

HERSEY TOWNSHIP
OSCEOLA COUNTY, MICHIGAN
AUDIT REPORT
JUNE 30, 2007



Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Unit Name HERSEY TOWNSHIP	County OSCEOLA
Fiscal Year End JUNE 30, 2007		Opinion Date OCTOBER 30, 2007	Date Audit Report Submitted to State NOVEMBER 28, 2007		

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

YES NO Check each applicable box below. (See instructions for further detail.)

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 type="checkbox"/>			
Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, P.C.		Telephone Number 231-796-3332		
Street Address 211 MAPLE STREET		City BIG RAPIDS	State MI	Zip 49307
Authorizing CPA Signature 		Printed Name TERRY D. KIRKPATRICK		License Number 18035

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Township Board
Hersey Township, Osceola County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of and for the year ended June 30, 2007, which collectively comprise Hersey Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Hersey Township, Osceola County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of June 30, 2007, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hersey Township, Osceola County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Terry Kirkpatrick, CPA, P.C.

Big Rapids, Michigan
October 30, 2007

BASIC FINANCIAL STATEMENTS

Hersey Township – Osceola County, Michigan
 Government Wide Statement of Net Assets
 June 30, 2007
 With Comparative Amounts at June 30, 2006

	Primary Government Governmental Activities	
	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 428,824	\$ 405,515
Receivables - Other Governmental Units	32,236	15,012
Delinquent Tax Receivable	2,626	2,605
Due from Trust and Agency Funds	4,111	69,717
Capital Assets (Net)	<u>207,641</u>	<u>232,707</u>
Total assets	<u>\$ 675,438</u>	<u>\$ 725,556</u>
LIABILITIES		
Payroll Taxes Payable	\$ 233	\$ 232
Non-current liabilities		
Due within one year	<u>0</u>	<u>25,425</u>
Total liabilities	233	25,657
NET ASSETS		
Invested in capital assets, net of related debt	207,641	207,282
Unrestricted	<u>467,564</u>	<u>492,617</u>
Total net assets	<u>675,205</u>	<u>699,899</u>
Total liabilities and net assets	<u>\$ 675,438</u>	<u>\$ 725,556</u>

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

Hersey Township – Osceola County, Michigan
 Government Wide Statement of Activities
 For the Year Ended June 30, 2007
 With Comparative Total Amounts for June 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Operating</u> <u>Grants</u>	<u>2007</u>	<u>2006</u>
				<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>In Net Assets</u>	<u>Governmental</u> <u>Activities</u>
PRIMARY GOVERNMENT					
General Government	\$ 79,933	\$ 0	\$ 0	\$ (79,933)	\$ (79,658)
Public Safety	74,280	0	0	(74,280)	(63,937)
Public Works	71,984	0	0	(71,984)	(39,237)
Other Functions	5,823	0	0	(5,823)	(5,589)
Debt Service Interest	1,637	0	0	(1,637)	(3,176)
Depreciation (unallocated)	25,066	0	0	(25,066)	(31,216)
Total primary government	\$ 258,723	\$ 0	\$ 0	\$ (258,723)	\$ (222,813)
General Revenues					
Property Tax				115,948	110,950
State Grants				100,922	100,950
Charges for Services				32,380	34,380
Interest Earnings				21,691	21,036
Transfer from Cemetery Trust Fund				79	419
Other Revenue				4,509	15,563
Total general revenues				275,529	283,298
Prior Year Adjustments				(41,500)	0
Change in Net Assets				(24,694)	60,485
Net assets - Beginning of year				699,899	639,414
Net assets - End of year				\$ 675,205	\$ 699,899

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Hersey Township – Osceola County, Michigan
 Governmental Fund Balance Sheet
 June 30, 2007

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds	2007	2006
ASSETS						
Cash and Cash Equivalents	\$ 344,498	\$ 59,684	\$ 24,642	\$ 428,824	\$ 428,824	\$ 405,515
Delinquent Tax Receivable - Personal	1,173	1,453	0	2,626	2,626	2,605
Due from Other Funds	4,141	1,049	621	5,811	5,811	71,318
Due from Other Governmental Units	32,236	0	0	32,236	32,236	15,012
Total assets	\$ 382,048	\$ 62,186	\$ 25,263	\$ 469,497	\$ 469,497	\$ 494,450
LIABILITIES AND FUNDEQUITY						
Due to Other Funds	\$ 1,700	\$ 0	\$ 0	\$ 1,700	\$ 1,601	\$ 1,601
Payroll Tax Payable	203	30	0	233	233	232
Fund Balance - Unreserved and Undesignated	380,145	62,156	25,263	467,564	467,564	492,617
Total liabilities and fund equity	\$ 382,048	\$ 62,186	\$ 25,263	\$ 469,497	\$ 469,497	\$ 494,450

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

Total Governmental Fund Balances	\$ 467,564	\$ 492,617
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.		
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
notes payable	0	(25,425)
Cost of capital assets, net of depreciation	207,641	232,707
Net assets of governmental activities	\$ 675,205	\$ 699,899

