Michigan Department of Treasury
496 (02/06)

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	Local Unit Name	County
☐County ☐City ☒Twp ☐Village ☐Other	Township of Bingham	Clinton

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
03/31/2007	09/28/2007	09/28/2007

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	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number		
Layton and Richardson, P.C.	517-332-1900		
Street Address	**City**	**State**	**Zip**
1000 Coolidge Road	East Lansing	MI	48823
Authorizing CPA Signature	**Printed Name**	**License Number**	
Vickie L. Crouch CPA	Vickie L. Crouch	1101013436	

BINGHAM TOWNSHIP, MICHIGAN

CLINTON COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

AND

INDEPENDENT AUDITORS' REPORT

Layton & Richardson, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Township Board
Bingham Township
St. Johns, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bingham, 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 management of the Township of Bingham, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bingham, Michigan as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2007, on our consideration of the Township of Bingham, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 4 and the required supplementary information on pages 30 through 33 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires 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 an opinion on the financial statements that collectively comprise the Township of Bingham, Michigan's basic financial statements. The accompanying introductory section is for purposes of additional analysis and is not a required part of the basic financial statements.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 28, 2007

TOWNSHIP OF BINGHAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

MARCH 31, 2007

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2007:

* Property tax revenues increased approximately $61,793 from the prior year. The increase is the net result of increasing valuations in the Township.

* Total fund balances related to the Township's governmental funds increased by $179,344.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Bingham as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Bingham in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township of Bingham acts solely as a trustee or agent for the benefit of those outside the government.

	2007	2006
REVENUE		
Program Revenue:		
Charges for services	$ 772,416	$ 569,534
Licenses and permits	6,341	7,407
Operating grants	31,086	
Capital contributions	1,200,000	
General Revenue:		
Property taxes	294,373	232,580
State shared revenue	171,228	172,038
Investment earnings	116,103	95,528
Other revenue	10,188	7,959
TOTAL REVENUE	2,601,735	1,085,046
PROGRAM EXPENSES		
General government	166,738	276,812
Public safety	129,951	130,633
Public works	646,472	532,824
Culture and recreation	6,240	6,240
Health	1,100	720
TOTAL PROGRAM EXPENSES	950,501	947,229
CHANGE IN NET ASSETS	$ 1,651,234	$ 137,817

Governmental Activities

The Township's governmental revenues totaled $501,115, with the greatest revenue source being property taxes. Property taxes make up approximately 58.8% of total governmental revenue. Over the past few years, state shared revenue and interest income have both declined.

The Township incurred expenses of $410,004 during the year.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board did not make budget adjustments to fund unanticipated expenditures during the year. Most departments came in under budget at year end, an overall favorable variance approximately $217,121 from budget.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report, or need additional information, we welcome you to contact the Township Board.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide information on the governmental activities, business-type activities, aggregate totals of discretely presented component units, major funds and the aggregate remaining funds, which collectively comprise the activities of the Township of Bingham, Michigan.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

MARCH 31, 2007

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	$ 653,907	$ 135,491	$ 789,398
Accounts receivable			
Special assessments	118		118
Taxes	14,590		14,590
Accounts	29,752	2,255,775	2,285,527
Due from other funds	971		971
Fixed assets (net of accumulated depreciation)	68,646	7,945,674	8,014,320
TOTAL ASSETS	$ 767,984	$ 10,336,940	$ 11,104,924
LIABILITIES			
Current liabilities			
Accounts payable	$ 9,337	$ 28,564	$ 37,901
Deferred revenue		2,218,825	2,218,825
Bonds and notes payable		284,000	284,000
Noncurrent liabilities			
Bonds and notes payable		4,899,718	4,899,718
TOTAL LIABILITIES	9,337	7,431,107	7,440,444
NET ASSETS			
Invested in capital assets, net of related debt	68,646	2,761,956	2,830,602
Restricted	330,181		330,181
Unrestricted	359,820	143,877	503,697
TOTAL NET ASSETS	758,647	2,905,833	3,664,480
TOTAL LIABILITIES AND NET ASSETS	$ 767,984	$ 10,336,940	$ 11,104,924

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS
Primary Government			
Governmental activities			
General government	$ 166,738	$	$ 171,228
Public safety	129,951	1,610	866
Public works	105,975		
Health and welfare	1,100		
Culture and recreation	6,240		
Total Governmental Activities	410,004	1,610	172,094
Business-Type Activities			
Sewer	392,624	366,572	30,220
Water	147,873	404,234	
Total Business-Type Activities	540,497	770,806	30,220
Total Primary Government	$ 950,501	$ 772,416	$ 202,314

General Revenues	
Property taxes levied for general purposes	
Licenses and permits	
Miscellaneous	
Unrestricted investment earnings	
Transfers	
Total General Revenues	
Change in Net Assets	
Net Assets, April 1	
Net Assets, March 31	

See accompanying notes to financial statements.

PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	PRIMARY GOVERNMENT		
CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
$	$ 4,490	$	$ 4,490
	(127,475)		(127,475)
	(105,975)		(105,975)
	(1,100)		(1,100)
	(6,240)		(6,240)
	(236,300)		(236,300)
		4,168	4,168
1,200,000		1,456,361	1,456,361
1,200,000		1,460,529	1,460,529
$ 1,200,000	(236,300)	1,460,529	1,224,229
	294,373		294,373
	6,341		6,341
	10,188		10,188
	16,509	99,594	116,103
	85,379	(85,379)	
	412,790	14,215	427,005
	176,490	1,474,744	1,651,234
	582,157	1,431,089	2,013,246
	$ 758,647	$ 2,905,833	$ 3,664,480

BINGHAM TOWNSHIP, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

MARCH 31, 2007

	GENERAL	ROADS AND BRIDGES	BUILDING	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	$ 331,493	$ 202,057	$ 120,357	$ 653,907
Accounts receivable	29,752			29,752
Taxes receivable	6,823	7,767		14,590
Special assessments receivable	118			118
Due from other funds	971			971
TOTAL ASSETS	$ 369,157	$ 209,824	$ 120,357	$ 699,338
LIABILITIES				
Accounts payable	$ 9,337	$	$	$ 9,337
FUND BALANCE				
Reserved for roads and bridges		209,824		209,824
Reserved for buildings			120,357	120,357
Unreserved	359,820			359,820
TOTAL FUND BALANCE	359,820	209,824	120,357	690,001
TOTAL LIABILITIES AND FUND BALANCE	$ 369,157	$ 209,824	$ 120,357	$ 699,338

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE

STATEMENT OF NET ASSETS

MARCH 31, 2007

Total fund balances - governmental funds	$	690,001
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 as assets in governmental funds. The cost of the assets is $104,283 and the accumulated depreciation is $35,637		68,646
Total net assets - governmental activities	$	758,647

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2007

	GENERAL	ROADS AND BRIDGES	BUILDING	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 144,268	$ 150,105	$	$ 294,373
Licenses and permits	6,341			6,341
State grants	172,094			172,094
Charges for services	1,610			1,610
Interest	16,509			16,509
Other	5,168	5,020		10,188
TOTAL REVENUES	345,990	155,125		501,115
EXPENDITURES				
General government	163,884			163,884
Public safety	129,951			129,951
Public works	13,630	92,345		105,975
Health and welfare	1,100			1,100
Culture and recreation	6,240			6,240
TOTAL EXPENDITURES	314,805	92,345		407,150
EXCESS OF REVENUES OVER EXPENDITURES	31,185	62,780		93,965
OTHER FINANCING SOURCES (USES)				
Operating transfers in	95,379			95,379
Operating transfers out	(10,000)			(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	85,379			85,379
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	116,564	62,780		179,344
FUND BALANCE, APRIL 1	243,256	147,044	120,357	510,657
FUND BALANCE, MARCH 31	$ 359,820	$ 209,824	$ 120,357	$ 690,001

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2007

Net changes in fund balances - total governmental funds	$	179,344
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Less: current year depreciation		(2,854)
Change in net assets of governmental activities	$	176,490

