S/A Fund	Satterlee Road S/A Fund	Total Governmental Funds	June 30, 2006 Totals
REVENUES						
Property Tax	\$ 88,243	\$ 66,059	\$ 0	\$ 0	\$ 154,302	\$ 145,006
Licenses and Permits	1,160	0	0	0	1,160	1,520
State Grants	127,980	0	0	0	127,980	127,534
Charges for Services	4,688	0	0	0	4,688	1,054
Interest and Rents	13,228	1,246	0	0	15,214	8,586
Special Assessments	0	0	740	73,972	97,822	23,820
Other Revenue	1	14	23,850	0	15	1,010
Transfer from General Fund	0	0	0	8,219	8,219	0
Total revenues	235,300	67,319	24,590	82,191	409,400	308,530
EXPENDITURES						
General Government	130,250	0	0	0	130,250	128,855
Public Safety	6,012	82,542	0	0	88,554	54,861
Public Works	35,524	0	14,627	82,191	132,342	173,431
Other Functions	13,696	0	0	0	13,696	4,975
Transfer to Satterlee S/A	8,219	0	0	0	8,219	0
Total expenditures	193,701	82,542	14,627	82,191	373,061	362,122
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	41,599	(15,223)	9,963	0	36,339	(53,592)
Fund Balance - July 1,	174,113	68,384	24,154	0	266,651	320,243
Fund Balance - June 30,	\$ 215,712	\$ 53,161	\$ 34,117	\$ 0	\$ 302,990	\$ 266,651

The "Notes to Financial Statements" are an integral part of these statements.

Cato Township – Montcalm County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2007

With Comparative Amounts for June 30, 2006

	June 30, 2,007	2,006
Net Change in Fund Balances - Total Government Funds	\$ 36,339	\$ (53,592)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation</p>		
Depreciation expense	(1,980)	(1,910)
Change in Net Assets of Governmental Activities	<u>\$ 34,359</u>	<u>\$ (55,502)</u>

The "Notes to Financial Statements" are an integral part of these statements.

Cato Township – Montcalm County, Michigan
 Fiduciary Fund
 Statement of Net Assets
 June 30, 2007
 With Comparative Amounts at June 30, 2006

	<u>Agency Fund Type</u>	
	<u>Property Tax Collection Fund</u>	
	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES		
Due to Taxpayers	\$ 0	\$ 0
Due to General Fund	<u>0</u>	<u>0</u>
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Cato Township – Montcalm County, Michigan

Notes to Financial Statements
For the Year Ended June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

Government – Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Property taxes – Cato Township's property tax is levied on each December 1st on the taxable valuation of property located within Cato Township as of the preceding December 31st.

Cato Township – Montcalm County, Michigan

Notes to Financial Statements - Continued
For the Year Ended June 30, 2007

Although the Cato Township 2006 ad valorem tax is levied and collectible on December 1, 2006, it is Cato Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2006 taxable valuation of Cato Township totaled approximately \$69,425,000, on which ad valorem taxes levied consisted of .7881 mills for the Township operating purposes and an additional .9445 mills for fire protection. These amounts are recognized in the respective General and Fire Millage Fund financial statements as Due from Montcalm County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Fire Millage Fund is used to record property tax and interest for expenditures to the Lakeview District Fire Department for fire protection.

The Honeymoon Heights Fund is used to record special assessments for road improvements and street lighting of the special assessment district.

The Satterlee Road Fund is used to record special assessments for road improvement. This was spread over a two-year period.

Additionally, the Township reports the following fund types:

The Township reports a Fiduciary Fund (Agency Fund). This fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and are considered delinquent on March 1st of the following year, at which time interest and penalties are assessed.

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

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

Building	40 years
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Cato Township – Montcalm County, Michigan

Notes to Financial Statements - Continued

For the Year Ended June 30, 2007

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

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by July 1st. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in 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 obligations; repurchase agreements; bankers’ acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township’s deposits and investment policy are in accordance with statutory authority.

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

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 217,277

The bank balance of the primary government’s deposits is \$218,294, of which \$181,175 is covered by federal depository insurance.

NOTE D – RECEIVABLES

Receivables as of year-end for the government’s individual major funds are as follows:

	<u>General</u>	<u>Fire</u>	<u>Honeymoon Heights</u>	<u>Satterlee Road</u>	<u>Total</u>
State revenue sharing	\$ 19,400	\$ 0	\$ 0	\$ 0	\$ 19,400
Due from Montcalm County	8,402	7,014	7,425	7,200	30,041
Total	\$ 27,802	\$ 7,014	\$ 7,425	\$ 7,200	\$ 49,441

Cato Township – Montcalm County, Michigan

Notes to Financial Statements - Continued

For the Year Ended June 30, 2007

NOTE E – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Capital assets being depreciated				
Buildings	85,000	0	0	85,000
Less Accumulate depreciation for Capital assets	(52,910)	(1,980)	0	(54,890)
Net capital assets	\$ 37,090	\$ (1,980)	\$ 0	\$ 35,110

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

NOTE F – INTERFUND RECEIVABLES and PAYABLES

Receivable Fund	Payable Fund	Amount
General	Fire Millage	\$ 1,496
	Satterlee Road S/A	45,172
Honeymoon Heights S/A	General	326

NOTE G – RISK MANAGEMENT

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

NOTE H – SATTERLEE ROAD S/A FUND

The total cost of the Satterlee Road Project was \$82,190.75. The Township Board agreed to pay 10% of this cost and the remainder was to be paid by special assessments applied over a two-year period. At year end the special assessment fund owes \$45,171.67 to the General Fund which is comprised of the 2006 delinquent assessments of \$7,200.00 plus the remaining special assessment to be collected in 2007 for the remaining costs advanced by the General Fund.

