

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 Thetford Township	County Genesee
Fiscal Year End 3/31/07	Opinion Date 7/10/2007	Date Audit Report Submitted to State	

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) Plante & Moran PLLC		Telephone Number 810-767-5350		
Street Address 111 East Court Street, Suite 1A		City Flint	State MI	Zip 48502
Authorizing CPA Signature 		Printed Name Peggy Haw Jury		License Number 1101009025

Annual Financial Report
Thetford Township
Genesee County, Michigan
March 31, 2007

with *Independent Auditors' Report*

**Thetford Township, Michigan
Annual Financial Report
For the Fiscal Year Ended March 31, 2007**

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**Thetford Township, Michigan
Annual Financial Report
For the Fiscal Year Ended March 31, 2007**

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Introductory Section

**Annual Financial Report
Thetford Township
March 31, 2007**

Township Board

Luther Hatchett
Shelly L. Ayotte
Julie C. Paulson
John A. Congdon
Cynthia R. Hicks
Eileen Kerr
David M. Phillips

Supervisor
Treasurer
Clerk
Trustee
Trustee
Trustee
Trustee

Financial Section



Independent Auditors' Report

The Honorable Members
of the Township Board
Thetford Township
Clio, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Thetford Township, Michigan (Township) as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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, the business-type activities, each major fund, and the aggregate remaining fund information of Thetford Township, Michigan at March 31, 2007, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Thetford Township's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

August 23, 2007

Management's Discussion and Analysis

Thetford Township Management's Discussion and Analysis

Our discussion and analysis of Thetford Township's financial performance provides an overview of the Township's financial activities for the fiscal year that ended on March 31, 2007. Please read it in conjunction with the Township's financial statements.

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:

- The Township's Total Net Assets were \$4.3 million. Unrestricted net assets were \$3.1 million.
- During the year, the Township's governmental expenses were \$73,055 more than the \$1.3 million generated in taxes and other revenues for governmental programs.
- General fund expenditures exceeded revenues by \$39,514.

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 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 services during the current year, and whether taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations 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 acts solely as a trustee or agent for the benefit of those outside the government.

Financial Analysis of the Township as a Whole

Net assets

The Township's governmental activities net assets are \$2.4 million. The unrestricted governmental activities net assets are \$1.6 million. Business-type activities net assets are \$1.96 million with \$.5 million being invested in capital assets net of related debt.

Governmental Activities

The Township's governmental activity revenues were \$1.29 million this year and \$1.27 million last year. Property taxes were \$151,102 and \$143,618 for 2007 and 2006, respectively; property taxes were 12% and 11% of total revenues for 2007 and 2006, respectively. State revenue sharing made up \$577,043 or 30% of the total revenue and \$587,407 or 46% of the total revenue for 2007 and 2006 respectively. Charges for services were \$469,558 or 36% of the total revenue and \$463,081 or 36% of the total revenue for 2007 and 2006 respectively. The remaining General Fund revenues are comprised mostly of grants and interest revenue.

Business-Type Activities

During 2007, operating revenues of the Township's business-type activities increased \$9,387 from the prior year of \$178,047 to \$187,434. Operating expenses increased by \$3,636. Net changes from non-operating activities increased from revenue of \$36,932 to a revenue of \$78,895.

During 2006, operating revenues of the Township's business-type activities decreased \$6,526 from the prior year of \$184,573 to \$178,047. Operating expenses decreased by \$11,985. Net changes from non-operating activities increased from revenue of \$24,657 to a revenue of \$36,932.

Thetford Township's Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
					<u>Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$1,880,945	\$1,896,490	\$1,463,597	\$1,345,698	\$3,344,543	\$3,242,188
Capital assets	516,007	556,927	611,084	668,175	1,127,091	1,225,102
Total assets	<u>2,396,952</u>	<u>2,453,417</u>	<u>2,074,681</u>	<u>2,013,873</u>	<u>4,471,634</u>	<u>4,467,290</u>
Long-term liabilities outstanding	-	-	100,342	100,342	100,342	100,342
Other liabilities	35,022	18,432	18,011	19,209	53,033	37,641
Total liabilities	<u>35,022</u>	<u>18,432</u>	<u>118,353</u>	<u>119,551</u>	<u>153,375</u>	<u>137,983</u>
Net assets:						
Invested in capital assets, net of related debt	516,007	556,927	510,742	567,833	1,026,749	1,124,760
Restricted	226,399	211,611	-	-	226,399	211,611
Unrestricted	1,619,524	1,666,447	1,445,586	1,326,489	3,065,110	2,992,936
Total net assets	<u>\$2,361,930</u>	<u>\$2,434,985</u>	<u>\$1,956,328</u>	<u>\$1,894,322</u>	<u>\$4,318,258</u>	<u>\$4,329,307</u>

Thetford Township's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 469,558	\$ 463,081	\$ 187,434	\$ 178,047	\$ 656,992	\$ 641,128
Operating grants and Contributions	7,718	6,460	-	-	7,718	6,460
Capital grants and contributions	-	3,482	-	-	-	3,482
General revenues:						
Property taxes	151,102	143,618	-	-	151,102	143,618
Other taxes	577,043	587,407	-	-	577,043	587,407
Gain on sale of capital assets	12,970	-	-	-	12,970	-
Unrestricted earnings	68,964	67,575	78,895	36,932	147,859	104,507
Total revenues	<u>1,287,355</u>	<u>1,271,623</u>	<u>266,329</u>	<u>214,979</u>	<u>1,553,684</u>	<u>1,486,602</u>