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

MARCH 31, 2007

	SEWER	WATER	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 135,491	$	$ 135,491
Due from other funds	49,838		49,838
Receivables	1,603,492	652,283	2,255,775
TOTAL CURRENT ASSETS	1,788,821	652,283	2,441,104
PROPERTY, PLANT AND EQUIPMENT			
Sewer systems	4,313,280	4,209,007	8,522,287
Less: accumulated depreciation	(576,613)		(576,613)
NET PROPERTY, PLANT AND EQUIPMENT	3,736,667	4,209,007	7,945,674
TOTAL ASSETS	$ 5,525,488	$ 4,861,290	$ 10,386,778
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Bonds payable	$ 195,000	$ 75,000	$ 270,000
Contracts payable	14,000		14,000
Accounts payable	3,303	25,261	28,564
Due to other funds		49,838	49,838
Deferred revenue	1,569,148	649,677	2,218,825
TOTAL CURRENT LIABILITIES	1,781,451	799,776	2,581,227
NONCURRENT LIABILITIES			
Bonds payable	1,990,000	920,000	2,910,000
Contracts payable	220,070	1,769,648	1,989,718
TOTAL NONCURRENT LIABILITIES	2,210,070	2,689,648	4,899,718
TOTAL LIABILITIES	3,991,521	3,489,424	7,480,945
CONTRIBUTED CAPITAL			
Local		1,200,000	1,200,000
NET ASSETS			
Invested in capital assets, net of related debt	1,317,597	1,444,359	2,761,956
Unreserved	216,370	(1,272,493)	(1,056,123)
TOTAL NET ASSETS	1,533,967	171,866	1,705,833
TOTAL NET ASSETS AND CONTRIBUTED CAPITAL	1,533,967	1,371,866	2,905,833
TOTAL LIABILITIES AND NET ASSETS	$ 5,525,488	$ 4,861,290	$ 10,386,778

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED MARCH 31, 2007

	SEWER	WATER	TOTAL
OPERATING REVENUES			
Charges for services	$ 366,572	$ 404,234	$ 770,806
S2 grant	30,220		30,220
TOTAL OPERATING REVENUES	396,792	404,234	801,026
OPERATING EXPENSES			
Contractual services	155,488	34,342	189,830
Utilities	10,617	9,316	19,933
Repairs and maintenance	12,733	998	13,731
Other supplies and expenses	16,701	10,923	27,624
Depreciation	76,577		76,577
TOTAL OPERATING EXPENSES	272,116	55,579	327,695
OPERATING INCOME	124,676	348,655	473,331
NONOPERATING REVENUES (EXPENSES)			
Interest earned	88,710	10,884	99,594
Interest and fiscal charges	(120,508)	(92,294)	(212,802)
TOTAL NONOPERATING REVENUES (EXPENSES)	(31,798)	(81,410)	(113,208)
INCOME BEFORE OPERATING TRANSFERS	92,878	267,245	360,123
OPERATING TRANSFERS			
Operating transfers in	10,000		10,000
Operating transers out		(95,379)	(95,379)
TOTAL OPERATING TRANSFERS	10,000	(95,379)	(85,379)
NET INCOME	102,878	171,866	274,744
NET ASSETS, APRIL 1	1,431,089		1,431,089
NET ASSETS, MARCH 31	$ 1,533,967	$ 171,866	$ 1,705,833

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED MARCH 31, 2007

	SEWER	WATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 338,087	$ 451,466	$ 789,553
Cash payment for goods and services	(213,444)	(30,318)	(243,762)
NET CASH PROVIDED BY OPERATING ACTIVITIES	124,643	421,148	545,791
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	10,000		10,000
Operating transfers out		(95,379)	(95,379)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	10,000	(95,379)	(85,379)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment for capital acquisitions		(3,009,007)	(3,009,007)
Principal payments	(244,680)		(244,680)
Proceeds from bonds and contracts		2,764,648	2,764,648
Interest and fiscal charges paid	(120,508)	(92,294)	(212,802)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(365,188)	(336,653)	(701,841)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	88,710	10,884	99,594
NET DECREASE IN CASH AND CASH EQUIVALENTS	(141,835)		(141,835)
CASH AND CASH EQUIVALENTS, APRIL 1	277,326		277,326
CASH AND CASH EQUIVALENTS, MARCH 31	$ 135,491	$	$ 135,491
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 124,676	$ 348,655	$ 473,331
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	76,577		76,577
(Increase) decrease in receivable	118,639	(652,283)	(533,644)
(Increase) decrease in due from other funds	(49,838)		(49,838)
Increase (decrease) in accounts payable	(17,905)	25,261	7,356
Increase (decrease) in due to other funds		49,838	49,838
Increase (decrease) in deferred revenue	(127,506)	649,677	522,171
Total adjustments	(33)	72,493	72,460
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 124,643	$ 421,148	$ 545,791

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS - TAX COLLECTION FUND

MARCH 31, 2007

ASSETS	
Cash	$ 2,553
LIABILITIES	
Due to state	$ 1,582
Due to other funds	971
TOTAL LIABILITIES	$ 2,553

See accompanying notes to financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Bingham, Michigan conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township of Bingham, Michigan and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are 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 services.

