

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Sidney	County Montcalm
Audit Date March 31, 2007	Opinion Date August 1, 2007	Date Accountant Report Submitted to State: August 3, 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- yes no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- yes no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- yes no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- yes no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- yes no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- yes no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- yes no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- yes no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- yes no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature <i>Campbell, Kusterer & Co., PC</i>			

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	4
Government-wide Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to Financial Statements	10-14
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	15
Other supporting information:	
General Fund Expenditures by Detailed Account	16-17
Current Tax Collection Fund – Statement of Changes in Assets and Liabilities	18
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	19

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 1, 2007

To the Township Board
Township of Sidney
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Sidney, Montcalm County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Sidney's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

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

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

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$455,343.42 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$284,708.91 from governmental activities. Governmental activities had a \$4,330.33 decrease in net assets with major road improvements of \$87,433.01.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

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

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

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

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

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

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

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

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

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

All of the activities of the Township are reported as governmental activities. This includes the General Fund and the Current Tax Collection Fund.

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

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

FUND FINANCIAL STATEMENTS

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

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$87,433.01.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow at a 6% rate in taxable values with little demand for infrastructure, except good roads and water, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at P.O. Box 141, Sidney, Michigan 48885 or at 989-328-3535.

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	356 600 90
Taxes receivable	9 053 85
Special assessments receivable	<u>32 043 83</u>
Total Current Assets	<u>397 698 58</u>
NON-CURRENT ASSETS:	
Capital Assets	181 479 80
Less: Accumulated Depreciation	<u>(88 237 13)</u>
Total Non-current Assets	<u>93 242 67</u>
TOTAL ASSETS	<u><u>490 941 25</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Deferred revenue	32 043 83
Accounts payable	<u>3 554 00</u>
Total Current Liabilities	<u>35 597 83</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>35 597 83</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	93 242 67
Unrestricted	<u>362 100 75</u>
Total Net Assets	<u>455 343 42</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>490 941 25</u></u>

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

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Expenses</u>	<u>Program Revenue</u> <u>Charges for Services</u>	<u>Governmental Activities</u> <u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	28 865 95	-	(28 865 95)
General government	71 212 42	24 495 03	(46 717 39)
Public safety	89 571 98	1 415 00	(88 156 98)
Public works	91 401 02	24 466 72	(66 934 30)
Culture and recreation	5 218 57	-	(5 218 57)
Other	<u>2 769 30</u>	<u>-</u>	<u>(2 769 30)</u>
Total Governmental Activities	<u><u>289 039 24</u></u>	<u><u>50 376 75</u></u>	<u><u>(238 662 49)</u></u>
General Revenues:			
Property taxes			48 861 83
State revenue sharing			168 102 27
Interest			12 934 59
Miscellaneous			<u>4 433 47</u>
Total General Revenues			<u><u>234 332 16</u></u>
Change in net assets			(4 330 33)
Net assets, beginning of year			<u><u>459 673 75</u></u>
Net Assets, End of Year			<u><u><u>455 343 42</u></u></u>

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

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>
<u>Assets</u>	
Cash in bank	355 120 47
Taxes receivable	9 053 85
Special assessments receivable	32 043 83
Due from other funds	<u>1 480 43</u>
Total Assets	<u><u>397 698 58</u></u>
<u>Liabilities and Fund Equity</u>	
Liabilities:	
Deferred revenue	32 043 83
Accounts payable	<u>3 554 00</u>
Total liabilities	<u><u>35 597 83</u></u>
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	<u>362 100 75</u>
Total fund equity	<u><u>362 100 75</u></u>
Total Liabilities and Fund Equity	<u><u><u>397 698 58</u></u></u>

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

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	362 100 75
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 governmental funds balance sheet:	
Capital assets at cost	181 479 80
Accumulated depreciation	<u>(88 237 13)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>455 343 42</u></u>