Thetford Township's Changes in Net Assets – (continued)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Expenses:						
General government	688,206	612,447	-	-	688,206	612,447
Public safety	226,054	229,819	-	-	226,054	229,819
Public service	369,286	418,058	-	-	369,286	418,058
Health and welfare	55,118	58,822	-	-	55,118	58,822
Recreation and culture	21,746	20,421	-	-	21,746	20,421
Water and sewer	-	-	204,323	200,687	204,323	200,687
Total expenses	<u>1,360,410</u>	<u>1,339,567</u>	<u>204,323</u>	<u>200,687</u>	<u>1,564,733</u>	<u>1,540,254</u>
Increase (decrease) in net assets	(73,055)	(67,944)	62,006	14,292	(11,049)	(53,652)
Net assets - April 1, 2006	<u>2,434,985</u>	<u>2,502,929</u>	<u>1,894,322</u>	<u>1,880,030</u>	<u>4,329,307</u>	<u>4,382,959</u>
Net assets - March 31, 2007	<u>\$2,361,930</u>	<u>\$2,434,985</u>	<u>\$1,956,328</u>	<u>\$1,894,322</u>	<u>\$4,318,258</u>	<u>\$4,329,307</u>

Financial Analysis of the Township's Funds

As the Township completed the year, its General Fund reported a fund balance of \$1.63 million. This was a decrease of \$39,514 from the prior year. The Township's General Fund revenues excluding other financing sources were \$1.26 million this year and \$1.24 million last year.

Capital Assets

At the end of 2007, the Township had invested \$516,007 in capital assets, net of related debt.

Long-term Debt

At the end of the current fiscal year, Thetford Township had total debt outstanding of \$110,342. Of this amount, \$110,342 comprises debt backed by the full faith and credit of the government. Since the debt is non-interest bearing, a discount has been calculated at 8%. The discount amounted to \$15,106 at the end of the current fiscal years.

Thetford Township's Outstanding Debt
General Obligation and Revenue Bonds

	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Contracts payable	\$ -0-	\$100,342	\$100,342

Limitations on Debt

The State limits the amount of general obligation debt the Township can issue to 10% of the assessed value of all taxable property within the Township's corporate limits. Our legal debt limit is \$2.1 million. The Township's water and sewer is exempted from consideration in the 10% limit computation.

Budget

The budget for 2007 was amended as required by State law. Both the original budget and the amended budget have been shown in this document for 2007. The Township has again produced a timely and balanced budget for 2008.

Contacting the Township's Management

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

Basic Financial Statements

Government-wide Financial Statements

**Thetford Township
Statement of Net Assets
March 31, 2007**

Primary Government

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 639,390	\$ 171,684	\$ 811,074
Investments	1,056,384	1,130,153	2,186,537
Receivables	97,187	151,771	248,958
Due from other governments	92,446	5,527	97,973
Internal balances	(4,462)	4,462	-
Capital assets - land	113,320	-	113,320
Capital assets (net of accumulated depreciation)	402,687	611,084	1,013,771
Total assets	<u>2,396,952</u>	<u>2,074,681</u>	<u>4,471,633</u>
Liabilities			
Accounts payable and other current liabilities	26,073	18,011	44,084
Due to other governments	8,949	-	8,949
Noncurrent liabilities:			
Due within one year	-	36,211	36,211
Due in more than one year	-	64,131	64,131
Total liabilities	<u>35,022</u>	<u>118,353</u>	<u>153,375</u>
Net Assets			
Invested in capital assets, net of related debt	516,007	510,742	1,026,749
Restricted for:			
Perpetual care:			
Expendable	183,765	-	183,765
Nonexpendable	33,874	-	33,874
Senior center	1,042	-	1,042
Metro act	7,718	-	7,718
Unrestricted	1,619,524	1,445,586	3,065,110
Total net assets	<u>\$ 2,361,930</u>	<u>\$ 1,956,328</u>	<u>\$ 4,318,258</u>

See notes to financial statements.

**Thetford Township
Statement of Activities
Year Ended March 31, 2007**

Functions\Programs	Program Revenues			
Primary government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 688,206	\$ 121,893	\$ -	\$ -
Public safety	226,054	13,357	-	-
Public service	369,286	334,308	7,718	-
Health and welfare	55,118	-	-	-
Recreation and culture	21,746	-	-	-
Total governmental activities	1,360,410	469,558	7,718	-
Business-type activities				
Sewer and water	204,323	187,434	-	-
Total business-type activities	204,323	187,434	-	-
Total primary government	\$ 1,564,733	\$ 656,992	\$ 7,718	\$ -

General revenues:
 Property taxes
 Sales tax
 Investment earnings
 Gain on sale of capital assets

 Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (566,313)	\$ -	\$ (566,313)
(212,697)	-	(212,697)
(27,260)	-	(27,260)
(55,118)	-	(55,118)
(21,746)	-	(21,746)
(883,134)	-	(883,134)
-	(16,889)	(16,889)
-	(16,889)	(16,889)
(883,134)	(16,889)	(900,023)
151,102	-	151,102
577,043	-	577,043
68,964	78,895	147,859
12,970	-	12,970
810,079	78,895	888,974
(73,055)	62,006	(11,049)
2,434,985	1,894,322	4,329,307
\$ 2,361,930	\$ 1,956,328	\$ 4,318,258