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

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

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds	June 30, 2006 Totals
REVENUES					
Property Tax	\$ 58,113	\$ 57,835	\$ 0	\$ 115,948	\$ 110,950
State Grants	100,922	0	0	100,922	100,950
Charges for Services	30,468	1,687	225	32,380	34,380
Interest and Rents	20,401	1,029	261	21,691	21,036
Other Revenue	4,509	0	0	4,509	15,563
Total revenues	214,413	60,551	486	275,450	282,879
EXPENDITURES					
General Government	76,258	0	3,675	79,933	79,658
Public Safety	0	70,109	4,171	74,280	63,937
Public Works	71,984	0	0	71,984	39,237
Other Functions	5,823	0	0	5,823	5,589
Debt Service	0	27,062	0	27,062	27,062
Prior Year Adjustments	26,581	14,919	0	41,500	0
Total expenditures	180,646	112,090	7,846	300,582	215,483
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,767	(51,539)	(7,360)	(25,132)	67,396
OTHER FINANCING SOURCES (USES)					
Transfers In	0	50,000	3,079	53,079	23,419
Transfers Out	(53,000)	0	0	(53,000)	(23,000)
Total other financing sources (uses)	(53,000)	50,000	3,079	79	419
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(19,233)	(1,539)	(4,281)	(25,053)	67,815
Fund Balance - July 1,	399,378	63,695	29,544	492,617	424,802
Fund Balance - June 30,	\$ 380,145	\$ 62,156	\$ 25,263	\$ 467,564	\$ 492,617

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

Hersey Township – Osceola County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

	<u>2007</u>	<u>2006</u>
Net Change in Fund Balances - Total Government Funds	\$ (25,053)	\$ 67,815
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is capital outlay for the year.	0	0
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt).	25,425	23,886
Depreciation expense	<u>(25,066)</u>	<u>(31,216)</u>
Change in Net Assets of Governmental Activities	<u>\$ (24,694)</u>	<u>\$ 60,485</u>

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

Hersey Township – Osceola County, Michigan
 Fiduciary Fund
 Statement of Net Assets
 June 30, 2007

	Agency Fund Type		Totals	2006 Totals
	Cemetery Trust Fund	Property Tax Collection		
ASSETS				
Cash and Cash Equivalents	\$ 20,022	\$ 4,041	\$ 24,063	\$ 90,963
Due from General Fund	30	0	30	30
Total assets	<u>\$ 20,052</u>	<u>\$ 4,041</u>	<u>\$ 24,093</u>	<u>\$ 90,993</u>
LIABILITIES AND FUND EQUITY				
Due to Other Governmental Units	\$ 0	\$ 0	\$ 0	\$ 1,499
Due to General Fund	100	4,041	4,141	43,716
Due to Fire Fund	0	0	0	26,001
Fund Balance	19,952	0	19,952	19,777
Total liabilities and fund equity	<u>\$ 20,052</u>	<u>\$ 4,041</u>	<u>\$ 24,093</u>	<u>\$ 90,993</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Government – Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Hersey Township – Osceola County, Michigan

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

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

The 2006 taxable valuation of Hersey Township totaled approximately \$49,804,000, on which ad valorem taxes levied consisted of .9441 mills for the Township operating purposes and an additional .9441 mills for fire protection. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Osceola County and/or as a tax revenue.

The Township reports the following major governmental funds:

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

The Fire Fund is used to record property tax and interest for expenditures for fire protection.

Additionally, the Township reports the following fund types:

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

The Township reports two non-major special revenue funds for a fire barn fund and a cemetery fund.

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

Assets, Liabilities and Net Assets or Equity

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

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

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

Capital Assets – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

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

Building	40 Years
Vehicles	10 Years
Equipment	5 to 10 Years

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

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

NOTE C – DEPOSITS AND INVESTMENTS

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

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

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

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

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 428,824

The bank balance of the primary government’s deposits is \$432,716, of which \$122,000 is covered by federal depository insurance.

NOTE D – RECEIVABLES

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

	General	Fire Millage	Non-Major	Total
Taxes receivable	\$ 1,173	\$ 1,453	\$ 0	\$ 2,626
State revenue sharing	32,236	0	0	32,236

Hersey Township – Osceola County, Michigan
 Notes to Financial Statements - Continued
 For the Year Ended June 30, 2007

NOTE E – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 36,000	\$ 0	\$ 0	\$ 36,000
Capital assets being depreciated				
Buildings	130,000	0	0	130,000
Fire vehicles	277,659	0	0	277,659
Equipment	15,000	0	0	15,000
Less Accumulate depreciation for Capital assets	(225,952)	(25,066)	0	(251,018)
Net capital assets	<u>\$ 232,707</u>	<u>\$ (25,066)</u>	<u>\$ 0</u>	<u>\$ 207,641</u>

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

NOTE G – INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$ 4,141
Fire	General	1,049
Non-Major	General	621

NOTE H – RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

Hersey Township – Osceola County, Michigan
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2007
 With Comparative Actual Amounts for June 30, 2006

