

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 CROTON TOWNSHIP	County NEWAYGO
Fiscal Year End 3/31/07	Opinion Date 7/16/07	Date Audit Report Submitted to State 7/25/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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) BRICKLEY DELONG PLC		Telephone Number 231-726-5800	
Street Address 316 MORRIS AVE		City MUSKEGON	State Zip MI 49443
Authorizing CPA Signature <i>Timothy D. Arter, CPA</i> <i>for Brickley DeLong, PLC</i>		Printed Name TIMOTHY D. ARTER	License Number 10253

Croton Township
Newaygo County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended March 31, 2007

Croton Township

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As management of Croton Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of Croton Township for the fiscal year ended March 31, 2007. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

FINANCIAL HIGHLIGHTS

- The General Fund fund balance increased by \$87,210 due in part to conservative fiscal decisions made by management.
- The Township has spent \$75,032 on the construction of the new fire station.
- The Township funded multiple road projects during the year. The total amount spent on road improvements during the year was \$181,382. This was a decrease from the prior years due to weather not permitting planned projects to be completed.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

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

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

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business type activities). The governmental activities of Croton Township include general government, public safety, public works, community and economic development and cultural and recreational activities. The sole business-type activity of the Township is the campground.

Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Croton Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories- governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

Croton Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and other major funds. Data from the other funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

Croton Township has one enterprise fund, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its campground operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund and other major funds.

Government-wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net assets for Croton Township. The governmental activities current assets and other assets increased due to an overall increase in net assets. Capital assets increased due primarily to the purchase of a new fire truck off set by normal depreciation.

As stated earlier, the net assets may be used as an indicator of a government's financial health. As of March 31, 2007, the Township's net assets from governmental activities totaled \$2,050,537 (85%) and \$368,523 (15%) from business-type activities, creating total government-wide net assets of \$2,419,060.

In examining the composition of these net assets, the reader should note that governmental activities net assets are invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. The restricted net assets of \$866,441 represent funds legally restricted for various purposes. The unrestricted net assets for governmental-type activities actually depict net assets of \$399,515. This represents the amount of discretionary resources available for governmental operations.

The business-type activities net assets are comprised of invested in capital assets of \$205,003, which represents the campgrounds' investment in capital assets less depreciation. The balance is unrestricted net assets which can be used for campground operations.

	Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Current assets and other assets	\$ 1,272,722	\$ 1,106,829	\$ 190,532	\$ 172,640	\$ 1,463,254	\$ 1,279,469
Capital assets	784,581	749,261	205,003	218,138	989,584	967,399
Total assets	2,057,303	1,856,090	395,535	390,778	2,452,838	2,246,868
Current liabilities	6,766	5,933	27,012	17,688	33,778	23,621
Net assets						
Invested in capital assets	784,581	749,261	205,003	218,138	989,584	967,399
Restricted	866,441	796,830	-	-	866,441	796,830
Unrestricted	399,515	304,066	163,520	154,952	563,035	459,018
Total net assets	\$ 2,050,537	\$ 1,850,157	\$ 368,523	\$ 373,090	\$ 2,419,060	\$ 2,223,247

Governmental Activities

The following table shows that governmental activities increased by \$200,380 (11%) during the year. With all of the Township’s governmental operations combined, the net result was that its operating revenues exceeded its operating expenditures, producing the resulting net assets. Property tax revenues increased due to an increase in taxable values. Miscellaneous revenues increased due to a reimbursement received for cost incurred by the Township. Public safety decreased due to a drop in professional services related to construction of the new fire barn. Public works decreased due to a drop in road maintenance and construction. Culture and recreation decreased due to the closing of the Croton branch of the library.

Business-type Activities

At the end of the fiscal year, the net assets for business-type activities decreased by \$4,567 or 1%. This is an improvement from the prior year, which decreased by \$8,237. The improvement is due primarily to an increase in charges for services due to better weather along with tighter cost controls.