Fund Financial Statements

**Thetford Township
Balance Sheet
Governmental Fund:
March 31, 2007**

	General Fund	Special Revenue Cemetery	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 578,373	\$ 58,133	2,884	\$ 639,390
Investments	903,363	153,021	-	1,056,384
Receivables:				
Property taxes	49,162	-	-	49,162
Accounts	14,395	-	-	14,395
Accrued interest	29,245	4,385	-	33,630
Due from other funds	-	2,100	33,874	35,974
Due from other government:	92,446	-	-	92,446
Total assets	\$ 1,666,984	\$ 217,639	\$ 36,758	\$ 1,921,381
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 21,048	\$ -	\$ -	\$ 21,048
Deposits and advances	5,025	-	-	5,025
Due to other funds	6,562	33,874	-	40,436
Due to other governmental units	8,949	-	-	8,949
Total liabilities	41,584	33,874	-	75,458
Fund Balances				
Reserved for:				
Senior center	1,042	-	-	1,042
Metro act	7,718	-	-	7,718
Perpetual care	-	-	33,874	33,874
Unreserved, designated				
Subsequent year's expenditures	123,399	-	-	123,399
Unreserved, undesignated, reported in				
General fund	1,493,241	-	-	1,493,241
Special revenue	-	183,765	2,884	186,649
Total fund balances	1,625,400	183,765	36,758	1,845,923
Total liabilities and fund balances	\$ 1,666,984	\$ 217,639	\$ 36,758	\$ 1,921,381

See notes to financial statements.

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

Fund balances reported in governmental funds	\$ 1,845,923
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.	<u>516,007</u>
Net assets of governmental activities	<u><u>\$ 2,361,930</u></u>

See notes to financial statements.

**Thetford Township
Governmental Fund:
Statement of Revenue, Expenditures, and Changes in Fund Balance
Year Ended March 31, 2007**

	General Fund	Special Revenue <u>Cemetery</u>	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 151,177	\$ -	\$ -	\$ 151,177
Special assessments	14,873	-	-	14,873
Licenses and permits	44,590	-	-	44,590
Intergovernmental - State	584,761	-	-	584,761
Charges for services	382,979	-	-	382,979
Interest and dividends	63,271	6,392	-	69,663
Rent	5,676	-	-	5,676
Sale of lots	-	1,800	-	1,800
Other	13,228	2,406	3,232	18,866
	<hr/>			
Total revenue	1,260,555	10,598	3,232	1,274,385
<hr/>				
Expenditures				
Current:				
Legislative	94,877	-	-	94,877
General government	516,865	3,538	-	520,403
Public safety	224,963	-	-	224,963
Public works	354,062	-	-	354,062
Health and welfare	45,926	-	-	45,926
Recreation and culture	12,416	-	3,413	15,829
Insurance and bonds	50,460	-	-	50,460
	<hr/>			
Total expenditures	1,299,569	3,538	3,413	1,306,520
<hr/>				
Excess of Revenues Over (Under) Expenditures	(39,014)	7,060	(181)	(32,135)
<hr/>				
Other Financing Sources (Uses)				
Transfers	(500)	-	500	-
	<hr/>			
Net Change in Fund Balance:	(39,514)	7,060	319	(32,135)
<hr/>				
Fund Balances - Beginning of year	1,664,914	176,705	36,439	1,878,058
<hr/>				
Fund Balances -End of year	\$ 1,625,400	\$ 183,765	\$ 36,758	\$ 1,845,923
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See notes to financial statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (32,135)

Amounts reported for governmental activities in the statement of activities (pages 9-10) are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	35,405
Depreciation Expense	(68,396)
Net book value of assets disposed of	<u>(7,929)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (73,055)</u></u>

See notes to financial statements.

**Thetford Township
Proprietary Fund
Statement of Net Assets
March 31, 2007**

	Enterprise Fund
	Sewer and Water
Assets	
Current assets:	
Cash and cash equivalents	\$ 171,684
Investments	1,130,153
Receivables:	
Accounts	35,925
Unbilled utility	32,824
Tap-in fees	195
Accrued interest	82,827
Due from other funds	4,462
Due from other governments	5,527
Total current assets	1,463,597
Capital assets - net of accumulated depreciation	611,084
Total assets	2,074,681
Liabilities	
Current liabilities:	
Accounts payable	18,011
Non current liabilities:	
Due within one year	36,211
Due within more than one year	64,131
Total liabilities	118,353
Net assets	
Invested in capital assets, net of related debt	510,742
Unrestricted	1,445,586
Total net assets	\$ 1,956,328

See notes to financial statements.

**Thetford Township
Proprietary Fund
Statement of Revenue, Expenses, and Changes in Fund Net Asset
Year Ended March 31, 2007**

	Enterprise Fund
	Sewer and Water
Operating Revenue	
Charges for services	\$ 183,105
Interest and penalties	3,280
Total operating revenue	186,385
Operating Expenses	
Depreciation	57,091
Maintenance cost	25,500
Service fees	120,976
Agent fees	54
Total operating expenses	203,621
Operating Loss	(17,236)
Nonoperating Revenue (Expenses)	
Tap-in fees	1,049
Interest and dividend income	78,895
Interest expense	(702)
Total nonoperating revenues	79,242
Change in Net Assets	62,006
Net Assets - Beginning of the year	1,894,322
Net Assets - End of the year	\$ 1,956,328

See notes to financial statements.