The statement of activities demonstrates the degree to which the direct expenses of a 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.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary fund and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the 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 revenues 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 available when they are collectible within the current period or soon enough thereafter to fund liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township of Bingham.

The Township of Bingham reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.
- The Roads and Bridges Fund accounts for the maintenance of roads and bridges.
- The Building Fund accumulates money for the future purchases of buildings.

The Township of Bingham reports the following major proprietary funds:

- The Sewer Fund accounts for the operation of the lagoons.
- The Water Fund accounts for the operation of new water lines.

Fiduciary Funds account for resources reserved and held by a governmental unit as the trustee or as the agent for others.

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 Township of Bingham 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 rule are charges between the Tax Fund and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets

Budgets for the General and Special Revenue Funds are enacted by the Township Board annually through passage of a resolution, which establishes appropriations and identifies resources to finance them. Budgets are enacted by activity and, more specifically, by personnel expenditures and supplies and services within activity. Unexpended appropriations lapse at each year end. Budgets for the General and Special Revenue Funds shown in the financial statements are adopted on the cash basis, which is not in conformity with U.S. generally accepted accounting principles.

E. Receivables

Receivables have been recognized for all significant amounts due the Township. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

F. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township of Bingham as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Concluded

F. Capital Assets - Concluded

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Buildings	10-50 years
Equipment	5-20 years
Utility systems	10-40 years

G. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

H. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

I. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

J. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. Deferred Revenue

Deferred revenue recorded in the Sewer Fund consists of the special assessment income that still needs to be collected on the tax bills.

NOTE 2: **PROPERTY TAX**

The 2006 property tax revenue includes property taxes levied principally on July 1, 2006, and substantially collected in July and December, 2006. The total 2006 levy for the Township was $238,987 for general operating purposes and roads.

NOTE 3: **INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables balances at March 31, 2007 are as follows:

FUND	DUE FROM	FUND	DUE TO
General Fund	$ 971	Tax	$ 971

The interfund receivables and payables were for cash flow purposes.

NOTE 4: **LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended March 31, 2007.

	PROPRIETARY FUNDS
As of April 1, 2006	$ 2,663,750
Additions (Reductions)	2,519,968
As of March 31, 2007	$ 5,183,718

Long-term debt at March 31, 2007 is comprised of the individual issues:

	BALANCE APRIL 1, 2006	ADDITIONS (DEDUCTIONS)	BALANCE MARCH 31, 2007	DUE WITHIN ONE YEAR
Governmental Activities - Proprietary Funds				
SEWER FUND REVENUE BONDS				
The Township's share of Clinton County Sanitary Sewer Disposal System Bonds, Series II is dated in 1988 with interest payable on April 1 and October 1 of each year.	$ 40,000	$(20,000)	$ 20,000	$ 20,000
The Township's share of Clinton County Sanitary Sewer Project Bonds – Bingham Township, Series 1999, with interest payable on May 1 and November 1 of each year. Interest rates vary.	2,230,000	(155,000)	2,075,000	155,000
The Township's share of Clinton System Bonds – Bingham Township, Series 1990, with interest payable on April 1, and October 1 of each year.	115,000	(25,000)	90,000	20,000

NOTE 4: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE APRIL 1, 2006	ADDITIONS (DEDUCTIONS)	BALANCE MARCH 31, 2007	DUE WITHIN ONE YEAR
Governmental Activities - Proprietary Funds				
SEWER FUND CONTRACT PAYABLE				
The Township owes for land purchased which included a sewer lagoon. There is no interest on outstanding balance. This is a 10 year contract.	$ 60,000	$(10,000)	$ 50,000	$ 10,000
The Township owes for land purchased. There is no interest on outstanding balance. This is a 10 year contract.	20,000	(4,000)	16,000	4,000
WATER FUND REVENUE BONDS				
The Township Water/Sewer South Bond, dated in 2007 with interest payable on June 1 and December 1 of each year. Interest is at 4.5%.		995,000	995,000	75,000
WATER FUND WATER SYSTEM CONTRACT				
The Township Water System dated 2005 with interest payable quarterly. Principal is paid back based on the tap-in fees received by customers.		1,769,648	1,769,648	
	$ 2,465,000	$ 2,550,648	$ 5,015,648	$ 284,000

