

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 Whitehall Township	County Muskegon
Fiscal Year End 3/31/07	Opinion Date 9/21/07	Date Audit Report Submitted to State 10/9/07	

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) Internal Control Letter	<input checked="" type="checkbox"/>	
Certified Public Accountant (Firm Name) Hendon & Slate, P.C.	Telephone Number 231-924-6890	
Street Address 711 W. Main Street	City Fremont	State Zip MI 49412
Authorizing CPA Signature <i>Jodi DeKuiper, CPA</i>	Printed Name Jodi DeKuiper, CPA	License Number 110121180

**WHITEHALL TOWNSHIP
MUSKEGON COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2007

WHITEHALL TOWNSHIP

Board Members

	<u>Position</u>
Dennis Babcock	Supervisor
Dennis Atchison	Clerk
Anne Prill	Deputy Clerk
June Lydens	Treasurer
Gordon Lydens	Deputy Treasurer
David Johnson	Trustee
Tim Ryan	Trustee

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H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Whitehall Township
Muskegon County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' 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 general purpose financial statements are free from 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 opinions.

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 Whitehall Township, 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 on pages 3 through 6 and 29 through 33, 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.

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Toll Free (800) 924-6891

Montague
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Montague, MI 49437
Phone (231) 893-6772

Hart
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitehall Township, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Hendon & Slate

Hendon & Slate, P.C.
Certified Public Accountants
October 5, 2007

WHITEHALL TOWNSHIP

Management's Discussion and Analysis March 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's total net assets remained strong, climbing from \$2,578,250 to \$3,631,997 or 40.87%. This large increase was due the special assessment for the water expansion. Unrestricted net assets are 551% of total expenses. This means that the Township could operate for approximately 66 months with no additional revenues. The Township used some of its net assets to complete projects including new tennis courts and trails and will should complete the work on the water expansion during the next fiscal year.

Governmental Activities

The Township's total governmental revenues decreased by \$12,573. Charges for services decreased \$11,532 or 71.3% due to the sale of timber in the prior year and interest decreased \$1,163 or 7.9%. Property taxes, state shared revenue and other revenues were similar to the previous year.

Expenses decreased by \$29,426 from the prior year. This was mainly due to a large hall remodeling and addition project that was completed in the prior year. The Township also spent \$46,668 in the prior year related to determining the feasibility of a special assessment for a water expansion project which was passed.

In a condensed format, the table below shows key financial information:

	Governmental Activities	
	<u>3/31/2007</u>	<u>3/31/2006</u>
Current Assets	\$ 407,841	\$ 426,041
Noncurrent Assets	<u>572,687</u>	<u>541,185</u>
Total Assets	<u>\$ 980,528</u>	<u>\$ 967,226</u>
Current Liabilities	<u>\$ 8,701</u>	<u>\$ 6,524</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 572,687	\$ 541,185
Unrestricted	<u>399,140</u>	<u>419,517</u>
Total Net Assets	<u>\$ 971,827</u>	<u>\$ 960,702</u>

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	<u>3/31/2007</u>	<u>3/31/2006</u>
Program Revenues		
Charges for Services	\$ 4,658	\$ 16,190
General Revenues		
Property Taxes	88,784	83,693
State Shared Revenues	112,112	113,192
Interest Income	13,437	14,600
Miscellaneous	26,055	29,944
Total Revenues	<u>245,046</u>	<u>257,619</u>
Program Expenses		
Legislative	48,827	50,681
General Government	93,537	88,810
Public Safety	27,611	24,489
Public Works	22,066	66,113
Other Functions	19,182	15,353
Unallocated Depreciation	22,698	17,901
Total Expenses	<u>233,921</u>	<u>263,347</u>
Change in Net Assets	<u>\$ 11,125</u>	<u>\$ (5,728)</u>

In addition to the Change in Net Assets, the Township also had prior period adjustment which increased the net assets for government activities by \$6,600 (see Note H).

Business-Type Activities

The Township's business-type net assets grew from \$1,617,548 to \$2,660,169 during the current year. The Township experienced this increase despite operating expenses being up \$2,734 or 4.0%. This increase is due to the special assessment for the water expansion project.

In a condensed format, the table below shows key financial information:

	Business-Type Activities	
	<u>3/31/2007</u>	<u>3/31/2006</u>
Current Assets	\$ 1,322,362	\$ 216,916
Noncurrent Assets	1,080,493	662,086
Other Assets	1,257,250	742,091
Total Assets	<u>\$ 3,660,105</u>	<u>\$ 1,621,093</u>
Current Liabilities	\$ 3,766	\$ 1,193
Noncurrent Liabilities	996,170	2,352
Total Liabilities	<u>\$ 999,936</u>	<u>\$ 3,545</u>

Management's Discussion and Analysis (Continued)

Net Assets		
Invested in Capital Assets-Net of Debt	\$ 1,087,431	\$ 671,659
Restricted	294,601	515,945
Unrestricted	<u>1,278,137</u>	<u>429,944</u>
Total Net Assets	<u>\$ 2,660,169</u>	<u>\$ 1,617,548</u>

	Business-Type Activities	
	<u>3/31/2007</u>	<u>3/31/2006</u>
Operating Revenues	\$ 1,045,921	\$ 57,747
Operating Expenses	<u>70,302</u>	<u>67,409</u>
Operating Income	975,619	(9,662)
Non Operating Revenues	67,091	29,164
Non Operating Expenses	<u>(89)</u>	<u>(248)</u>
Change in Net Assets	<u>\$ 1,042,621</u>	<u>\$ 19,254</u>

The Township's Funds

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds as of March 31, 2007 include the General Fund, Sewer Fund and the Water Fund. There are no non-major funds.

General Fund Budgetary Highlights

Over the course of the year, the Township Board found it necessary to amend the budget to take into account events during the year.

Capital Asset and Debt Administration

At March 31, 2007, the Township had \$1,660,118 invested in a broad range of capital assets, including land, buildings, equipment, the sewer system. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Muskegon County Road Commission (along with the responsibility to maintain them).

Management's Discussion and Analysis (Continued)

The Sewer Fund had been making debt payments on two separate refunding bond issues. During the year, the Township made its last payment on the \$23 million refunding bond issue of 1996. At March 31, 2006, the Township's portion of the outstanding balance on the \$6.99 million refunding bond issue of 200 was \$3,545. The current portion of this bond issue that will become due during the year ended March 31, 2007 is \$1,193.

Economic Factors and Next Year's Budgets and Rates

The Township's General Fund budget for 2007-2008 will be similar to the 2006-2007 final amended budget. The Board also anticipates similar expenditures in the Sewer and Water Funds during 2007-2008 as it expended during 2006-2007. The Township's budget for March 31, 2007 calls for a small increase in property taxes due to the limited allowed property value increases (the lesser of inflation or 5%).

Contacting the Township's Management

This financial report is intended to provide our citizens, 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 Treasurer, Whitehall Township, C/O June Lydens, 7644 Durham Road, Whitehall, MI 49461.

WHITEHALL TOWNSHIP

Government Wide Statement of Net Assets

March 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Current Assets			
Cash	\$ 379,230	\$ 568,179	\$ 947,409
Accounts Receivable			
Usage	-	17,156	17,156
Current Special Assessment	-	91,344	91,344
Current Special Assessment Interest	-	33,936	33,936
Taxes Receivable	4,692	-	4,692
Due from Other Governments	18,407	611,747	630,154
Prepaid Insurance	5,512	-	5,512
	<hr/>	<hr/>	<hr/>
Total Current Assets	407,841	1,322,362	1,730,203
Noncurrent Assets			
Land	212,368	77,739	290,107
Depreciable Assets	517,370	1,230,429	1,747,799
Less Accumulated Depreciation	<u>(157,051)</u>	<u>(227,675)</u>	<u>(384,726)</u>
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	572,687	1,080,493	1,653,180
Other Assets			
Restricted Cash	-	294,601	294,601
Long-Term Special Assessment Receivable	-	917,388	917,388
Intangible Assets	-	50,139	50,139
Less Accumulated Amortization	<u>-</u>	<u>(4,878)</u>	<u>(4,878)</u>
	<hr/>	<hr/>	<hr/>
Total Other Assets	-	1,257,250	1,257,250
	<hr/>	<hr/>	<hr/>
Total Assets	980,528	3,660,105	4,640,633

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	6,611	2,584	9,195
Accrued Payroll Taxes	2,090	-	2,090
Current Portion Long-Term Debt	-	1,182	1,182
	<u>8,701</u>	<u>3,766</u>	<u>12,467</u>
Noncurrent Liabilities			
Long-Term Debt	-	996,170	996,170
	<u>8,701</u>	<u>999,936</u>	<u>1,008,637</u>
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	572,687	1,087,431	1,660,118
Restricted	-	294,601	294,601
Unrestricted/Undesignated	399,140	1,278,137	1,677,277
	<u>971,827</u>	<u>2,660,169</u>	<u>3,631,996</u>
Total Net Assets	<u>\$ 971,827</u>	<u>\$ 2,660,169</u>	<u>\$ 3,631,996</u>