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	2006 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 399,378	\$ 399,378	\$ 399,378	\$ 0	\$ 318,949
Resources (inflows)					
Property Tax	47,500	47,500	58,113	10,613	55,704
State Grants	86,698	86,698	100,922	14,224	100,950
Charges for Services	25,000	25,000	30,468	5,468	32,375
Interest and Rents	7,025	7,025	20,401	13,376	20,262
Other Revenue	512	512	4,509	3,997	14,402
Amounts Available for Appropriation	566,113	566,113	613,791	47,678	542,642
Charges to Appropriations (outflows)					
General Government					
Township board	15,294	15,294	9,868	5,426	9,002
Supervisor	7,166	7,166	6,866	300	6,649
Elections	5,234	5,234	3,840	1,394	1,266
Assessor	19,500	19,500	16,151	3,349	18,105
Clerk	14,223	14,223	13,416	807	12,702
Board of review	1,966	1,966	1,072	894	945
Treasurer	18,589	18,589	17,345	1,244	15,911
Townhall	11,100	11,100	7,700	3,400	10,858
Public Works					
Highways, streets & bridges	110,000	110,000	36,170	73,830	0
Sanitation	46,994	46,994	35,297	11,697	38,782
Street lighting	1,000	1,000	517	483	455
Other Functions					
Social security/ medicare tax	1,150	1,150	898	252	848
Retirement	5,500	5,500	4,925	575	4,741
Prior Year Adjustments	0	0	26,581	(26,581)	0
Transfers Out	54,500	54,500	53,000	1,500	23,000
Total Charges to Appropriations	312,216	312,216	233,646	78,570	143,264
Budgetary Fund Balance - June 30,	\$ 253,897	\$ 253,897	\$ 380,145	\$ 126,248	\$ 399,378

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	2006 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 63,695	\$ 63,695	\$ 63,695	\$ 0	\$ 75,733
Resources (inflows)					
Property Tax	47,000	47,000	57,835	10,835	55,246
Charges for Services	1,687	1,687	1,687	0	2,005
Interest and Rents	200	200	1,029	829	549
Other Revenue	0	0	0	0	1,161
Transfer from Other Funds	50,000	50,000	50,000	0	20,000
Amounts Available for Appropriation	162,582	162,582	174,246	11,664	154,694
Charges to Appropriations (outflows)					
Public Safety					
Fire protection	96,254	96,254	70,109	26,145	63,937
Debt Service	30,000	30,000	27,062	2,938	27,062
Prior Year Adjustments	0	0	14,919	(14,919)	0
BUDGETARY FUND BALANCE - June 30,	\$ 36,328	\$ 36,328	\$ 62,156	\$ 25,828	\$ 63,695

OTHER SUPPLEMENTAL INFORMATION

Hersey Township – Osceola County, Michigan
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2007
 With Comparative Totals at June 30, 2006

	Fire Barn Fund	Cemetery Fund	Totals	
			<u>2007</u>	<u>2006</u>
ASSETS				
Cash and Cash Equivalents	\$ 21,463	\$ 3,179	\$ 24,642	\$ 28,992
Due from General Fund	246	375	621	552
Total assets	<u>\$ 21,709</u>	<u>\$ 3,554</u>	<u>\$ 25,263</u>	<u>\$ 29,544</u>
 LIABILITIES AND FUND EQUITY				
Fund Balance				
Unreserved and undesignated	<u>\$ 21,709</u>	<u>\$ 3,554</u>	<u>\$ 25,263</u>	<u>\$ 29,544</u>

Hersey Township – Osceola County, Michigan
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Non-Major Governmental Funds
 For the Year Ended June 30, 2007
 With Comparative Totals at June 30, 2006

	Fire Barn Fund	Cemetery Fund	Totals
	2007	2007	2006
REVENUES			
Cemetery Lot Sales	0 \$	225 \$	225 \$
Interest and Rents	93	168	261
Total revenues	93	393	486
EXPENDITURES			
General government	0	3,675	3,675
Public safety	4,171	0	4,171
Total expenditures	4,171	3,675	7,846
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,078)	(3,282)	(7,360)
OTHER FINANCING SOURCES (USES)			
Transfer In	0	3,079	3,079
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(4,078)	(203)	(4,281)
FUND BALANCE - July 1,	25,787	3,757	29,544
FUND BALANCE - June 30,	21,709 \$	3,554 \$	25,263 \$
			29,544

TERRY KIRKPATRICK, CPA, P.C.
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October 30, 2007

Members of the Township Board
Hersey Township
Osceola County, Michigan

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

CLERK AND TREASURER RECORDS WELL MAINTAINED

The Clerk and Treasurer both have maintained their financial records in very good order. They both have done a very good job, and the Clerk has done a good job keeping the Board informed of all necessary budget amendments in a timely manner.

OTHER MATTERS

We want to thank your personnel for the courtesy and cooperation shown us by them during our audit. Two copies of the audit report and this letter have been submitted to the Michigan Department of Treasury.

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

Sincerely,

Terry Kirkpatrick, CPA, P.C.