REQUIRED SUPPLEMENTAL INFORMATION

Cato Township – Montcalm County, Michigan

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2007

With Comparative Actual Amounts for June 30, 2006

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	June 30, 2006 Actual
REVENUES					
Property Tax	\$ 77,100	\$ 82,100	\$ 88,243	\$ 6,143	\$ 82,348
Licenses and Permits	1,600	1,600	1,160	(440)	1,520
State Grants	120,350	123,850	127,980	4,130	127,534
Charges for Services	2,400	2,400	4,688	2,288	1,054
Interest and Rents	8,400	8,400	13,228	4,828	7,839
Other Revenue	200	200	1	(199)	1,010
Total revenues	210,050	218,550	235,300	16,750	221,305
EXPENDITURES					
General Government					
Township board	62,550	51,131	30,661	20,470	30,237
Supervisor	10,300	10,300	10,010	290	9,830
Elections	8,200	7,900	3,686	4,214	1,535
Assessor	22,700	22,700	22,114	586	21,098
Clerk	28,600	28,600	23,347	5,253	21,058
Board of review	2,100	2,100	1,080	1,020	1,213
Treasurer	31,700	31,700	26,217	5,483	24,653
Townhall	13,100	13,100	7,305	5,795	13,920
Cemetery	10,300	10,300	5,830	4,470	5,311
Public Safety					
Liquor law enforcement	500	500	192	308	384
Planning and zoning	7,900	7,000	5,820	1,180	5,596
Public Works					
Highways, streets & bridges	110,000	34,400	34,392	8	138,669
Drains - public benefit	4,000	4,000	1,132	2,868	2,196
Other Functions					
Social security/ medicare tax	6,400	6,400	5,280	1,120	4,975
DDA tax rebate	4,500	8,500	8,416	84	0
Transfer to Satterlee Road S/A	0	8,219	8,219	0	0
Total expenditures	322,850	246,850	193,701	53,149	280,675
Net changes in fund balance	(112,800)	(28,300)	41,599	69,899	(59,370)
Budgetary Fund Balance - July 1,	174,113	174,113	174,113	0	233,483
Budgetary Fund Balance - June 30,	\$ 61,313	\$ 145,813	\$ 215,712	\$ 69,899	\$ 174,113

Cato Township – Montcalm County, Michigan
 Budgetary Comparison Schedule
 Fire Millage Fund
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for June 30, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>	<u>June 30, 2006 Actual</u>
REVENUES					
Interest and Rents	\$ 45,000	\$ 51,600	\$ 66,059	\$ 14,459	\$ 62,658
Special Assessments	200	200	1,246	1,046	621
Other Revenue	0	0	14	14	0
Total revenues	45,200	51,800	67,319	15,519	63,279
EXPENDITURES					
Public Works					
Highways and streets	54,000	84,000	82,542	1,458	48,881
Net change in fund balance	(8,800)	(32,200)	15,223	16,977	14,398
Budgetary Fund Balance - July 1,	68,384	68,384	68,384	0	53,986
Budgetary Fund Balance - June 30,	\$ 59,584	\$ 36,184	\$ 53,161	\$ 16,977	\$ 68,384

Cato Township – Montcalm County, Michigan
 Budgetary Comparison Schedule
 Honeymoon Heights S/A Fund
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for June 30, 2006

	Original Budget	Actual Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	June 30, 2006 Actual
REVENUES					
Interest and Rents	\$ 300	\$ 300	\$ 740	\$ 440	\$ 126
Special Assessments	23,100	23,100	23,850	750	23,820
Total revenues	23,400	23,400	24,590	1,190	23,946
EXPENDITURES					
Public Works					
Highways and streets	35,000	29,100	14,627	14,473	32,566
Net change in fund balance	(11,600)	(5,700)	9,963	15,663	(8,620)
Budgetary Fund Balance - July 1,	24,154	24,154	24,154	0	32,774
Budgetary Fund Balance - June 30,	\$ 12,554	\$ 18,454	\$ 34,117	\$ 15,663	\$ 24,154

Cato Township – Montcalm County, Michigan
 Budgetary Comparison Schedule
 Satterlee Road S/A Fund
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for June 30, 2006

	<u>Original Budget</u>	<u>Actual Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)	June 30, 2006 <u>Actual</u>
REVENUES					
Special Assessments	\$ 0	\$ 36,000	\$ 73,972	\$ 37,972	\$ 0
Transfer from General Fund	0	46,200	8,219	(37,981)	0
Total revenues	0	82,200	82,191	(9)	0
EXPENDITURES					
Public Works					
Highways and streets	0	82,200	82,191	9	0
Net change in fund balance	0	0	0	0	0
Budgetary Fund Balance - July 1,	0	0	0	0	0
Budgetary Fund Balance - June 30,	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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Members of the Township Board
Cato Township
Montcalm County, Michigan

We have recently completed our audit of the basic financial statements of Cato Township for its year ended June 30, 2007. During this audit, we had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of our auditing procedures, there are some comments we want to present.

FINANCIAL RECORDS IN GOOD SHAPE

The Clerk and Treasurer have done a very good job maintaining the financial records of Cato Township. Keep up the good work.

OTHER MATTERS

We want to thank your personnel for the courtesy and cooperation shown us by them during our audit.

We have submitted two copies of the audit report and this letter to the Michigan Department of Treasury. There is a Form F-65 enclosed which must be signed by the Township Clerk and mailed to the Michigan Department of Treasury.

If you have any questions regarding the above or the audit, please contact us.

Terry Kirkpatrick, CPA, P.C.

August 20, 2007