**Thetford Township
Proprietary Fund
Statement of Cash Flow
Year Ended March 31, 2007**

	Enterprise Fund
	Sewer and Water
Cash Flows from Operating Activities	
Receipts from customers	\$ 177,804
Payments to suppliers	(147,728)
Net cash provided by operating activities	30,076
Cash Flows from Capital and Related Financing Activities	
Capital contributions	1,049
Interest paid on long term debt	(702)
Net cash provided by capital and related financing activities	347
Cash Flows from Investing Activities	
Increase in investments	(271,144)
Interest on investments and tap-in fees	82,277
Net cash used in investing activities	(188,867)
Net Decrease in Cash and Cash Equivalents	(158,444)
Cash and Cash Equivalent: - Beginning of year	330,128
Cash and Cash Equivalents -End of year	\$ 171,684
 Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating loss	\$ (17,236)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	57,091
Changes in assets and liabilities:	
Receivables	(8,582)
Accounts payable	(1,197)
Net cash provided by operating activities	\$ 30,076

Non-cash Transactions:

The water bond issue is recorded at a discount. The discount is amortized over the life of the bond. The amount of discount recognized in 2007 related to the bond issue is \$14,520.

See notes to financial statements.

**Thetford Township
Fiduciary Funds
Statement of Fiduciary Net Assets
March 31, 2007**

	Agency Funds		
	Trust and Agency	Tax Collections	Total
Assets			
Cash and cash equivalents	\$ 7,473	\$ 2,640	\$ 10,113
Total assets	\$ 7,473	\$ 2,640	\$ 10,113
Liabilities			
Deposits and advances	\$ 6,823	\$ -	\$ 6,823
Accounts Payable	650	2,640	3,290
Total liabilities	\$ 7,473	\$ 2,640	\$ 10,113

See notes to financial statements.

Notes to Basic Financial Statements

Thetford Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies

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

A. Reporting entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Thetford Township, Michigan (the primary government). Component units would be included in the Township's reporting entity because of the significance of their operational or functional relationships with the primary government. The Township had no component units at March 31, 2007.

The following organizations are not considered component units of Thetford Township and are excluded from the accompanying financial statements for the reasons stated.

Clio Area Library and Clio Area Fire Authority:

- Financed by other communities besides the Township of Thetford
- Serves several communities outside the Township
- Thetford Township has no obligation to fund deficits of the library or guarantee its debt; nor is it responsible for approving the library's operating budget.

The Clio Area Library and Clio Area Fire Authority have June 30 and March 31 year ends, respectively. Audited financial statements of both organizations for the years ended June 30, 2006 and March 31, 2007 are available for public inspection at Thetford Township.

B. Government-wide and fund financial statements

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

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

Thetford Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

B. Government-wide and fund financial statements – (continued)

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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are 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 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. 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 township 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, expenditures relating to compensated absences and claims and judgments, are recorded only when payment is due.

The following major revenue sources meet the availability criterion: state shared revenue and interest associated with the current fiscal period. Conversely, special assessments will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

The township reports the following major governmental fund:

The General Fund is the township’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 Perpetual Care Permanent Fund is used to account for principle trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery. The permanent fund is used to report resources that are legally restricted to the extent that only earnings, no principle, may be used for purposes that support the reporting government’s programs.

The government reports the following major proprietary fund:

The Water Supply and Sewer Disposal System. Separate funds are not maintained for the operations of the water distribution system and sewage pumping and collection systems that transmit the sewage to Genesee County’s treatment plant.

Thetford Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Additionally, the government reports the following fund types:

Agency Funds account for assets held by the Township as an agent for individuals, private organizations and other governments.

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. The township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise 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 an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

D. Property Taxes

Property taxes attach as an enforceable lien on property as of December 1. Taxes are also levied on December 1, and are payable without penalty through February 28. The Township bills and collects its own property taxes and also taxes for the county and several school districts within its jurisdiction. Collections and remittances of the county and school taxes are accounted for in the Current Tax Agency Fund.

The Township is permitted by law to levy up to \$1.00 per \$1,000 (1 mill) of taxable value for general governmental services other than the payment of principal and interest on long-term debt. The tax rate to finance such general governmental services for the year ended March 31, 2007, was \$.9340 per \$1,000. The Township is permitted to levy unlimited amounts for payment of existing general long-term debt obligations. As of March 31, 2007, \$-0- per \$1,000 of taxable valuation was being levied for long-term debt retirement. The Township also assesses a garbage assessment of \$131 per household.

Thetford Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

E. Assets, liabilities, and net assets or equity

1. Deposits

Cash deposits are carried at cost plus accrued interest and consist of checking accounts and short-term investments with original maturity of three months or less from the date of acquisition.

2. Investments:

Investments for the Township, are stated at fair value. Certificates of deposit with a maturity date of three months or greater at time of purchase are recorded as investments on the financial statements.

3. Receivables and payables

In general, outstanding balances between funds are reported as “due to/from other funds” and activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectibles.

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 governmental or business-type activities 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 and a useful life over 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 the date of donation.

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired beginning with the fiscal year ended March 31, 2005. Prior to the implementation of GASB No. 34, records on these assets were not maintained.

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-30
Vehicles	5-15
Equipment and furniture	3-10
Computer equipment	3
Roads	15

Thetford Township
Notes to Financial Statements
March 31, 2007

I. Summary of significant accounting policies – (continued)

E. Assets, liabilities, and net assets or equity - (continued)

5. Accumulated unpaid sick pay

Full-time, permanent employees are granted five personal days each year. Any unused personal days may be accumulated for a maximum of 50 days over a 10-year period, at which time, if unused, will expire. Upon termination any unused personal days will be compensated.

Full-time employees are granted vacation benefits in varying amounts depending on tenure with the Township. Failure to take vacation time in one year does not entitle the employee to additional time off at any future date. On separation from employment for reasons other than cause or resignation without notice, an employee shall receive vacation pay for any accrued vacation.

6. Long-term obligations

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 statement of net assets.

- Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
- The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. 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.

8. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the period. Actual results could differ from those estimates.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them, for the General Fund.

Thetford Township
Notes to Financial Statements
March 31, 2007

II. Stewardship, compliance, and accountability - (continued)

A. Budgetary information – (continued)

2. A public hearing is conducted at the Township Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental level for General fund through passage of a resolution and in accordance with Public Act 621 of 1978 of the State of Michigan. No budget was adopted for the Cemetery Special Revenue Fund. The budget to actual comparison is shown more detailed than the level the budget is adopted on.
4. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budget appropriations lapse at year-end, except for certain federal grants which are appropriated on a contract (grant) length basis.
6. The original budget was amended during the year in compliance with the Township bylaws and applicable state laws.

B. Excess of expenditures over appropriations

The following funds incurred expenditures in excess of appropriations (at departmental levels) as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund:			
Supervisor	\$ 62,663	\$ 65,506	\$ 2,843
Legal	15,000	68,421	53,421
Health Benefits	85,750	136,599	50,849
Public safety – board of appeals	1,730	2,702	972
Public works – street lights	10,700	10,713	13
Recreation and culture – park pavilion	1,300	2,477	1,177
Transfers out	-	500	500

C. Building department revenues and expenses

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed the revenues. The Township chose the latter because historically the expenditures have exceeded revenues. The activity related to construction code activity for the year ended March 31, 2007 is as follows:

Construction permit revenue	\$ 11,111
Expenditures:	
Professional services	<u>18,172</u>
Revenue under expenditures	<u>\$ (7,061)</u>

Thetford Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds

A. Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances 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 subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The government has designated six banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$ 2,475,969 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

B. Receivables

Receivables as of year end for the Township's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	General <u>Fund</u>	Perpetual <u>Care</u>	Nonmajor and Other <u>Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 49,162	\$ -	\$ -	\$ 49,162
Accounts	14,395	-	-	14,395
Interest	29,245	4,385	-	33,630
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	92,802	4,385	-	97,187
Less: allowance for uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net total receivables	<u>\$ 92,802</u>	<u>\$ 4,385</u>	<u>\$ -0-</u>	<u>\$ 97,187</u>

Thetford Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds - (continued)

B. Receivables - (continued)

Business type activities:

	<u>Water and Sewer</u>
Receivables:	
Accounts	\$ 68,749
Interest	82,827
Special assessments	<u>195</u>
Gross receivables	151,771
Less: allowance for uncollectibles	<u>-</u>
Net total receivables	<u><u>\$151,771</u></u>

C. Capital assets

Capital asset activity for the year ended March 31, 2007 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 113,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,320</u>
Total capital assets, not being depreciated	<u>113,320</u>	<u>-</u>	<u>-</u>	<u>113,320</u>
Capital assets, being depreciated:				
Buildings	715,356	-	-	715,356
Building improvements	338,410	-	-	338,410
Computers	17,491	-	-	17,491
Furniture	45,246	1,505	-	46,751
Machinery, vehicles, and equipment	312,634	33,900	(29,100)	317,434
Infrastructure	<u>228,362</u>	<u>-</u>	<u>-</u>	<u>228,362</u>
Total capital assets being depreciated	1,657,499	35,405	(29,100)	1,663,804
Less accumulated depreciation for:				
Buildings	645,969	15,829	-	661,798
Building improvements	231,222	6,477	-	237,699
Computers	15,821	835	-	16,656
Furniture	45,153	144	-	45,297
Machinery, vehicles, and equipment	245,279	29,887	(21,171)	267,237
Infrastructure	<u>30,448</u>	<u>15,224</u>	<u>-</u>	<u>45,672</u>
Total accumulated depreciation	<u>1,213,892</u>	<u>68,396</u>	<u>(21,171)</u>	<u>402,687</u>
Total capital assets, being depreciated, net	<u>443,607</u>	<u>(32,991)</u>	<u>(7,929)</u>	<u>402,687</u>
Governmental activities capital assets, net	<u><u>\$ 556,927</u></u>	<u><u>\$ (32,991)</u></u>	<u><u>\$ (7,929)</u></u>	<u><u>\$ 516,007</u></u>

Thetford Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds – (continued)

C. Capital assets – (continued)

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 2,283,611	\$ -	\$ -	\$2,283,611
Total capital assets, being depreciated	2,283,611	-	-	2,283,611
Less accumulated depreciation for:				
Improvements other than buildings	(1,615,436)	(57,091)	-	(1,672,527)
Total accumulated depreciation	(1,615,436)	(57,091)	-	(1,672,527)
Total capital assets, being depreciated, net	<u>\$ 668,175</u>	<u>\$ (57,091)</u>	<u>\$ -0-</u>	<u>\$ 611,084</u>

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

Governmental activities:

Current:

General government	\$ 36,973
Public safety	1,090
Public works	15,224
Health and welfare	9,192
Recreation and cultural	<u>5,917</u>

Total depreciation expense - governmental activities \$ 68,396

Business-type activities:

Sewer and water \$ 57,091

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of March 31, 2007 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer	General	\$ 4,462
Cemetery	General	2,100
Nonmajor government funds	Cemetery	<u>33,874</u>
		<u><u>\$ 6,562</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Thetford Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds – (continued)

D. Interfund receivables, payables, and transfers – (continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund providing resources</u>	<u>Fund receiving resources</u>	<u>Amount</u>
General Fund	Parks and Recreation Fund	\$500

The transfer from the General Fund to the Parks and Recreation Fund represents the use of unrestricted resources to finance the program.