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

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	General
Revenues:	
Property taxes	48 861 83
Special assessments	24 466 72
Licenses and permits	1 415 00
State revenue sharing	168 102 27
Charges for services – PTAF	18 640 03
Charges for services – Other	5 855 00
Interest	12 934 59
Miscellaneous	4 433 47
Total revenues	284 708 91
Expenditures:	
Legislative:	
Township Board	28 865 95
General government:	
Supervisor	7 388 00
Elections	3 283 46
Assessor	19 641 77
Clerk	9 656 06
Board of Review	930 00
Treasurer	14 028 17
Building and grounds	10 808 01
Cemetery	3 108 89
Public safety:	
Police protection	31 863 84
Liquor law enforcement	650 00
Fire protection	51 600 00
Planning and zoning	5 458 14
Public works:	
Highways and streets	87 433 01
Drains	3 968 01
Culture and recreation:	
Parks and recreation	4 307 17
Other functions:	
Payroll taxes	2 769 30
Total expenditures	285 759 78
Excess (deficiency) of revenues over expenditures	(1 050 87)
Fund balance, April 1	363 151 62
Fund Balance, March 31	362 100 75

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

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (1 050 87)

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

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(3 279 46)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (4 330 33)

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

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Sidney, Montcalm County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Sidney. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (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 interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was .8022 mills, and the taxable value was \$60,377,776.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Furniture and equipment	10-30 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

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

Note 2 – Budgets and Budgetary Accounting

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

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

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

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

	<u>Carrying Amounts</u>
Total Deposits	<u>356 600 90</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	191 331 11
Uninsured and Uncollateralized	<u>165 919 79</u>
Total Deposits	<u>357 250 90</u>

The Township of Sidney did not have any investments as of March 31, 2007.

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance</u> 4/1/06	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 3/31/07
<u>Governmental Activities:</u>				
Land	35 560 00	-	-	35 560 00
Buildings	79 000 00	-	-	79 000 00
Equipment	<u>66 919 80</u>	<u>-</u>	<u>-</u>	<u>66 919 80</u>
Total	181 479 80	-	-	181 479 80
Accumulated Depreciation	<u>(84 957 67)</u>	<u>(3 279 46)</u>	<u>-</u>	<u>(88 237 13)</u>
Net Capital Assets	<u><u>96 522 13</u></u>	<u><u>(3 279 46)</u></u>	<u><u>-</u></u>	<u><u>93 242 67</u></u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

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

Note 8 – Building Permits

The Township of Sidney does not issue building permits. Building permits are issued by the County of Montcalm.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Fund</u>	<u>Interfund</u> <u>Payable</u>
General	<u>1 480 43</u>	Current Tax Collection	<u>1 480 43</u>
Total	<u><u>1 480 43</u></u>	Total	<u><u>1 480 43</u></u>

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	70 352 47	70 352 47	48 861 83	(21 490 64)
Special assessments	5 462 46	5 462 46	24 466 72	19 004 26
Licenses and permits	1 597 30	1 597 30	1 415 00	(182 30)
State revenue sharing	161 790 00	161 790 00	168 102 27	6 312 27
Charges for services:				
Property tax administration	7 096 24	7 096 24	18 640 03	11 543 79
Other	1 600 00	1 600 00	5 855 00	4 255 00
Interest	6 621 24	6 621 24	12 934 59	6 313 35
Miscellaneous	1 695 24	1 695 24	4 433 47	2 738 23
Total revenues	256 214 95	256 214 95	284 708 91	28 493 96
Expenditures:				
Legislative:				
Township Board	60 000 00	60 000 00	28 865 95	(31 134 05)
General government:				
Supervisor	8 500 00	8 500 00	7 388 00	(1 112 00)
Elections	5 000 00	5 000 00	3 283 46	(1 716 54)
Assessor	25 000 00	25 000 00	19 641 77	(5 358 23)
Clerk	11 000 00	11 000 00	9 656 06	(1 343 94)
Board of Review	1 500 00	1 500 00	930 00	(570 00)
Treasurer	15 500 00	15 500 00	14 028 17	(1 471 83)
Building and grounds	20 000 00	20 000 00	10 808 01	(9 191 99)
Cemetery	7 500 00	7 500 00	3 108 89	(4 391 11)
Public safety:				
Police protection	35 000 00	35 000 00	31 863 84	(3 136 16)
Liquor law enforcement	650 00	650 00	650 00	-
Fire protection	50 000 00	52 000 00	51 600 00	(400 00)
Planning and zoning	9 500 00	9 500 00	5 458 14	(4 041 86)
Public works:				
Highways and streets	250 000 00	248 000 00	87 433 01	(160 566 99)
Drains	8 000 00	8 000 00	3 968 01	(4 031 99)
Culture and recreation:				
Parks and recreation	7 500 00	7 500 00	4 307 17	(3 192 83)
Other functions:				
Payroll taxes	6 000 00	6 000 00	2 769 30	(3 230 70)
Total expenditures	520 650 00	520 650 00	285 759 78	(234 890 22)
Excess (deficiency) of revenues over expenditures	(264 435 05)	(264 435 05)	(1 050 87)	263 384 18
Fund balance, April 1	354 739 56	354 739 56	363 151 62	8 412 06
Fund Balance, March 31	90 304 51	90 304 51	362 100 75	271 796 24