Changes in Net Assets

	Changes in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$ 82,356	\$ 87,942	\$ 190,223	\$ 176,480	\$ 272,579	\$ 264,422
Operating grants and contributions	1,650	1,403	-	-	1,650	1,403
Capital grants and contributions	300	7,228	-	-	300	7,228

Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General revenues						
Property taxes	\$ 529,414	\$ 479,175	\$ -	\$ -	\$ 529,414	\$ 479,175
Franchise fees	4,307	4,709	-	-	4,307	4,709
Grants and contributions not restricted	208,515	208,884	-	-	208,515	208,884
Unrestricted investment earnings	39,450	23,647	5,964	4,601	45,414	28,248
Miscellaneous	45,684	15,166	-	-	45,684	15,166
Gain on sale of capital assets	-	1,200	100	-	100	1,200
Total revenues	<u>911,676</u>	<u>829,354</u>	<u>196,287</u>	<u>181,081</u>	<u>1,107,963</u>	<u>1,010,435</u>
Expenses:						
General government	251,059	254,797	-	-	251,059	254,797
Public safety	135,482	169,669	-	-	135,482	169,669
Public works	278,917	304,408	-	-	278,917	304,408
Community and economic development	43,127	41,783	-	-	43,127	41,783
Culture and recreation	2,711	30,097	-	-	2,711	30,097
Campground	-	-	200,854	189,318	200,854	189,318
Total expenses	<u>711,296</u>	<u>800,754</u>	<u>200,854</u>	<u>189,318</u>	<u>912,150</u>	<u>990,072</u>
Change in net assets	200,380	28,600	(4,567)	(8,237)	195,813	20,363
Net assets - Beginning	<u>1,850,157</u>	<u>1,821,557</u>	<u>373,090</u>	<u>381,327</u>	<u>2,223,247</u>	<u>2,202,884</u>
Net assets - Ending	<u>\$ 2,050,537</u>	<u>\$ 1,850,157</u>	<u>\$ 368,523</u>	<u>\$ 373,090</u>	<u>\$ 2,419,060</u>	<u>\$ 2,223,247</u>

Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, Croton Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the 2007, fiscal year, Croton Township's governmental funds reported a combined unreserved fund balance of \$1,265,956. This number represents the unreserved fund balance of \$384,265 in the General Fund, \$370,724 in the Road Fund, \$185,193 in Fire Fund, \$290,878 in the Fire Equipment Fund and \$34,896 in other governmental funds.

The other governmental funds column consists of various funds. The Transfer Station Fund is the largest fund in that schedule and ended the year with a current year increase in fund balance of \$8,239, which resulted in an end of year fund balance of \$15,250. The increase in fund balance is due to the General Fund transferring \$15,725 to the Transfer Station Fund during the year.

Croton Township's proprietary fund provides the same type of information found in the governmental financial statements, but in more detail. The net assets of the Campground Fund decreased by \$4,567. The fund ended the year with a total net asset balance of \$368,523. This is financial improvement when compared to prior year. In the prior year, the decrease in net assets was \$8,237.

During the current fiscal year, the Township made several amendments to its original budget. The most significant of those is listed below:

- Increased the parks and recreation budget due to the planned purchase of the playground equipment at Conklin Park.
- The capital outlay budget was increased for costs associated with the survey and marking of the new section of the Croton Township Cemetery.
- Management also decreased the budget in the other governmental functions line item due to attorney bills being less than expected when the original budget was made.

The following comments summarize the major variations from the final budget to actual revenues and expenditures.

Revenues

- Property taxes exceeded budget due to higher than expected tax values.
- Other revenues were over budget due to the receipt of a large expenditure reimbursement during the year.

Expenditures

- The Township hall expenditures were less than budgeted due to not incurring all anticipated expenditures.
- Library expenditures were zero due to the closing of the Croton branch library.
- Capital outlay was less than budgeted due to not purchasing all anticipated expenditures.

Capital Assets

Croton Township's investment in capital assets for its governmental and business-type activities as of March 31, 2007 totaled \$989,584 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery, equipment and vehicles. The Township began construction of a new fire station. This is shown as construction in progress below. The General Fund and Campground Fund each purchased new playground equipment. In addition, the Township purchased a parcel of property on M-82.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 21,735	\$ 20,503	\$ -	\$ -	\$ 21,735	\$ 20,503
Construction in progress	75,032	-	-	-	75,032	-
Land improvements	19,750	16,555	-	-	19,750	16,555
Buildings and improvements	118,937	123,582	147,535	153,894	266,472	277,476
Furniture and equipment	64,706	68,071	57,468	64,244	122,174	132,315
Vehicles	484,421	520,550	-	-	484,421	520,550
Total	<u>\$ 784,581</u>	<u>\$ 749,261</u>	<u>\$ 205,003</u>	<u>\$ 218,138</u>	<u>\$ 989,584</u>	<u>\$ 967,399</u>

Additional information on the Township's capital assets can be found in Note D of the "Notes to Financial Statements" of this report.