Sewer Fund Contract Payable

The Township owes for additional land for sewer lagoon property. Interest will accrue at 7% effective August 1, 2001. Each such principal payment shall be in an amount equal to $1,000 times the number of residential equivalent tap-in fees collected from new Township customers in the previous three (3) months, other than customers in the existing mobile home park, connecting to the Township's sanitary sewage treatment system which system has its sewage treated at the lagoon located on the property. Notwithstanding the above, any outstanding principal balance under this agreement that has not been paid, shall be due upon the earlier to occur of (I) the date which is ten (10) years after the commencement date, or (II) the completion date for the Mechanical Treatment Plant.

Balance due March 31, 2007 is $168,070 principal and $0 accrued interest.

NOTE 4: **LONG-TERM OBLIGATIONS** – Concluded

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING MARCH 31,		BUSINESS-TYPE
2008	Principal	$ 284,000
	Interest	168,378
	Total	452,378
2009	Principal	284,000
	Interest	154,110
	Total	438,110
2010	Principal	284,000
	Interest	141,160
	Total	425,160
2011	Principal	259,000
	Interest	128,180
	Total	387,180
2012	Principal	235,000
	Interest	115,290
	Total	350,290
2013-2021	Principal	1,180,000
	Interest	378,460
	Total	1,558,460
2022-2026	Principal	720,000
	Interest	63,650
	Total	783,650
Unknown	Principal	1,769,648
	Interest	
	Total	1,769,648
TOTAL	Principal	5,015,648
	Interest	1,149,228
	Total	6,164,876

NOTE 5: **DEFINED CONTRIBUTION PLAN**

EMPLOYEES' RETIREMENT SYSTEM – DEFINED CONTRIBUTION

Plan Description

The Township has a defined contribution pension plan covering all elected officials who choose to belong to the plan. This benefit is an insurance-type plan administered by Aetna Life Insurance Co. under the provisions of Section 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The plan requires the employer to contribute 3.75% of the participating employee's gross wages, with immediate vesting, and employees have 3.75% withheld from wages.

During the year, the Township's required and actual contributions amounted to $3,175 which was 3.48 percent of its current year-covered payroll. The plan is funded through Aetna Life Insurance Company.

NOTE 6: **COMPLIANCE WITH STATE BUDGET ACT**

P.A. 621 of 1978, as amended, requires that a local unit of government adopt a budget for the general and special revenue funds. The Township adopts budgets for only the general and special revenue funds. P.A. 621 also provides that a local unit shall not incur expenditures in excess of amounts appropriated. For the year ended March 31, 2007, the actual expenditures exceeded final budgeted amounts for the following funds:

	BUDGET	ACTUAL EXPENDITURES	VARIANCE (UNFAVORABLE)
General Fund			
Supervisor	$ 14,650	$ 16,081	$(1,431)
Assessor	19,000	23,702	(4,702)
Clerk	19,550	21,099	(1,549)
Board of Review	1,000	1,200	(200)
Treasurer	20,775	21,177	(402)
Police		190	(190)
Fire	128,000	129,761	(1,761)

NOTE 7: **OPERATING TRANSFERS**

OPERATING FUND	TRANSFERS IN	OPERATING FUND	TRANSFERS OUT
General	$ 95,379	General	$ 10,000
Sewer	10,000	Water	95,379
	$ 105,379		$ 105,379

The operating transfers were made for cash flow purposes.

NOTE 8: **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Township maintains one Enterprise Fund: the Sewer Fund. Segment information for the year ended March 31, 2007 is as follows:

	SEWER	WATER	TOTAL
Total assets	$ 5,525,488	$ 4,861,290	$ 10,386,778
Total liabilities	3,991,521	3,489,424	7,480,945
Total net assets	1,533,967	1,371,866	2,905,833
Operating revenues	396,792	404,234	801,026
Operating expenses	272,116	55,579	327,695
Depreciation expense	76,577		76,577
Operating income	124,676	348,655	473,331
Nonoperating expenses	(31,798)	(81,410)	(113,208)
Operating transfers	10,000	(95,379)	(85,379)
Change in net assets	102,878	171,866	274,744
Beginning net assets	1,431,089		1,431,089
Ending net assets	1,533,967	171,866	1,705,833
Cash flows from operating activities	124,643	421,148	545,791
Cash flows from noncapital financing activities	10,000	(95,379)	(85,379)
Cash flows from capital and related financing activities	(365,188)	(336,653)	(701,841)
Cash flows from investing activities	88,710	10,884	99,594
Cash and cash equivalents, beginning	277,326		277,326
Cash and cash equivalents, ending	135,491		135,491

NOTE 9: **CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	APRIL 1, 2006	ADDITIONS	DELETIONS	MARCH 31, 2007
Capital assets not being depreciated				
Land	$ 3,200	$	$	$ 3,200
Capital assets being depreciated				
Buildings	78,935			78,935
Machinery and equipment	22,148			22,148
Total capital assets being depreciated	101,083			101,083
Less: accumulated depreciation				
Buildings	12,741	1,439		14,180
Machinery and equipment	20,042	1,415		21,457
Total accumulated depreciation	32,783	2,854		35,637
Total capital assets being depreciated - net	68,300	(2,854)		65,446
NET CAPITAL ASSETS	$ 71,500	$(2,854)	$	$ 68,646

NOTE 9: **CAPITAL ASSETS** - Concluded

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	$ 2,854

A summary of the asset activity for the business-type activity is as follows:

	APRIL 1, 2007	ADDITIONS	DELETIONS	MARCH 31, 2007
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	$ 482,675	$	$	$ 482,675
Construction in progress		3,238,597		3,238,597
Total capital assets not being depreciated	482,675	3,238,597		3,721,272
Capital assets being depreciated				
Infrastructure	3,830,605	970,410		4,801,015
Less: accumulated depreciation				
Infrastructure	500,037	76,576		576,613
Total capital assets being depreciated	3,330,568	893,834		4,224,402
NET CAPITAL ASSETS	$ 3,813,243	$ 4,132,431	$	$ 7,945,674

REQUIRED SUPPLEMENTARY INFORMATION

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2007

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Taxes				
Current property taxes	$ 96,000	$ 96,000	$ 100,188	$ 4,188
Other taxes - P.A. 425			4,400	4,400
Administration fees	32,000	32,000	36,781	4,781
Trailer fees	900	900	1,075	175
Interest and penalties			1,824	1,824
Total Taxes	128,900	128,900	144,268	15,368
Licenses and Permits				
Cable franchise fees			6,341	6,341
Intergovernmental				
State revenue sharing	151,000	151,000	171,228	20,228
Liquor licenses			866	866
Total Intergovernmental	151,000	151,000	172,094	21,094
Charges for Services				
Fire runs and protection			810	810
Landsplit fees			800	800
Total Charges for Services			1,610	1,610
Other Revenues				
Interest on investments	20,000	20,000	16,509	(3,491)
Assessments - street lighting			4,765	4,765
Reimbursements	10,000	10,000	101	(9,899)
Miscellaneous	10,000	10,000	302	(9,698)
Total Other Revenues	40,000	40,000	21,677	(18,323)
TOTAL REVENUES	319,900	319,900	345,990	26,090
General Government				
Legislative	53,100	53,100	33,547	19,553
Supervisor	14,650	14,650	16,081	(1,431)
Administration	32,175	32,175	30,212	1,963
Elections	3,000	3,000	1,341	1,659
Assessor	19,000	19,000	23,702	(4,702)
Clerk	19,550	19,550	21,099	(1,549)
Board of review	1,000	1,000	1,200	(200)
Treasurer	20,775	20,775	21,177	(402)
Hall and grounds	73,500	73,500	15,585	57,915
Other general government	71,976	71,976	(60)	72,036
Total General Government	308,726	308,726	163,884	144,842

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2007

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
EXPENDITURES				
Public Safety				
Police	$	$	$ 190	$ (190)
Fire	128,000	128,000	129,761	(1,761)
Planning	26,000	26,000		26,000
Total Public Safety	154,000	154,000	129,951	24,049
Public Works				
Drain at large	20,000	20,000	6,470	13,530
Highways and streets	30,000	30,000	4,614	25,386
Public services	3,000	3,000	2,546	454
Total Public Works	53,000	53,000	13,630	39,370
Health and Welfare	15,000	15,000	6,240	8,760
Culture and Recreation				
Library	1,200	1,200	1,100	100
TOTAL EXPENDITURES	531,926	531,926	314,805	217,121
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(212,026)	(212,026)	31,185	243,211
OTHER FINANCING SOURCES (USES)				
Operating transfers in			95,379	95,379
Operating transfers out	(20,000)	(20,000)	(10,000)	10,000
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	(20,000)	85,379	105,379
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(232,026)	(232,026)	116,564	348,590
FUND BALANCE, APRIL 1	243,256	243,256	243,256	
FUND BALANCE, MARCH 31	$ 11,230	$ 11,230	$ 359,820	$ 348,590