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Township Board:	
Wages	3 878 58
Professional services	11 437 36
Insurance	4 028 00
Printing	693 05
Supplies	3 198 24
Telephone	1 267 93
Miscellaneous	4 362 79
	28 865 95
Supervisor:	
Salary	7 388 00
Elections:	
Wages	2 330 00
Supplies	953 46
	3 283 46
Assessor:	
Contracted services	19 200 00
Supplies	441 77
	19 641 77
Clerk:	
Salary – Clerk	9 235 00
Salary – Deputy clerk	360 00
Supplies	61 06
	9 656 06
Board of Review:	
Wages	648 00
Miscellaneous	282 00
	930 00
Treasurer:	
Salary – Treasurer	12 928 92
Salary – Deputy treasurer	1 095 00
Supplies	4 25
	14 028 17
Building and grounds:	
Contracted services	2 471 25
Utilities	2 596 70
Supplies	1 084 83
Repairs and maintenance	3 965 00
Miscellaneous	690 23
	10 808 01
Cemetery:	
Contracted services	2 765 00
Utilities	78 89
Supplies	265 00
	3 108 89
Police protection:	
Contracted services	31 863 84
Liquor law enforcement:	
Wages	650 00

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Fire protection:	
Contracted services	<u>51 600 00</u>
Planning and zoning:	
Contracted services	4 730 00
Supplies	185 34
Miscellaneous	<u>542 80</u>
	<u>5 458 14</u>
Highways and streets:	
Contracted services	85 858 71
Street lights	<u>1 574 30</u>
	<u>87 433 01</u>
Drains:	
Contracted services	<u>3 968 01</u>
Parks and recreation:	
Contracted services	1 750 00
Utilities	255 77
Supplies	1 601 40
Miscellaneous	<u>700 00</u>
	<u>4 307 17</u>
Payroll taxes	<u>2 769 30</u>
Total Expenditures	<u><u>285 759 78</u></u>

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2007

	<u>Balance</u> <u>4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/07</u>
<u>Assets</u>				
Cash in Bank	<u>7 80</u>	<u>1 721 101 44</u>	<u>1 719 628 81</u>	<u>1 480 43</u>
<u>Liabilities</u>				
Due to General Fund	7 80	79 071 15	77 598 52	1 480 43
Due to (from) other units	<u>-</u>	<u>1 642 030 29</u>	<u>1 642 030 29</u>	<u>-</u>
Total Liabilities	<u>7 80</u>	<u>1 721 101 44</u>	<u>1 719 628 81</u>	<u>1 480 43</u>

TOWNSHIP OF SIDNEY
Montcalm County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2007

Cash in bank – beginning of year	<u>7 80</u>
Cash receipts:	
Property taxes	1 702 720 20
Administration fees	16 790 38
Interest	<u>1 590 86</u>
Total cash receipts	<u>1 721 101 44</u>
Total beginning balance and cash receipts	<u>1 721 109 24</u>
Disbursements:	
Township General Fund	77 598 52
Montcalm County	666 509 09
Montcalm Area Intermediate School District	194 789 50
Central Montcalm School District	602 918 44
Greenville Public School	26 075 69
Montcalm Community College	146 182 93
Refunds	<u>5 554 64</u>
Total disbursements	<u>1 719 628 81</u>
Cash in Bank – End of Year	<u><u>1 480 43</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 1, 2007

To the Township Board
Township of Sidney
Montcalm County, Michigan

We have audited the financial statements of the Township of Sidney for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Sidney in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Sidney
Montcalm County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

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

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

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants