

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 Burdell Township	County Osceola
Fiscal Year End 3-31-07	Opinion Date 5-24-07	Date Audit Report Submitted to State September 11, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | |
|-----------|--|--|
| YES
NO | <input checked="" type="checkbox"/> <input type="checkbox"/> | Check each applicable box below. (See instructions for further detail.) |
|-----------|--|--|
1. 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.
 2. 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.
 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. The local unit has adopted a budget for all required funds.
 5. A public hearing on the budget was held in accordance with State statute.
 6. 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.
 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. The local unit only holds deposits/investments that comply with statutory requirements.
 9. 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).
 10. 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.
 11. The local unit is free of repeated comments from previous years.
 12. The audit opinion is UNQUALIFIED.
 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. The board or council approves all invoices prior to payment as required by charter or statute.
 15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input checked="" type="checkbox"/>	Communication of Significant Deficiency		
Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, PC		Telephone Number 231-775-9789		
Street Address 134 West Harris Street		City Cadillac	State MI	Zip 49601
Authorizing CPA Signature 		Printed Name Michael D. Cool, C.P.A.		License Number 1101023146

BURDELL TOWNSHIP, OSCEOLA COUNTY

TUSTIN, MICHIGAN

MARCH 31, 2007

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

MARCH 31, 2007

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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May 24, 2007

INDEPENDENT AUDITORS' REPORT

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Burdell Township, Osceola County, Tustin, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 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 Burdell Township, Osceola County, Tustin, 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 on pages iii through viii and budgetary comparison information on pages 19 and 20 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burdell Township, Osceola County, Tustin, Michigan's basic financial statements. The combining and individual fund financial statements and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2007

Burdell Township, a general law township located in Osceola County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Burdell Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2007.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$306,662. Of this amount, \$58,197 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$210,242 an increase of \$80,854 in comparison with the prior year. About 26% is available for spending at the Township's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2007

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township’s financial position over time. The Net Assets of the Township are \$306,662 at March 31, 2007, meaning the Township’s assets were greater than its liabilities by this amount.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2007

Burdell Township
Net Assets as of March 31, 2007

	Governmental Activities
Assets	
Current Assets	\$ 226,282
Non Current Assets	
Capital Assets	146,256
Less: Accumulated Depreciation	(51,196)
Total Non Current Assets	95,060
Total Assets	\$ 321,342
Liabilities	
Total Liabilities	\$ 14,680
Net Assets	
Invested in Capital Assets	95,060
Restricted for Specific Purposes	153,405
Unrestricted	58,197
Total Net Assets	306,662
Total Liabilities and Net Assets	\$ 321,342

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others) less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$58,197 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The total net assets of the Township increased by \$87,747 or 40.1% in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2007

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

Burdell Townshp
Change in Net Assets
for the Fiscal Year Ended March 31, 2007

	Governmental Activities
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$ 5,710
Capital Grants and Contributions	6,792
General Revenues	
Taxes	196,850
State Grants	72,187
Interest Earnings	6,386
Other	2,180
Total Revenues	290,105
<u>Expenses</u>	
Legislative	16,516
General Government	70,511
Public Safety	63,663
Public Works	190
Community and Economic Development	9,348
Recreation and Cultural	30,501
Other Functions	11,629
Total Expenses	202,358
Changes in Net Assets	87,747
NET ASSETS - Beginning of Year	218,915
NET ASSETS - End of Year	\$ 306,662

Governmental Activities

During the fiscal year ended March 31, 2007, the Township's net assets increased by \$87,747 or 40.1% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2007

depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Burdell Township comes from property taxes. The Township levied millages for fire protection, library operations and road and bridge maintenance, in addition to the operating millages, this fiscal year. The Township levied .8412 mills for operating purposes, 1.9762 mills for fire protection, .9688 mills for library operations, and 1.9376 mills for road and bridge maintenance.

Business-Type Activities

The Township does not maintain any Business-Type Activities.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Burdell Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Burdell Township's governmental funds reported combined ending fund balances of \$210,242. Approximately 27% of this total amount (\$56,837) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for road and bridge maintenance must be used for expenditures that relate to road and bridge maintenance.

General Fund – The General Fund increased its fund balance by \$13,149 which brings the fund balance to \$56,937. Of the General Fund's fund balance, \$56,837 is unreserved while \$100 is reserved for cemetery perpetual care. The General Fund elections expense ended the year with expenditures above budgeted amounts. The differentials were funded by greater than anticipated revenues and available fund balance. State shared revenues decreased from the prior year. This resulted from the State Actions in response to the economic slowdown experienced throughout the State of Michigan.

Fire Fund – The Township contracts with the Tustin Area Fire District for Fire Protection. Amounts levied by the Township for Fire Protection are sent directly to the Tustin Area Fire District. The Fire Fund has an unchanged fund balance of \$0.

Library Fund – Library services at the Tustin Community Library are provided by the Cadillac Wexford Public Library under agreement. In accordance with the agreement, amounts levied by the Township for library services are sent directly to the Cadillac Wexford Public Library. The Library Fund has an unchanged fund balance of \$0.

Road and Bridge Fund – The Township levied a road millage on the 2007 tax roll that resulted in \$61,173 in tax related revenues during the current fiscal year. The fund balance at the end of the year was \$153,305.

BURDELL TOWNSHIP, OSCEOLA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2007

Proprietary Fund The Township does not maintain any proprietary funds.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of March 31, 2007 amounted to \$95,060 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$500 individually (for purchases after March 31, 2004) and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

Burdell Township
Capital Assets as of March 31, 2007

	<u>Governmental Activities</u>
Land	\$ 22,000
Buildings	80,763
Land Improvements	19,704
Furniture and Fixtures	680
Machinery and Equipment	<u>23,109</u>
	146,256
Less Accumulated Depreciation	<u>(51,196)</u>
Net Capital Assets	<u><u>\$ 95,060</u></u>

Long-Term Debt The Township does not have any long-term debt.

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2007-08 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Burdell Township at P.O. Box 144, Tustin, Michigan 49688.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash	\$ 179,030
Receivables	
Taxes	28,023
External Party (Fiduciary Fund)	357
Due from Other Governments	17,202
Prepaid Expenses	1,670
	<hr/>
Total Current Assets	226,282
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	22,000
Buildings	80,763
Land Improvements	19,704
Furniture and Fixtures	680
Machinery and Equipment	23,109
	<hr/>
	146,256
Less Accumulated Depreciation	51,196
Net Capital Assets	95,060
	<hr/>
TOTAL ASSETS	\$ 321,342
	<hr/> <hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 95
Due to Other Governments	12,928
Payroll Deductions Payable	1,657
	<hr/>
Total Current Liabilities	14,680
	<hr/>
TOTAL LIABILITIES	14,680
	<hr/>
<u>NET ASSETS</u>	
Invested in Capital Assets	95,060
Restricted for Road and Bridge Maintenance	153,305
Restricted for Cemetery Perpetual Care	100
Unrestricted	58,197
	<hr/>
TOTAL NET ASSETS	\$ 306,662
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The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE)</u>
		<u>CHARGES FOR</u> <u>SERVICES</u>	<u>OPERATING</u> <u>GRANTS AND</u> <u>CONTRIBUTIONS</u>	<u>CAPITAL</u> <u>GRANTS AND</u> <u>CONTRIBUTIONS</u>	<u>REVENUE</u> <u>AND CHANGES</u> <u>IN NET ASSETS</u>
<u>PRIMARY GOVERNMENT</u>					
<u>GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 16,516	\$ 0	\$ 0	\$ 0	\$ (16,516)
General Government	70,511	3,190	0	6,792	(60,529)
Public Safety	63,663	0	0	0	(63,663)
Public Works	190	0	0	0	(190)
Community and Economic Development	9,348	2,520	0	0	(6,828)
Recreation and Cultural	30,501	0	0	0	(30,501)
Other Functions	11,629	0	0	0	(11,629)
Total	\$ 202,358	\$ 5,710	\$ 0	\$ 6,792	(189,856)
<u>GENERAL REVENUES</u>					
Property Taxes					196,850
State Grants					72,187
Interest Earnings					6,386
Other					2,180
Total General Revenues					277,603
Change in Net Assets					87,747
NET ASSETS - Beginning of Year					218,915
NET ASSETS - End of Year					\$ 306,662

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

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET
MARCH 31, 2007

	GENERAL FUND	FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTALS
<u>ASSETS</u>					
Cash	\$ 34,231	\$ 0	\$ 0	\$ 144,799	\$179,030
Taxes Receivable	5,433	9,126	4,488	8,976	28,023
Due from Other Governments	17,202	0	0	0	17,202
Due from Other Funds	357	0	0	0	357
Prepaid Expenditures	1,670	0	0	0	1,670
TOTAL ASSETS	\$ 58,893	\$ 9,126	\$ 4,488	\$ 153,775	\$226,282
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 95	\$ 0	\$ 0	\$ 0	\$ 95
Due to Other Governments	0	8,675	4,253	0	12,928
Payroll Liabilities	1,657	0	0	0	1,657
Deferred Revenue	204	451	235	470	1,360
Total Liabilities	1,956	9,126	4,488	470	16,040
<u>FUND BALANCE</u>					
Reserved for:					
Road and Bridge Maintenance	0	0	0	153,305	153,305
Cemetery Perpetual Care	100	0	0	0	100
Prepaid Expenditures	1,670	0	0	0	1,670
Unreserved					
Undesignated	55,167	0	0	0	55,167
Total Fund Balance	56,937	0	0	153,305	210,242
TOTAL LIABILITIES AND FUND BALANCE	\$ 58,893	\$ 9,126	\$ 4,488	\$ 153,775	\$226,282

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

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2007

Total Fund Balance for Governmental Funds \$ 210,242

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	22,000	
Buildings	80,763	
Land Improvements	19,704	
Furniture and Fixtures	680	
Machinery and Equipment	23,109	
Accumulated Depreciation	<u>(51,196)</u>	95,060

Other long-term assets are not available to pay for current period
expenditures and therefore are not reported in the funds.

Deferred Personal Property Taxes Receivable	<u>1,360</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 306,662</u></u>
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The accompanying notes are an integral part of the financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2007

	GENERAL FUND	FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTALS
<u>REVENUES</u>					
Taxes	\$ 38,868	\$ 62,223	\$ 30,501	\$ 61,173	\$ 192,765
Licenses and Permits	2,520	0	0	0	2,520
Federal Grants	6,792	0	0	0	6,792
State Grants	69,668	0	0	2,519	72,187
Charges for Services	4,267	0	0	0	4,267
Interest and Rents	2,987	0	0	4,039	7,026
Other Revenues	3,188	0	0	0	3,188
 Total Revenues	 128,290	 62,223	 30,501	 67,731	 288,745
<u>EXPENDITURES</u>					
Legislative	16,516	0	0	0	16,516
General Government	76,044	0	0	0	76,044
Public Safety	1,440	62,223	0	0	63,663
Public Works	164	0	0	26	190
Community and Economic Development	9,348	0	0	0	9,348
Recreation and Cultural	0	0	30,501	0	30,501
Other Functions	11,629	0	0	0	11,629
 Total Expenditures	 115,141	 62,223	 30,501	 26	 207,891
 Excess (Deficiency) of Revenues Over Expenditures	 13,149	 0	 0	 67,705	 80,854
<u>FUND BALANCE -</u>					
Beginning of Year	43,788	0	0	85,600	129,388
<u>FUND BALANCE -</u>					
End of Year	\$ 56,937	\$ 0	\$ 0	\$ 153,305	\$ 210,242

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

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2007

Net Change in Fund Balance - Total Governmental Funds	\$ 80,854
Amounts reported for governmental 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	(4,220)
Capital Outlay	9,753
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.	
Deferred Personal Property Taxes Receivable	<u>1,360</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 87,747</u></u>

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

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MARCH 31, 2007

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 357
<u>LIABILITIES</u>	
Due to Other Funds	\$ 357

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

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Burdell Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

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 revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

C. Measurement Focus, Basis of Accounting and Basis of 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Burdell Township 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 *Fire Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Road and Bridge Fund* accounts for revenue sources that are legally restricted to expenditures for road and bridge development and improvements.

The *Library Fund* accounts for revenue sources that are legally restricted to expenditures for library use.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

Additionally Burdell Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from 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 revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition. The Township in its investment policy adopted September 8, 1999, authorizes the Township Treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and two-thirds of county taxes are levied and due July 1, and become delinquent after

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2006 taxable valuation of the Burdell Township totaled \$31,725,255. The levy was for the following purposes:

Operating	0.8412
Fire	1.9762
Library	0.9688
Road	<u>1.9376</u>
	<u><u>5.7238</u></u>

3. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. 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 date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	25
Public domain infrastructure	50
Vehicles	4
Equipment	4

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

Burdell Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township began to capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.

5. 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.

6. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on March 14, 2006, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Funds with Expenditures in Excess of Appropriations were as follows:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Elections	\$ 8,000	\$ 12,479
Fire Fund	60,000	62,223

These overages were funded by greater than anticipated revenues and available fund balance.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Township's deposits are all on deposit with Lake Osceola State Bank in Tustin, Michigan.

Investment rate risk. The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

Foreign currency risk. The Township is not authorized to invest in investments, which have this type of risk.

Credit risk. The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

Concentration of credit risk. The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2007, \$44,780 of the government's bank balance of \$182,758 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

B. Receivables

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

	<u>General</u>	<u>Fire</u>	<u>Library Street</u>	<u>Road and Bridges</u>	<u>Total</u>
Receivables					
External Party					
(Fiduciary Fund)	\$ 357	\$ 0	\$ 0	\$ 0	\$ 357
Taxes	5,433	9,126	4,488	8,976	28,023
Due from Other Governments	17,202	0	0	0	17,202
	<u>\$ 22,992</u>	<u>\$ 9,126</u>	<u>\$ 4,488</u>	<u>\$ 8,976</u>	<u>\$ 45,582</u>

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

	<u>Deferred Revenue</u>	
	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 204	\$ 0
Delinquent property taxes receivable (Fire Fund)	451	0
Delinquent property taxes receivable (Library Fund)	235	0
Delinquent property taxes receivable (Road and Bridge Fund)	470	0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 22,000	\$ 0	\$ 0	\$ 22,000
Capital assets, being depreciated				
Buildings	80,763	0	0	80,763
Land Improvements	19,704	0	0	19,704
Furniture and Fixtures	680	0	0	680
Machinery and Equipment	13,356	9,753	0	23,109
Total capital assets, being depreciated	114,503	9,753	0	124,256
Less accumulated depreciation for:				
Buildings	30,247	1,641	0	31,888
Land Improvements	5,082	394	0	5,476
Furniture and Fixtures	680	0	0	680
Machinery and Equipment	10,967	2,185	0	13,152
Total accumulated depreciation	46,976	4,220	0	51,196
Total capital assets, being depreciated, net	67,527	5,533	0	73,060
Governmental activities capital assets, net	\$ 89,527	\$ 5,533	\$ 0	\$ 95,060

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

General Government	\$ 4,220
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Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2007.

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at March 31, 2006, were:

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 357	\$ 0
Fiduciary Funds		
Current Tax Collection Fund	0	357
	<u>\$ 357</u>	<u>\$ 357</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

No interfund transfers occurred during the fiscal year ended March 31, 2007.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-Term Debt

At March 31, 2007, the Township was not obligated for any long-term debt.

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. In addition, certain portions of unreserved fund balances have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

FUND BALANCE

Reserved

General Fund

Cemetery Perpetual Care	\$ 100
Prepaid Expenditures	1,670

Special Revenue Funds

Road and Bridge Fund

Road and Bridge Maintenance	153,305
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TOTAL FUND BALANCE RESERVES AND DESIGNATIONS	\$ 155,075
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BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

IV. OTHER INFORMATION

A. Fire Fund

The Fire Fund as reported in these financial statements shows the transactions of the Township Fire Fund as they would have occurred if all fire monies received for current and delinquent taxes were sent to the Fire Fund before being sent to the Tustin Area Fire District. The payments are being sent to the Tustin Area Fire District directly from the Current Tax Collection Fund and from the General Fund due to the substantial savings of time and bookkeeping procedures.

B. Library Fund

The Library Fund as report in these financial statements shows the transactions of the Township Library Fund as they would have occurred if all Library monies received for current and delinquent taxes were sent to the Library Fund before being sent to the Tustin Community Library. The payments are being sent to the Tustin Community Library directly from the Current Tax Collection Fund and from the General Fund due to substantial savings of time and bookkeeping procedures.

C. Joint Fire District

The Township is a member of the Tustin Area Fire District. The Fire District is a joint venture of Burdell, Dover and Sherman Townships created to provide fire protection for the member townships. Burdell Township levies 1.9762 mills to support the Fire District. The following financial information was taken from the Fire District's March 31, 2006, audited financial statements:

Total Assets	\$	651,798
Investment in Fixed Assets - Net of Accumulated Depreciation		345,413
Fund Balance - Unrestricted		305,837
Total Revenues		164,229
Total Expenditures		116,492
Change in Net Assets		47,737

A copy of these audited financial statements may be obtained upon request from the Fire District treasurer.

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all member s of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

E. Property Tax Administration Fee

The Township passed a resolution to charge 1% administration fee on all ad valorem taxes levied. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	<u>GENERAL FUND</u>			<u>ROADS AND BRIDGES FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Taxes	\$ 42,000	\$ 42,000	\$ 38,868	\$ 58,000	\$ 62,000	\$ 61,173
Licenses and Permits	3,000	3,000	2,520	0	0	0
Federal Grants	0	0	6,792	0	0	0
State Grants	75,000	75,000	69,668	3,000	3,000	2,519
Charges for Services	0	0	4,267	0	0	0
Interest and Rents	1,500	3,500	2,987	1,000	4,000	4,039
Other Revenues	10,000	8,000	3,188	0	0	0
Total Revenues	131,500	131,500	128,290	62,000	69,000	67,731
<u>EXPENDITURES</u>						
Legislative	18,000	18,000	16,516	0	0	0
General Government						
Supervisor	7,300	7,300	6,400	0	0	0
Elections	8,000	8,000	12,479	0	0	0
Assessor	15,000	15,500	15,169	0	0	0
Clerk	11,100	12,100	11,705	0	0	0
Board of Review	2,000	3,000	2,477	0	0	0
Treasurer	14,500	14,500	13,921	0	0	0
Building and Grounds	9,000	9,000	5,210	0	0	0
Cemetery	10,000	10,000	8,683	0	0	0
Public Safety	2,000	3,000	1,440	0	0	0
Public Works	200	200	164	135,000	5,000	26
Community and Economic Development	15,000	15,000	9,348	0	0	0
Other Functions	20,000	21,500	11,629	0	0	0
Contingency	5,000	0	0	0	0	0
Total Expenditures	137,100	137,100	115,141	135,000	5,000	26
Excess (Deficiency) of Revenues Over Expenditures	(5,600)	(5,600)	13,149	(73,000)	64,000	67,705
<u>FUND BALANCE</u> - Beginning of Year	16,414	16,414	43,788	75,513	77,862	85,600
<u>FUND BALANCE</u> - End of Year	\$ 10,814	\$ 10,814	\$ 56,937	\$ 2,513	\$ 141,862	\$ 153,305

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	<u>LIBRARY FUND</u>			<u>FIRE FUND</u>		
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>						
Taxes	\$ 31,000	\$ 31,000	\$ 30,501	\$ 60,000	\$ 60,000	\$ 62,223
<u>EXPENDITURES</u>						
Public Safety	0	0	0	60,000	60,000	62,223
Recreation and Culture	31,000	31,000	30,501	0	0	0
Total Expenditures	31,000	31,000	30,501	60,000	60,000	62,223
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	0	0
<u>FUND BALANCE</u> - Beginning of Year	0	0	0	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2007

ASSETS

Cash	\$ 34,231
Taxes Receivable	5,433
Due from Other Governments	17,202
Due from Other Funds	357
Prepaid Expenditures	<u>1,670</u>
 TOTAL ASSETS	 <u>\$ 58,893</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 95
Payroll Withholdings	1,657
Deferred Revenue	<u>204</u>
 Total Liabilities	 <u>1,956</u>

FUND BALANCE

Reserved	
Cemetery Perpetual Care	100
Prepaid Expenditures	1,670
Unreserved	<u>55,167</u>
 Total Fund Balance	 <u>56,937</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 58,893</u>
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BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2007

REVENUES

Taxes	\$ 38,868
Licenses and Permits	2,520
Federal Grants	6,792
State Grants	69,668
Charges for Services	4,267
Interest and Rents	2,987
Other Revenues	<u>3,188</u>
 Total Revenues	 <u>128,290</u>

EXPENDITURES

Legislative	
Township Board	\$ 16,516
General Government	
Supervisor	6,400
Election	12,479
Assessor	15,169
Clerk	11,705
Board of Review	2,477
Treasurer	13,921
Building and Grounds	5,210
Cemetery	8,683
Public Safety	1,440
Public Works	164
Community and Economic Development	9,348
Other Functions	<u>11,629</u>
 Total Expenditures	 <u>115,141</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>13,149</u>

FUND BALANCE - Beginning of Year 43,788

FUND BALANCE - End of Year \$ 56,937

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
MARCH 31, 2007

	<u>FIRE FUND</u>	<u>LIBRARY FUND</u>	<u>ROAD AND BRIDGE FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 144,799	\$ 144,799
Taxes Receivable	9,126	4,488	8,976	22,590
TOTAL ASSETS	<u>\$ 9,126</u>	<u>\$ 4,488</u>	<u>\$ 153,775</u>	<u>\$ 167,389</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Deferred Revenue	\$ 451	\$ 235	\$ 470	\$ 1,156
Due to Other Governments	8,675	4,253	0	12,928
TOTAL LIABILITIES	9,126	4,488	470	14,084
 <u>FUND BALANCES</u>				
Reserved				
Road and Bridge Maintenance	0	0	153,305	153,305
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,126</u>	<u>\$ 4,488</u>	<u>\$ 153,775</u>	<u>\$ 167,389</u>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2007

<u>REVENUES</u>	FIRE FUND	LIBRARY FUND	ROAD AND BRIDGE FUND	TOTAL
Taxes	\$ 62,223	\$ 30,501	\$ 61,173	\$ 153,897
State Grants	0	0	2,519	2,519
Interest	0	0	4,039	4,039
 Total Revenues	 62,223	 30,501	 67,731	 160,455
 <u>EXPENDITURES</u>				
Public Safety				
Fire Department				
Aid to Other Governments	62,223	0	0	62,223
Public Works				
Roads and Bridges				
Repairs and Maintenance	0	0	26	26
Recreation and Cultural				
Library				
Aid to Other Governments	0	30,501	0	30,501
 Total Expenditures	 62,223	 30,501	 26	 92,750
 Excess (Deficiency) of Revenues Over Expenditures	 0	 0	 67,705	 67,705
 <u>FUND BALANCE</u> - Beginning of Year	 0	 0	 85,600	 85,600
 <u>FUND BALANCE</u> - End of Year	 \$ 0	 \$ 0	 \$ 153,305	 \$ 153,305

BURDELL TOWNSHIP
TUSTIN, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MARCH 31, 2007

	BALANCE				BALANCE
	4/1/2006	ADDITIONS	DEDUCTIONS		3/31/2007
<u>ASSETS</u>					
Cash in Bank	\$ 336	\$ 1,036,123	\$ (1,036,102)		\$ 357
<u>LIABILITIES</u>					
Due to Other Funds	\$ 336	\$ 181,575	\$ (181,554)		\$ 357
Due to Other Governments	0	835,720	(835,720)		0
TOTAL LIABILITIES	\$ 336	\$ 1,017,295	\$ (1,017,274)		\$ 357

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF 2006 TAX ROLL
MARCH 31, 2007

TAXES ASSESSED

County			
Operating	\$	134,580	
Commission on Aging		93,701	
Road Patrol		31,670	
Emergency Medical Service		31,425	
State Education Tax		189,153	
Township			
Operating		26,688	
Fire Fund		62,673	
Library Fund		30,736	
Road Fund		61,477	
School			
Pine River Area Schools		293,848	
Intermediate School			
Wexford-Missaukee Intermediate		188,511	1,144,462

TAXES COLLECTED

County			
Operating		123,391	
Commission on Aging		79,308	
Road Patrol		27,051	
Emergency Medical Service		26,842	
State Education Tax		173,427	
Township			
Operating		22,791	
Fire		53,547	
Library Fund		26,248	
Road Fund		52,501	
School			
Pine River Area Schools		244,690	
Intermediate School			
Wexford-Missaukee Intermediate		161,012	990,808

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF 2006 TAX ROLL
MARCH 31, 2007

TAXES RETURNED DELINQUENT

County		
Operating	11,189	
Commission on Aging	14,393	
Road Patrol	4,619	
Emergency Medical Service	4,583	
State Education Tax	15,726	
Township		
Operating	3,897	
Fire	9,126	
Library Fund	4,488	
Road Fund	8,976	
School		
Pine River Area Schools	49,158	
Intermediate School		
Wexford-Missaukee Intermediate	<u>27,499</u>	<u>\$ 153,654</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
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May 24, 2007

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

During the course of our audit of the basic financial statements of Burdell Township for the year ended March 31, 2007, we noted the following items:

Budget

The expenditures for elections in the General Fund and the expenditures in the Fire Fund exceeded the budget. In the future, the budget should be amended before disbursements are made which exceed budgeted amounts. We consider these budgeting variances to be immaterial with respect to PA 621 in accordance with the Michigan Department of Treasury Uniform Budgeting Manual.

We would like to thank the board for its continued confidence in our firm and to thank the Township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.

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May 24, 2007

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Burdell Township, Osceola County, Tustin, Michigan 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 Burdell Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit'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 that we consider 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

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

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

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 deficiency described in number 1 above (Lack of Segregation of Duties) constitute a material weaknesses.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.