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

WHITEHALL TOWNSHIP

Government Wide Statement of Activities
March 31, 2007

	Program <u>Revenues</u> Charges for		Net (Expenses) Revenue and Changes in Net Assets		
			<u>Primary Government</u>		
			Governmental	Business-Type	Total
Expenses	Services	Activities	Activities		
Primary Government					
Governmental Activities:					
Legislative	\$ 48,827	\$ -	\$ (48,827)	\$ -	\$ (48,827)
General Government	93,537	4,658	(88,879)	-	(88,879)
Public Safety	27,611	-	(27,611)	-	(27,611)
Public Works	22,066	-	(22,066)	-	(22,066)
Other Functions	19,182	-	(19,182)	-	(19,182)
Unallocated Depreciation	22,698	-	(22,698)	-	(22,698)
Total Governmental Activities	233,921	4,658	(229,263)	-	(229,263)
Business-Type Activities:					
Sewer	70,391	57,576	-	(12,815)	(12,815)
Water	-	-	-	-	-
Total Primary Government	\$ 304,312	\$ 62,234	(229,263)	(12,815)	(242,078)
General Revenues:					
Property Taxes			88,784	-	88,784
State Shared Revenue			112,112	-	112,112
Sewer Connections			-	36,432	36,432
Special Assessments-Water			-	951,913	951,913
Interest Income			13,437	67,091	80,528
Miscellaneous			26,055	-	26,055
Total General Revenues			240,388	1,055,436	1,295,824
Change in Net Assets			11,125	1,042,621	1,053,746
Net Assets - Beginning			960,702	1,617,548	2,578,250
Net Assets - Ending			<u>\$ 971,827</u>	<u>\$ 2,660,169</u>	<u>\$ 3,631,996</u>

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

WHITEHALL TOWNSHIP

Governmental Fund Balance Sheet
March 31, 2007

	<u>General Fund</u>
ASSETS	
Cash	\$ 379,230
Taxes Receivable	4,692
Due from Other Governments	<u>18,407</u>
Total Assets	<u><u>\$ 402,329</u></u>
LIABILITIES	
Accounts Payable	\$ 6,611
Accrued Payroll Taxes	<u>2,090</u>
Total Liabilities	8,701
FUND BALANCES	
Undesignated	<u>393,628</u>
Total Fund Balances	<u>393,628</u>
Total Liabilities and Fund Balances	<u><u>\$ 402,329</u></u>

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

WHITEHALL TOWNSHIP

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Assets
For the Year Ended March 31, 2007

Total Governmental Fund Balances \$ 393,628

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period. 5,512

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	729,738
Governmental Accumulated Depreciation	<u>(157,051)</u>

Total Net Assets - Governmental Activities: \$ 971,827

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

WHITEHALL TOWNSHIP

Governmental Fund Statement of Revenue, Expenditures
and Changes in Fund Balance
March 31, 2007

	<u>General Fund</u>
Revenues	
Property Taxes	\$ 65,057
Property Tax Administration Fee	23,727
State Shared Revenue	112,112
Penalties and Interest	1,640
Charges for Services	4,658
Interest	13,437
Refunds and Reimbursements	8,196
Licenses and Permits	7,175
Miscellaneous	<u>9,044</u>
Total Revenues	245,046
Expenditures	
Legislative	48,677
General Government	93,537
Public Safety	27,611
Public Works	22,015
Other Functions	19,285
Capital Outlay	<u>54,401</u>
Total Expenditures	<u>265,526</u>
Excess Revenue Over (Under) Expenditures	(20,480)
Fund Balance - Beginning	<u>414,108</u>
Fund Balance - Ending	<u>\$ 393,628</u>

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

WHITEHALL TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (20,480)

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

Prepaid Insurance reflects amounts that will be used in a future period. 103

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense.

Capital outlay reported in governmental fund statements	54,200	
Depreciation expense reported in the statement of activities	<u>(22,698)</u>	<u>31,502</u>

Changes in Net Assets - Governmental Activities \$ 11,125

WHITEHALL TOWNSHIP

Proprietary Fund Statement of Net Assets
March 31, 2007

	Sewer Fund	Water Fund	Total
ASSETS			
Current Assets			
Cash	\$ 154,575	\$ 413,604	\$ 568,179
Accounts Receivable			
Usage	17,156	-	17,156
Current Special Assessment	34,347	56,997	91,344
Current Special Assessment Interest	16,358	17,578	33,936
Due From Other Fund	310,000	-	310,000
Due From Other Governments	-	611,747	611,747
Total Current Assets	532,436	1,099,926	1,632,362
Noncurrent Assets			
Land	77,739	-	77,739
Machinery and Equipment	814,000	416,429	1,230,429
Less Accumulated Depreciation	(227,675)	-	(227,675)
Total Noncurrent Assets	664,064	416,429	1,080,493
Other Assets			
Restricted Cash	294,601	-	294,601
Long-Term Special Assessment Receivable	175,758	741,630	917,388
Intangible Assets	14,168	35,971	50,139
Less Accumulated Amortization	(4,878)	-	(4,878)
Total Other Assets	479,649	777,601	1,257,250
Total Assets	\$ 1,676,149	\$ 2,293,956	\$ 3,970,105

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

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ -	\$ 2,584	\$ 2,584
Due to Other Funds	-	310,000	310,000
Current Portion Long-Term Debt	<u>1,182</u>	<u>-</u>	<u>1,182</u>
Total Current Liabilities	1,182	312,584	313,766
Noncurrent Liabilities			
Long-Term Debt	<u>1,170</u>	<u>995,000</u>	<u>996,170</u>
Total Liabilities	2,352	1,307,584	1,309,936
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	671,002	416,429	1,087,431
Restricted	294,601	-	294,601
Unrestricted	<u>708,194</u>	<u>569,943</u>	<u>1,278,137</u>
Total Net Assets	<u>\$ 1,673,797</u>	<u>\$ 986,372</u>	<u>\$ 2,660,169</u>

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

WHITEHALL TOWNSHIP

Proprietary Fund Statement of Revenue, Expenses
and Changes in Net Assets
For the Year Ended March 31, 2007

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues			
Fees	\$ 57,576	\$ -	\$ 57,576
Special Assessments	-	951,913	951,913
Connections	<u>36,432</u>	<u>-</u>	<u>36,432</u>
Total Revenues	94,008	951,913	1,045,921
Operating Expenses			
Payroll Expenses	3,552	-	3,552
Contracted Services	32,381	-	32,381
Utilities	2,087	-	2,087
Professional Services	7,533	-	7,533
Repairs and Maintenance	5,175	-	5,175
Miscellaneous	388	-	388
Depreciation	<u>19,186</u>	<u>-</u>	<u>19,186</u>
Total Operating Expenses	<u>70,302</u>	<u>-</u>	<u>70,302</u>
Operating Income (Loss)	23,706	951,913	975,619
Non-Operating Revenue (Expense)			
Interest Income	32,632	34,459	67,091
Interest Expense	<u>(89)</u>	<u>-</u>	<u>(89)</u>
Total Non-Operating Revenue (Expense)	<u>32,543</u>	<u>34,459</u>	<u>67,002</u>
Income	56,249	986,372	1,042,621
Net Assets - Beginning	<u>1,617,548</u>	<u>-</u>	<u>1,617,548</u>
Fund Balance - Ending	<u>\$ 1,673,797</u>	<u>\$ 986,372</u>	<u>\$ 2,660,169</u>

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

WHITEHALL TOWNSHIP

Proprietary Fund Statement of Cash Flows
For the Year Ended March 31, 2007

	Sewer Fund	Water Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities			
Receipts from Customers	\$ 137,963	\$ -	\$ 137,963
Receipts from Other Funds	-	310,000	310,000
Receipts from Special Assessments	-	153,287	153,287
Receipts from County-Bond Proceeds	-	399,811	399,811
Payments for Employees	(3,552)	-	(3,552)
Payments to Suppliers	(47,565)	-	(47,565)
Payments to Other Funds	<u>(310,000)</u>	<u>-</u>	<u>(310,000)</u>
Net Cash Provided (Used) by Operating Activities	(223,154)	863,098	639,944
Cash Flows from Capital and Related Financing Activities			
Principal and Interest on Capital Debt	(1,281)	-	(1,281)
Change in Restricted Cash	221,344	-	221,344
Acquisitions of Capital Assets	<u>(20,881)</u>	<u>(449,816)</u>	<u>(470,697)</u>
Net Cash Provided (Used) by Financing Activities	199,182	(449,816)	(250,634)
Cash Flows from Investing Activities			
Interest Income	<u>32,632</u>	<u>323</u>	<u>32,955</u>
Net Increase in Cash	8,660	413,605	671,618
Cash at Beginning of Year	<u>145,915</u>	<u>-</u>	<u>145,915</u>
Cash at End of Year	<u><u>\$ 154,575</u></u>	<u><u>\$ 413,605</u></u>	<u><u>\$ 817,533</u></u>
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by Operating Activities			
Operating Income (Loss)	\$ 23,706	\$ 951,913	\$ 975,619
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
Depreciation Expense	19,186	-	19,186
Change in Assets and Liabilities			
Increase in Accounts Receivable	43,954	(798,627)	(754,673)
Increase in Due from Other Funds	(310,000)	-	(310,000)
Increase in Due from Other Governments	-	(595,188)	(595,188)
Increase in Due to Other Funds	-	310,000	310,000
Increase in Bonds Payable	<u>-</u>	<u>995,000</u>	<u>995,000</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (223,154)</u></u>	<u><u>\$ 863,098</u></u>	<u><u>\$ 639,944</u></u>
Supplemental Disclosures:			
Cash Paid for Interest	\$ 89	\$ -	\$ 89

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

WHITEHALL TOWNSHIP

Fiduciary Fund Statement of Net Assets
March 31, 2007

	<u>Trust and Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 53,452</u>
Total Assets	<u><u>\$ 53,452</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Due to Other Units	<u>\$ 53,452</u>
Total Liabilities	53,452
Net Assets	
Unreserved	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 53,452</u></u>

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

WHITEHALL TOWNSHIP

Notes to the Financial Statements
For the Year Ended March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Joint Ventures

White Lake Ambulance Authority

The Township is a member of White Lake Ambulance Authority, which was organized to provide emergency medical services to its member units. It is a joint venture of seven governmental units governed by a board composed of one representative of each of the respective member units. It is financed through charges to persons who use the services at rates determined by the authority with any operating deficit at year end being made up by the member units in proportion to their population determined by the last census. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2006 audit report of the White Lake Ambulance Authority follows:

Notes to the Financial Statements (continued)

Assets	
Current	\$ 579,075
Noncurrent	292,311
Total Assets	<u>871,386</u>
Liabilities	
Current	18,099
Noncurrent	40,075
Total	<u>58,174</u>
Liabilitie	
Net Assets	<u>\$ 813,212</u>
Operating Revenues	\$ 810,837
Operating Expenses	(1,083,750)
Non-Operating	<u>393,166</u>
Increase in Net	<u>\$ 120,253</u>

Complete financial statements for White Lake Ambulance Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

White Lake Fire Authority

The Township is a member of White Lake Fire Authority, which was organized to provide fire protection and rescue services for its member units. It is a joint venture of three governmental units governed by an authority board composed of representatives from each of the respective member units. The joint venture is financed through a special millage based upon taxable value of property. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the December 31, 2006 audit report of the White Lake Fire Authority follows:

Total Assets	\$ 2,350,755
Total Liabilities	903,469
Net Assets	<u>\$ 1,447,286</u>
Operating Revenues	\$ 575,630
Operating Expenses	<u>(569,963)</u>
Increase in Net	<u>\$ 5,667</u>

Complete financial statements for White Lake Fire Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

C. 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 nonfiduciary 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.

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 revenues include: (1) 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 is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. 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, as are the proprietary fund and fiduciary fund financial statements. 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.

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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

Notes to the Financial Statements (continued)

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. For fiscal year-end March 31, 2007, this amount was \$18,407.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2006 delinquent taxes of \$4,692 were not received as of March 31, 2007 and were therefore recorded as a receivable.

The 2006 taxable valuation of the Township totaled \$59,272,453 on which ad valorem taxes levied consisted of 1.3 mills for general operating, raising \$63,290 for operating and \$23,375 for PTAF. These amounts are recognized in the general fund financial statements as current tax revenue.

The government reports the following major governmental funds:

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

The government reports the following major governmental funds:

The Sewer Fund accounts for the operating activities of the sewer system.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

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

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for services. Operating expenses for the proprietary fund include the cost of operating and maintaining the sewer system . All operating revenue and expenses not meeting this criteria are reported as non-operating revenue and expenses.

E. Assets, Liabilities, and Net Assets or Equity

Bank 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. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

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".

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year

Fund Equity - Designations and reservations of fund balance and retained earnings represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance exist in the General Fund for amounts to be spent on building improvements and equipment. Reservations of retained earnings exist in the Sewer Fund for debt service as these assets are reserved for redemption of long-term debt.

Capital Assets - Capital assets, which include property, plant and equipment, 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 \$500 and an estimated useful life in excess of one 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 donation.

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

Buildings	15 to 50 years
Building Improvements	15 to 50 years
Land Improvements	15 years
Equipment	5 to 7 years

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were materially in excess of the amounts appropriated.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township 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 Board has designated six banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CD's, bankers' acceptances of United States banks, and mutual funds under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

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

The Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business- Type Activities	Fiduciary Funds	Total
Cash and Cash	\$ 379,230	\$ 862,780	\$ 53,452	\$ 1,295,462

Notes to the Financial Statements (continued)

The bank balance of the Township's deposits was \$1,510,097, of which \$592,453 was covered by federal depository insurance, and \$917,644 was uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

<u>Class</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 212,368	\$ -	\$ -	\$ 212,368
Capital Assets being depreciated				
Buildings	243,589	7,610	-	251,199
Equipment	37,408	1,180	-	38,588
Land Improvements	182,173	45,410	-	227,583
Total at Historical Cost	463,170	54,200	-	517,370
Less Accumulated Depreciation for				
Buildings	(48,194)	(7,356)	-	(55,550)
Equipment	(23,444)	(3,914)	-	(27,358)
Land Improvements	(62,715)	(11,428)	-	(74,143)
Total Accumulated Depreciation	(134,353)	(22,698)	-	(157,051)
Total Governmental Activities				
Capital Assets-Net of Depreciation	\$ 541,185	\$ 31,502	\$ -	\$ 572,687

Notes to the Financial Statements (continued)

Business-Type Activities

Capital Assets being depreciated

Water System	\$ -	\$ 452,400	\$ -	\$ 452,400
Sewer System	885,026	20,881	-	905,907

Total at Historical Cost	885,026	473,281	-	1,358,307
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Less Accumulated Depreciation for

Water System	-	-	-	-
Sewer System	(213,367)	(19,186)	-	(232,553)

Total Accumulated Depreciation	(213,367)	(19,186)	-	(232,553)
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Total Business-Type Activities Capital

Assets - Net of Depreciation	\$ 671,659	\$ 454,095	\$ -	\$ 1,125,754
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All Activities

Governmental	\$ 675,538	\$ 54,200	\$ -	\$ 729,738
Business-Type	885,026	473,281	-	1,358,307

Total at Historical Cost	1,560,564	527,481	-	2,088,045
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Less Accumulated Depreciation for

Governmental	(134,353)	(22,698)	-	(157,051)
Business-Type	(213,367)	(19,186)	-	(232,553)

Total Accumulated Depreciation	(347,720)	(41,884)	-	(389,604)
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All Activities Capital Assets - Net
of Depreciation

	\$ 1,212,844	\$ 485,597	\$ -	\$ 1,698,441
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Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

Unallocated	22,697
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Business-Type Activities

Operating	19,186
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Total Depreciation	\$ 41,883
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NOTE E PENSION PLAN

The Township provides pension benefits to all of its elected officials through a defined contribution plan administered by Manufacturers Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on April 1st of each year. As established by the Township Board, the plan is funded by participants to the extent they elect to defer a portion of their compensation into the plan, and by a matching contribution from the Township. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The contribution is 12% of compensation with a minimum annual contribution of \$550. The Township's current year pension cost was \$7,486. Covered payroll for the current year was \$64,640, and total payroll of the Township was \$86,940.

NOTE F LONG-TERM DEBT

Long-term debt of the Township consists a Sewer Fund Muskegon County Wastewater Management System Bond and a Water Fund Expansion Bond. Whitehall Township bears an obligation for .056% of the total Sewer Fund bond obligation and 100% of the Water Fund bond obligation. The long-term debt is comprised of the following at March 31, 2007:

2002 Muskegon County Wastewater Management System Bonds - \$6,990,000 Refunding Bond Issue due in annual installments of \$1,340 to \$1,200 through 2009; interest payable semiannually at 5.0%. The remaining principal balance as of March 31, 2007 was \$2,352.

Sewer Fund debt service requirements at March 31, 2007 were as follows:

<u>Year End March 31.</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,182	\$ 88
2009	<u>1,170</u>	<u>29</u>
Total	<u>\$ 2,352</u>	<u>\$ 117</u>
	Balance	Balance
	<u>4/1/2006</u>	<u>3/31/2007</u>
Change in Debt	<u>\$ 3,545</u>	<u>\$ (1,193)</u>
		<u>\$ 2,352</u>

2006 Water Business Assessment District Bonds - \$995,000 Bond Issue due in annual installments of \$55,000 to \$85,000 through 2021; interest payable semiannually at 4.2%. The remaining principal balance as of March 31, 2007 was \$995,000.

Notes to the Financial Statements (continued)

Water Fund debt service requirements at March 31, 2007 were as follows:

<u>Year End March 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 44,406
2009	55,000	40,990
2010	55,000	38,790
2011	60,000	36,590
2012	60,000	34,190
2013 - 2017	345,000	131,685
2018 - 2022	<u>420,000</u>	<u>53,770</u>
 Total	 <u>\$ 995,000</u>	 <u>\$ 380,421</u>
	<u>Balance</u>	<u>Debt</u>
	<u>4/1/2006</u>	<u>Added</u>
		<u>Balance</u>
		<u>3/31/2007</u>
 Change in Debt	 <u>\$ -</u>	 <u>\$ 995,000</u>
		<u>995,000</u>

NOTE G RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

WHITEHALL TOWNSHIP

Required Supplementary Information
 Budgetary Comparison Schedule for the General fund
 For the Year Ended March 31, 2007

	Budgeted Amounts		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Beginning Year Fund Balance	\$ 414,108	\$ 414,108	\$ 414,108	\$ -
Resources (Inflows)				
Property Taxes	65,250	65,250	65,057	(193)
Penalties and Interest	500	500	1,640	1,140
PTAF	25,100	25,100	23,727	(1,373)
State Shared Revenue	117,000	117,000	112,112	(4,888)
Charges for Services	10,500	10,500	4,658	(5,842)
Interest	10,000	10,000	13,437	3,437
Refunds and Reimbursements	10,000	10,000	8,196	(1,804)
Licenses and Permits	9,000	9,000	7,175	(1,825)
Miscellaneous	3,000	3,000	9,044	6,044
Transfers	50,000	50,000	-	(50,000)
Amounts Available for Appropriation	714,458	714,458	659,154	(55,304)
Charges to Appropriations (Outflows)				
Legislative	63,957	70,757	50,007	20,750
General Government	121,050	105,983	101,147	4,836
Public Safety	27,100	28,750	27,611	1,139
Public Works	87,000	90,680	67,476	23,204
Other Functions	25,500	28,500	19,285	9,215
Total Charges to Appropriation	324,607	324,670	265,526	59,144
Budgetary Fund Balance - March 31, 2007	<u>\$ 389,851</u>	<u>\$ 389,788</u>	<u>\$ 393,628</u>	<u>\$ 3,840</u>

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

WHITEHALL TOWNSHIP

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

	Budget	Actual	Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 65,250	\$ 65,057	\$ (193)
Penalties and Interest	500	1,640	1,140
Property Tax Administration Fee	25,100	23,727	(1,373)
State Shared Revenue	117,000	112,112	(4,888)
Charges for Services	10,500	4,658	(5,842)
Interest	10,000	13,437	3,437
Refunds and Reimbursements	10,000	8,196	(1,804)
Licenses and Permits	9,000	7,175	(1,825)
Miscellaneous	3,000	9,044	6,044
Transfers	50,000	-	(50,000)
	300,350	245,046	(55,304)
Expenditures			
Legislative			
Township Board			
Salaries and Wages		21,295	
Printing and Publishing		3,548	
Supplies		4,322	
Professional Services		6,714	
Miscellaneous		7,551	
Education and Training		795	
Transportation		3,291	
Repairs and Maintenance		1,161	
Capital Outlay		1,330	
Total Legislative	70,757	50,007	20,750
General Government			
Supervisor			
Salaries and Wages		12,480	
	\$ 12,480	\$ 12,480	\$ -

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (continued)

Elections			
Salaries and Wages		\$	3,345
Printing and Publishing			170
Supplies			825
Transportation			15
Education and Training			<u>200</u>
	\$	4,700	4,555
			\$ 145
Clerk			
Salaries and Wages - Clerk			12,480
- Deputy			<u>4,300</u>
	16,780		16,780
			-
Treasurer			
Salaries and Wages - Clerk			18,480
- Deputy			4,300
Office Supplies			<u>763</u>
	23,543		23,543
			-
Assessor			
Supplies			1,618
Professional Services			<u>8,656</u>
	11,400		10,274
			1,126
Township Hall and Grounds			
Repairs and Maintenance			5,513
Utilities			7,413
Miscellaneous			759
Capital Outlay			<u>7,610</u>
	21,680		21,295
			385
Board of Review			
Salaries and Wages			850
Printing and Publishing			<u>502</u>
	\$	1,900	\$
			1,352
			\$ 548

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (continued)

Township Playground Miscellaneous		<u>\$ 1,710</u>	
	\$ 1,800	1,710	\$ 90
Township Property Miscellaneous		<u>9,158</u>	
	<u>11,700</u>	<u>9,158</u>	<u>2,542</u>
Total General Government	105,983	101,147	4,836
Public Safety			
Planning Commission			
Salaries and Wages		2,180	
Education and Training		40	
Printing and Publishing		104	
Professional Services		<u>8,672</u>	
	11,700	10,996	704
Zoning/Board of Appeals			
Salaries and Wages		4,080	
Transportation		<u>52</u>	
	4,700	4,132	568
Ambulance	50	-	50
Police			
Contracted Services	12,200	12,483	(283)
Fire	50	-	50
Building Inspection	<u>50</u>	<u>-</u>	<u>50</u>
Total Public Safety	\$ 28,750	\$ 27,611	\$ 1,139

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (continued)

Public Works			
Highways, Streets and Bridges			
Contracted Services	\$ 5,000	\$ 396	\$ 4,604
Street Lighting			
Utilities	10,500	10,239	261
Transfer Station	8,000	7,626	374
Department of Public Works			
Salaries and Wages		<u>3,300</u>	
	5,000	3,300	1,700
Blue Ribbon Committee			
Miscellaneous		454	
Capital Outlay		<u>45,461</u>	
	<u>62,180</u>	<u>45,915</u>	<u>16,265</u>
Total Public Works	90,680	67,476	23,204
Other Functions			
Pension		7,486	
Payroll Taxes		4,685	
Insurance		<u>7,114</u>	
Total Other Functions	<u>28,500</u>	<u>19,285</u>	<u>9,215</u>
Total Expenditures	<u>324,670</u>	<u>265,526</u>	<u>59,144</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (24,320)</u>	(20,480)	<u>\$ 3,840</u>
Fund Balance - April 1, 2006		<u>414,108</u>	
Fund Balance - March 31, 2007		<u>\$ 393,628</u>	

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

September 21, 2007

Whitehall Township Board
Muskegon County, Michigan

Dear Board Members:

We would like to thank you for the opportunity to provide our auditing services. It was again a pleasure working with the members of Whitehall Township during the audit engagement.

A recent change in auditing standards (SAS 112 – *Communicating Internal Control Related Matters Identified in an Audit*) now requires that we provide a new letter, which we have included, that focuses on the internal controls over financial reporting.

In addition to the letter referenced above, we also reviewed the Township's accounting procedures as of and for the year ended March 31, 2007, and offer the following comments and recommendations:

PRIOR COMMENTS

We previously commented on the following aspects of the Township's books and records:

Sewer Fund - We commend the Clerk for recording all the transactions of the Sewer Fund in the accounting software and for updating the software to include all of the accounts for proper reporting of the fund to the Board.

Cash Balances - We are also happy to report that the Clerk and Treasurer are currently comparing their ending balances and reconciling any differences that exist, as recommended last year. However, the Clerk has not split the cash balances within the accounting software. This process is not required, but we believe would assist the Clerk and Treasurer in the above reconciliation process.

Accounts Receivable -Sewer - We recommended that the accounts receivable system be updated so that running balances for both the usage and special assessment receivables were maintained. While this process has been improved, it is still difficult to obtain Township-wide information as to the present balance of usage and special assessment receivable balances. We suggest that the accounting software be set up in such a manner to handle the record keeping and billing for the Sewer Fund. The Clerk and Treasurer should work together towards fully utilizing the billing and reporting capabilities of the accounting software. We also suggest that the Township's computer systems be adapted where needed to allow for the networking of this information so that both the Clerk and Treasurer could have access to updated information at all times without allowing one to enter transactions that are the responsibility of the other.

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CURRENT COMMENTS

In addition to the previous comments, we also noted the following which we would like to bring to the Township's attention :

Water Fund – We commend the Clerk for recording the transactions of the Water Fund in the accounting software, however, there were transactions which were not properly reported regarding the Water Fund. These transactions were checks paid directly by the County on behalf of the Township. The Township had to approve the transactions, however, the information was deemed to be County information and not reported on the Township's records. We recommend the Township begin recording these transactions as they occur during the year.

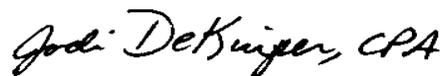
In addition, the tracking of account receivable balances is currently being tracked by hand. The recommendations above for the sewer accounts receivable would be duplicated here.

Tax Accounting - We are enclosing a copy of the Uniform Accounting Procedures Manual, Chapter 4, Current Tax Collections. This manual has been updated since the copy provided, however, the previous version of the Manual provided detail which is not included in the current copy. Please review the recommended procedures for property tax accounting and determine what areas in the Township's current policies can be changed to more closely follow the State's recommendations. This will also assist the Township in addressing some of the findings on the internal control letter accompanying this letter.

Chart of Accounts - We noticed that the Township is using the wrong Account Number for Planning and Zoning. When the State updated the Chart of Accounts in 2002, the Planning and Zoning line activities were moved from Public Safety (400 and 410) to a new category – Community and Economic Development (720 and 721). We recommend that the Clerk review the Chart of Accounts and make the necessary changes to the Township's records.

We appreciate the courtesy extended to us during the course of the audit including the prompt attention to our inquiries. If you have any question regarding that above matters, please let me know.

Respectfully submitted,



Jodi DeKuiper, CPA
Hendon & Slate, P.C.

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

September 21, 2007

Board Members
Whitehall Township
Muskegon County, MI

Dear Board Members:

In planning and performing our audit of the financial statements of Whitehall Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Whitehall Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies to be material weaknesses.

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 organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program as required by SAS 99 (sample enclosed).

Controls over Non-Routine and Non-Systematic Transactions

The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

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Controls over Tax Collections Received Off-Site

The Township does not have controls in place whereby tax collections received at the bank on behalf of the Township were able to be verified 100% which resulted in a significant amount of collections which were not properly documented as received and subsequently submitted to the County as delinquent.

Controls over Tax Remittances

The Township does not have controls in place whereby tax collections were remitted on a timely basis in accordance with State requirements.

Controls over Financial Statement Preparation

The Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

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. We believe that the following deficiencies constitute material weaknesses:

Controls over Tax Collections Received Off-Site

The Township's controls did not prevent or detect a material misstatement in the tax collection process.

Controls over Tax Remittances

The Township's controls did not prevent remittance of tax collections in accordance with State requirements.

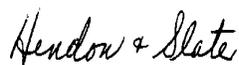
Controls over Financial Statement Preparation

Whitehall Township's internal controls would not prevent or detect a material misstatement in the financial statements.

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

Thank you for the courtesy extended to us during the audit. We look forward to a continued relationship with Whitehall Township. If you have any questions regarding the audit report, this letter or any other communications, please do not hesitate to call.

Respectfully submitted,



Hendon & Slate, P.C.
Fremont, MI
September 21, 2007