E. Lease

The Township leases equipment under an operating lease agreement with De Lage Landen in January 2005. Total costs for the lease were \$1,716 for the current year. The monthly payments are \$142.96 and the life of the lease is 48 months. The minimum future lease payments are listed below:

<u>Year</u>	
2008	\$ 1,716
2009	<u>1,287</u>
	<u>\$ 3,003</u>

F. Long-term debt

The government issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Contractual agreements and installment purchase agreements are also general obligations of the government.

The following is a summary of Business-Type long-term liability activity of the Township for the year ended March 31, 2007:

Business-type activities:	
Long-term debt payable at April 1, 2006	\$115,448
Principal payments made	-
Total business-type Activities long-term debt at March 31, 2007	115,448
Less discount	(15,106)
	<u>\$100,342</u>

Thetford Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds – (continued)

F. Long-term debt – (continued)

A summary of long-term liability transactions for the year ended March 31, 2007, and the composition of the March 31, 2007, long-term debt balance follows:

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Balance at April 1, <u>2006</u>	Payments During <u>Year</u>	Discount Amortized <u>During Year</u>	Balance at March 31, <u>2007</u>	Due Within <u>One Year</u>
Business activities:							
Contract payable							
Genesee County							
– sewer line	3/09	5%	\$ 29,392	\$ -	\$ -	\$ 29,392	\$ 14,697
Contract payable							
– water line	3/2011	8	<u>70,950</u>	-	-	<u>70,950</u>	<u>21,514</u>
Total business-			<u>\$100,342</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$100,342</u>	<u>\$ 36,211</u>
type activities							

Contracts payable:

The Township has entered into contracts with the County of Genesee for the construction of sewer and water lines. Pursuant to these contracts, the County has sold bond issues for the construction of a sanitary sewage disposal system, a sewer trunk system, a sewer lateral system, and a water supply system. The full faith and credit of the Township has been pledged to the prompt payment of the principal and interest thereon, as it becomes due. As of March 31, 2007, all principal and interest payments due have been made. The Township does not maintain accounts or records pertaining to the issuance of bonds or the disposition of proceeds. The Township participates with a number of other municipalities in the construction and paying off of the debt on the countywide sanitary sewage disposal system. Only the Township's percentage of debt has been recorded in the Township's financial statements. The total principal outstanding on the sewer contract at March 31, 2007 is \$14,695.

The water line contract is non-interest bearing. The face amount of the contract at March 31, 2007 is \$86,056. The discount has been calculated at 8%. Only the principal portion of the note has been shown as a liability.

Year Ending <u>March 31</u>	<u>Face</u>	<u>Discount</u>	<u>Principal</u>
2008	\$ 21,514	\$ 5,560	\$ 15,954
2009	21,514	4,460	17,054
2010	21,514	3,492	18,022
2011	<u>21,514</u>	<u>1,594</u>	<u>19,920</u>
	<u>\$ 86,056</u>	<u>\$ 15,106</u>	<u>\$ 70,950</u>

Thetford Township
Notes to Financial Statements
March 31, 2007

III. Detailed notes on all funds – (continued)

F. Long-term debt – (continued)

Act 359, Public Acts of State 1947, as amended, provides that net indebtedness of municipalities cannot exceed 10% of the assessed real and personal property in the Township. As of March 31, 2007, Thetford Township has not incurred any indebtedness which would be limited under Act 359. The Township's existing sewer and water debts are specifically exempted from consideration in the 10% limit computation.

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real property	\$195,467,170	\$ 145,036,320
Qualified real property	-	-
Personal property	15,450,740	15,444,400
Total	\$210,917,910	\$ 160,480,720

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omission, and employee injuries. The Township has purchased commercial insurance for coverage of all claims except employee unemployment benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays unemployment claims on a reimbursement basis.

B. Deferred compensation and other post-employment benefits

Deferred compensation:

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Township also uses this plan to provide pension benefits for all of its full time employees at least eighteen years of age. The plan is on a calendar year. An employee must contribute 2.5 percent of their compensation and may make an additional voluntary contribution of up to 10% of their annual compensation. Payroll costs of all employees and plan participants amounted to \$316,442 and \$225,283, respectively in fiscal year 2007. During the current year, the General Fund contributed the Township's portion of the pension cost, amounting to \$22,521, which is 10% of eligible wages. Employees made required and voluntary contributions to the plan during the current year. The plan is administered by the Township Clerk. Investments are made through GLP Investment Services which hold the assets of the plan within a trust. As a result, the plan assets are not reflected on the financial statements since the Township has no fiduciary or administrative responsibility for these plans. It is the policy of the Township to pay the pension costs as accrued.

The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. The normal retirement age under this plan is sixty-five.

Thetford Township
Notes to Financial Statements
March 31, 2007

IV. Other information – (continued)

B. Retirement plans and other post-employment benefits – (continued)

Post employment benefits other than pension:

The Township provides health benefits to certain employees after they retire or leave office. The ordinance provides that health, medical, and dental care benefits will be provided to eligible retirees if similar benefits are not available to the retiree. All employees and elected or appointed officials with a minimum of 10 years of service are eligible. The Township provides premium coverage based on a point system in which one point per year is given for number of years served plus years of age at retirement to determine benefit coverage. Full coverage is provided if 75 total points are attained and half coverage if at least 65 total points are attained. For the current year there were six eligible employees. The cost paid by the Township was \$43,235.

Upcoming reporting change: The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended March 31, 2009.

C. Segment information for Enterprise Funds

The Township maintains an Enterprise Fund which provides water and sewer services. Segment information for the year ended March 31, 2007, is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ -	\$ 186,385	\$ 186,385
Depreciation	10,500	46,591	57,091
Operating income (loss)	(10,500)	(6,736)	(17,236)
Non-operating revenues (expenses)	-	79,242	79,242
Net income (loss)	(10,500)	72,506	62,006
Plant, property, and equipment	325,490	285,594	611,084
Current assets	1,461	1,462,136	1,463,597
Current liabilities	321	17,690	18,011
Long term debt:			
Bond payable	70,950	29,392	100,342
Discount on bond	(15,106)	-	(15,106)
Net working capital			
Total equity:			
Invested in capital assets	254,540	256,202	510,742
Unrestricted	1,140	1,444,446	1,445,586
Total assets	510,220	1,564,461	2,074,681

Thetford Township
Notes to Financial Statements
March 31, 2007

IV. Other information – (continued)

D. Joint governed organizations

In April 1976, the Thetford Township entered into a joint governed organization with the City of Clio and the Charter Township of Vienna to create the Clio Area Fire Authority (this agreement was amended March 2007).

The purpose of this joint venture was to obtain adequate fire protection for residents of the Township. The amended agreement provides for each of the three municipalities to contribute the equivalent of one mill of the state equalized valuation of real and personal property within their boundaries or an equal amount from the general fund by April 1st of each year. The contribution made by Thetford Township during 2007 was \$153,925. The agreement does not state any fixed shares of interest to be owned by the municipalities. However, if a municipality should withdraw from the Authority, the distribution of equipment or cash equivalent to the withdrawing unit's share shall be determined by unanimous consent of the members. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the future. The contract has been amended with an effective date of April 1, 2007.

The following is a summary of selected financial information from the last available statement of the Clio Area Fire Authority:

	<u>Year Ended</u> <u>March 31, 2007</u>
Total assets	\$1,489,207
Total liabilities	39,452
Total fund equity	1,449,755
Total revenues	599,502
Total expenditures	513,740

The Clio Area Library was formed by the City of Clio, Charter Township of Vienna, and Thetford Township effective March 20, 1978, replacing the library fund previously operated by the City of Clio. The Library's operation is funded by contributions made by the participating units. Each unit's contribution is based on the usage rate of the library system by its residents. The contribution paid by Thetford Township during 2007 was \$7,303. Should any participating municipality decide to withdraw from the Clio Area Library, it is to give written notice and, upon a favorable vote of the majority, will be released from the agreement. The agreement does not state any fixed shares of interest to be owned by the municipalities. However, if a municipality should withdraw from the Authority, the distribution of equipment or cash equivalent to the withdrawing unit's share would be determined by unanimous consent of the members. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the future.

The following is selected financial information of the Clio Area Library from the latest audited financial statements:

	<u>Year Ended</u> <u>June 30, 2006</u>
Total assets	\$267,516
Total liabilities	-
Total fund equity	267,516
Total revenues	43,265
Total expenditures	51,248

Thetford Township
Notes to Financial Statements
March 31, 2007

IV. Other information – (continued)

E. Summary disclosure of contingent liabilities

Grants:

The Township participates in the Department of Housing and Urban Development Community Block Grant Program. These programs are subject to compliance audits by the granting agency. During the year ended March 31, 2007, the Township was not required to have a compliance audit performed in accordance with the Single Audit Act of 1984. The amount, if any, of expenditures which may be subsequently disallowed by the granting agency cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

Water Line:

The Township Board passed a resolution for the North Loop Water Line which will commit the Township to long-term bond debt through Genesee County.

F. Commitments

The Township has committed to a multiyear refuse collection agreement through March 31, 2009 at the following rates: April 1, 2007 through March 31, 2008 at \$10.93 per month per unit; and April 1, 2008 through March 31, 2009 at \$11.20 per month per unit. The approximate number of units billed per month is 2,400.

The Township has committed \$24,090 for excavating and \$47,118 for engineering related to the expansion of the cemetery.

Required Supplemental Information

Thetford Township
Required Supplemental Information
Budgetary Comparison Schedule-General Fund
Year Ended March 31, 2007

	<u>Budget</u>			Variance with Amended Budget
	Original	Amended	Actual	
Revenue				
Property taxes	\$ 146,500	\$ 146,500	\$ 151,177	\$ 4,677
Special assessments	14,950	14,950	14,873	(77)
Licenses and permits	50,450	50,450	44,590	(5,860)
Intergovernmental:				
Federal	157,000	157,000	-	(157,000)
State	602,400	602,400	584,761	(17,639)
Charges for services	392,800	392,800	382,979	(9,821)
Interest and dividends	55,000	55,000	63,271	8,271
Rent	6,000	6,000	5,676	(324)
Other	7,800	7,800	13,228	5,428
	<hr/>			
Total revenue	1,432,900	1,432,900	1,260,555	(172,345)
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Expenditures				
Legislative:				
Township board	\$ 102,295	\$ 102,295	94,877	\$ 7,418
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General government				
Supervisor	59,274	62,663	65,506	(2,843)
Election	15,950	15,950	14,332	1,618
Assessor	23,600	23,600	19,507	4,093
Legal	15,000	15,000	68,421	(53,421)
Clerk	50,992	50,992	48,055	2,937
Board of review	2,975	2,975	2,381	594
Treasurer	60,855	60,855	56,627	4,228
Buildings and grounds	102,143	94,826	89,909	4,917
Health benefits	85,750	85,750	136,599	(50,849)
Cemetery	19,200	19,200	15,528	3,672
	<hr/>			
Total general government	435,739	431,811	516,865	(85,054)
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Public safety:				
Police protection	53,368	53,368	46,471	6,897
Fire protection	154,000	154,000	153,925	75
Building inspector	23,100	23,100	18,172	4,928
Planning commission	3,700	3,700	1,443	2,257
Board of appeals	1,730	1,730	2,702	(972)
Disaster emergency	500	500	-	500
Traffic lights	2,500	2,500	2,250	250
	<hr/>			
Total public safety	238,898	238,898	224,963	13,935
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Thetford Township
Required Supplemental Information
Budgetary Comparison Schedule-General Fund
Year Ended March 31, 2007

	<u>Budget</u>			Variance with Amended Budget
	Original	Amended	Actual	
Public works:				
Drains-at-large	16,000	16,000	15,590	410
Roads	80,500	80,500	17,206	63,294
Street lights	10,700	10,700	10,713	(13)
Garbage collection	320,000	320,000	310,553	9,447
Water line	157,000	157,000	-	157,000
Total public works	584,200	584,200	354,062	230,138
Health and welfare:				
Senior center	44,115	51,394	45,926	5,468
Recreation and culture:				
Park pavilion	1,300	1,300	2,477	(1,177)
Parks	1,000	1,000	-	1,000
Recreation hall	6,700	6,700	1,861	4,839
Library	8,560	8,560	8,078	482
Total recreation and culture	17,560	17,560	12,416	5,144
Insurance and bonds	50,000	50,000	50,460	(460)
Total expenditures	1,472,807	1,476,158	1,299,569	176,589
Deficiency of Revenue Under Expenditure	(39,907)	(43,258)	(39,014)	4,244
Other Financing Uses:				
Transfers out	-	-	(500)	(500)
Net Change in Fund Balance:	(39,907)	(43,258)	(39,514)	3,744
Fund Balances - Beginning of year	1,664,914	1,664,914	1,664,914	-
Fund Balances -End of year	\$ 1,625,007	\$ 1,621,656	\$ 1,625,400	\$ 3,744

Other Supplemental Information

**Thetford Township
Nonmajor Governmental Funds
Combining Balance Sheet
March 31, 2007**

	Permanent Fund Perpetual Care	Special Revenue Parks and Recreation	Total
Assets			
Cash and cash equivalents	\$ -	2,884	\$ 2,884
Due from other funds	33,874	-	33,874
Total assets	\$ 33,874	\$ 2,884	\$ 36,758
Fund Balances			
Fund Balances			
Reserved for:			
Perpetual care	\$ 33,874	\$ -	\$ 33,874
Unreserved	-	2,884	2,884
Total fund balances	\$ 33,874	\$ 2,884	\$ 36,758

Thetford Township
Nonmajor Governmental Funds
Combing Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended March 31, 2007

	<u>Permanent Fund</u>	<u>Special Revenue</u>	
	<u>Perpetual Care</u>	<u>Parks and Recreation</u>	<u>Total</u>
Revenue			
Other	\$ -	\$ 3,232	\$ 3,232
Total revenue	-	3,232	3,232
Expenditures			
Current:			
Recreation and culture	-	3,413	3,413
Total expenditures	-	3,413	3,413
Deficiency of Revenue Under Expenditures	-	(181)	(181)
Other Financing Sources			
Transfers	-	500	500
Net Change in Fund Balances	-	319	319
Fund Balances - Beginning of year	33,874	2,565	36,439
Fund Balances - End of year	\$ 33,874	\$ 2,884	\$ 36,758



Report on Internal Control

August 23, 2007

To Members of the Board
Thetford Township
Clio, Michigan

Dear Board Members:

Beginning with this year's audit, national auditing standards now call for auditors to communicate matters to the governing body that may be useful in its oversight of the Township's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards are to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope the new **Report on Internal Control** will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of Thetford Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 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 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:

Investments

The certificates of deposits are not being reconciled to the general ledger. Without reconciling to the general ledger, there is no way of ensuring that all certificates of deposit are properly accounted for. We recommend that the certificates of deposit be reconciled to the general ledger on a monthly basis.

Sewer and Water Reconciliation

Genesee County Water & Waste provides a monthly aged trial balance for the sewer and water receivables. This aged trial balance is not reconciled to the general ledger on a regular basis. We recommend that the aged trial balance is reconciled to the general ledger on a monthly basis.

Audit Adjustments

There was a significant amount of audit adjustments proposed during the course of the audit engagement. Due to the fact that the Township did not identify and record these adjustments, they are considered to be a significant deficiency.

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. We believe that the deficiencies identified above constitute material weaknesses.

Personnel Manual

The personnel manual needs to be amended to agree to the actual deferred compensation plan. The deferred compensation plan requires the employee to contribute 2.5% to be eligible to receive the employer contribution of 10%. The employee manual does not mention the mandatory employee contribution.

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

Sincerely,

Plante & Moran, PLLC



Peggy Haw Jury, CPA