General Economic Overview

General Fund

The Township adopted a breakeven budget for the year ended March 31, 2008 for the General Fund. The Township's General Fund is comprised of two major revenue sources, state revenue sharing and property taxes. Those two sources comprise approximately 90% of the General Fund revenue sources. For fiscal 2008, state revenue sharing is expected to be flat and property tax revenues are expected to remain the same.

As noted above, the Township receives a significant amount of its revenues from the State of Michigan. The State of Michigan is experiencing significant financial difficulties. These difficulties could result in a decrease in funding from the State of Michigan.

The Township has begun construction on a new fire station. The new fire station will be constructed using existing resources along with a bank loan. The loan will be repaid utilizing the fire equipment millage that was renewed during the year. The Township hopes to complete the new station by the fall of 2007.

Campground

The Township's Board recognized during the budgeting process that the Campground Fund needs additional revenues to stabilize the Fund's finances. The Township plans on evaluating potential future rate increases.

Requests for Information

This financial report is designed to provide a general overview of Croton Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Croton Township, 5833 E. Division Street, Newaygo, MI 49337, (231) 652-4301.

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

July 19, 2007

Township Board
Croton Township
Newaygo, 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 Croton 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 Croton Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Croton Township, as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i - viii and 23 - 26 are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Croton Township's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Croton Township
STATEMENT OF NET ASSETS
 March 31, 2007

ASSETS

	Governmental activities	Business-type activities	Total
CURRENT ASSETS			
Cash and investments	\$ 1,175,670	\$ 191,813	\$ 1,367,483
Internal balances	1,281	(1,281)	-
Due from other governmental units	95,771	-	95,771
Total current assets	1,272,722	190,532	1,463,254
NONCURRENT ASSETS			
Capital assets, net			
Nondepreciable	96,767	-	96,767
Depreciable	687,814	205,003	892,817
Total noncurrent assets	784,581	205,003	989,584
Total assets	2,057,303	395,535	2,452,838
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6,766	-	6,766
Deferred revenue	-	27,012	27,012
Total liabilities	6,766	27,012	33,778
NET ASSETS			
Invested in capital assets	784,581	205,003	989,584
Restricted for:			
Fire department operations	185,193	-	185,193
Fire department capital asset purchases	290,878	-	290,878
Road construction and maintenance	370,724	-	370,724
Building inspections	4,966	-	4,966
Boardwalk construction	14,680	-	14,680
Unrestricted	399,515	163,520	563,035
Total net assets	\$ 2,050,537	\$ 368,523	\$ 2,419,060

The accompanying notes are an integral part of this statement.

Croton Township
STATEMENT OF ACTIVITIES
For the year ended March 31, 2007

<i>Functions/Programs</i>	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities							
General government	\$ 251,149	\$ 22,065	\$ -	\$ -	\$ (229,084)	\$ -	\$ (229,084)
Public safety	135,392	1,894	-	-	(133,498)	-	(133,498)
Public works	278,917	38,507	-	-	(240,410)	-	(240,410)
Community and economic development	43,127	19,890	-	-	(23,237)	-	(23,237)
Culture and recreation	2,711	-	1,650	300	(761)	-	(761)
Total governmental activities	711,296	82,356	1,650	300	(626,990)	-	(626,990)
Business-type activities							
Campground	200,854	190,223	-	-	-	(10,631)	(10,631)
Total government	\$ 912,150	\$ 272,579	\$ 1,650	\$ 300	(626,990)	(10,631)	(637,621)
General revenues							
Property taxes, levied for							
General purposes					126,300	-	126,300
Specific purposes					403,114	-	403,114
Franchise fees					4,307	-	4,307
Grants and contributions not restricted to specific programs					208,515	-	208,515
Unrestricted investment earnings					39,450	5,964	45,414
Miscellaneous					45,684	-	45,684
Gain on sale of capital asset					-	100	100
Total general revenues					827,370	6,064	833,434
Change in net assets					200,380	(4,567)	195,813
Net assets at April 1, 2006					1,850,157	373,090	2,223,247
Net assets at March 31, 2007					\$ 2,050,537	\$ 368,523	\$ 2,419,060

The accompanying notes are an integral part of this statement.