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

ROADS AND BRIDGES

FOR THE YEAR ENDED MARCH 31, 2007

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Taxes	$ 141,000	$ 141,000	$ 150,105	$ 9,105
Miscellaneous			5,020	5,020
TOTAL REVENUES	141,000	141,000	155,125	14,125
EXPENDITURES				
Highways and streets	288,044	288,044	92,345	195,699
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(147,044)	(147,044)	62,780	209,824
FUND BALANCE, APRIL 1	115,129	115,129	147,044	31,915
FUND BALANCE, MARCH 31	$ (31,915)	$ (31,915)	$ 209,824	$ 241,739

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

BUILDING FUND

FOR THE YEAR ENDED MARCH 31, 2007

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
EXPENDITURES				
Public safety	$ 130,357	$ 130,357	$	$ 130,357
OTHER FINANCING SOURCES				
Transfer in	10,000	10,000		10,000
DEFICIENCY OF REVENUES OVER EXPENDITURES	(120,357)	(120,357)		120,357
FUND BALANCE, APRIL 1	120,357	120,357	120,357	
FUND BALANCE, MARCH 31	$	$	$ 120,357	$ 120,357

Layton & Richardson, P.C.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Bingham Township
St. Johns, Michigan

We have audited the financial statements of the Township of Bingham as of and for the year ended March 31, 2007, and have issued our report thereon dated September 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Bingham's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Bingham's internal control over financial reporting, Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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

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 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 deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

> 2007-1- It is a requirement of GAAP, that all entities have on staff at least one individual that can prepare their financial statements and notes to financial statements. The Township has decided it is more cost effective to outsource the preparation of its annual financial statements to the auditors rather than incur the time and expense of obtaining the necessary training and expertise required to prepare them internally. They are not in accordance with principles generally accepted in the United States.

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A material weakness is a significant deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bingham's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance.

We noted certain matters that we reported to management of the Township of Bingham in a separate letter dated September 28, 2007.

This report is intended solely for the information and use of management, the Township Board and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Dayton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 28, 2007

Layton & Richardson, P.C.
Certified Public Accountants

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AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Bingham
St. Johns, Michigan

We have audited the general purpose financial statements of the Township of Bingham for the year ended March 31, 2007, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Bingham. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Bingham is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation of the internal accounting control system would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Bingham.

PRIOR YEAR RECOMMENDATIONS

ACCOUNTING SYSTEM

1) Our analysis of the Township of Bingham's current accounting system indicated that it was inadequate for the current needs of the organization. There are numerous off-the-shelf computer accounting packages that are far more efficient and easier to use. We feel that a new accounting system would benefit the Township of Bingham in two specific ways. First, it would increase the Township's ability to efficiently and effectively record daily transactions. Second, it would provide management with complete and accurate financial information on a timelier basis. We strongly suggest that this investment will be very worthwhile and beneficial over the years. **The Township purchased software at the beginning of 2006, however, it was not being used correctly.**

2) Our audit testing procedures disclosed that the books between the Clerk and Treasurer were not being reconciled. A significant effort should be undertaken to ensure that all books between the Clerk and Treasurer are reconciled every month. **This has not been implemented.**

CURRENT YEAR RECOMMENDATIONS

CASH DISBURSEMENTS

During our audit, we noted several instances where an invoice was not approved for payment. There should be initials on each invoice approving it for payment to avoid bills being paid that are not the property of the Township.

There were several instances of checks being sent out without the required two signatures. When such a policy is in place, it should be strictly followed to avoid unauthorized invoices being paid.

Currently, certain bills are sent to the Township Hall while others are sent to the homes of the officers. All mail coming to the Township should be sent directly to the Township Hall. This will help ensure all bills are being paid and there is less risk of one being misplaced.

We are grateful to the Township employees for the assistance and cooperation we received during the audit and we thank them.

Leyton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 28, 2007