Croton Township
BALANCE SHEET
 Governmental Funds
 March 31, 2007

	General Fund	Road Fund	Fire Fund	Fire Equipment Fund	Other governmental funds	Total governmental funds
ASSETS						
Cash and investments	\$ 315,857	\$ 350,573	\$ 179,540	\$ 288,390	\$ 41,310	\$ 1,175,670
Due from other funds	20,264	230	-	-	-	20,494
Due from other governmental units	55,140	19,921	9,985	10,725	-	95,771
Total assets	\$ 391,261	\$ 370,724	\$ 189,525	\$ 299,115	\$ 41,310	\$ 1,291,935
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 6,766	\$ -	\$ -	\$ -	\$ -	\$ 6,766
Due to other funds	230	-	4,332	8,237	6,414	19,213
Total liabilities	6,996	-	4,332	8,237	6,414	25,979
Fund balances						
Unreserved, undesignated, report in						
General Fund	384,265	-	-	-	-	384,265
Special revenue funds	-	370,724	185,193	290,878	34,896	881,691
Total fund balances	384,265	370,724	185,193	290,878	34,896	1,265,956
Total liabilities and fund balances	\$ 391,261	\$ 370,724	\$ 189,525	\$ 299,115	\$ 41,310	\$ 1,291,935

The accompanying notes are an integral part of this statement.

Croton Township
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**
March 31, 2007

Total fund balance—governmental funds \$ 1,265,956

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

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

Cost of capital assets	\$ 1,465,686	
Accumulated depreciation	<u>(681,105)</u>	<u>784,581</u>

Net assets of governmental activities in the Statement of Net Assets \$ 2,050,537

The accompanying notes are an integral part of this statement.

Croton Township
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended March 31, 2007

	General Fund	Road Fund	Fire Fund	Fire Equipment Fund	Other governmental funds	Total governmental funds
REVENUES						
Property taxes	\$ 129,238	\$ 199,446	\$ 96,401	\$ 107,267	\$ -	\$ 532,352
Licenses and permits	8,041	-	-	-	-	8,041
Intergovernmental revenues—State	208,515	-	-	-	-	208,515
Charges for services	19,666	-	-	-	57,362	77,028
Investment earnings	10,273	12,522	5,879	10,346	371	39,391
Other	44,394	60	1,895	-	-	46,349
Total revenues	<u>420,127</u>	<u>212,028</u>	<u>104,175</u>	<u>117,613</u>	<u>57,733</u>	<u>911,676</u>
EXPENDITURES						
Current						
General government	199,129	-	-	-	-	199,129
Public safety	-	-	95,968	-	-	95,968
Public works	36,995	181,382	-	-	46,016	264,393
Community and economic development	17,698	-	-	-	29,115	46,813
Culture and recreation	11,163	-	-	-	-	11,163
Other governmental functions	50,531	-	-	-	-	50,531
Capital outlay	1,676	-	1,849	75,094	-	78,619
Total expenditures	<u>317,192</u>	<u>181,382</u>	<u>97,817</u>	<u>75,094</u>	<u>75,131</u>	<u>746,616</u>
Excess of revenues over (under) expenditures	102,935	30,646	6,358	42,519	(17,398)	165,060
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	15,725	15,725
Transfers out	(15,725)	-	-	-	-	(15,725)
Total other financing sources (uses)	<u>(15,725)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,725</u>	<u>-</u>
Net change in fund balances	87,210	30,646	6,358	42,519	(1,673)	165,060
Fund balances at April 1, 2006	297,055	340,078	178,835	248,359	36,569	1,100,896
Fund balances at March 31, 2007	<u>\$ 384,265</u>	<u>\$ 370,724</u>	<u>\$ 185,193</u>	<u>\$ 290,878</u>	<u>\$ 34,896</u>	<u>\$ 1,265,956</u>

The accompanying notes are an integral part of this statement.

Croton Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
 For the year ended March 31, 2007

Net change in fund balances—total governmental funds \$ 165,060

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

Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	\$ (51,813)	
Capital outlay	<u>87,133</u>	<u>35,320</u>
Change in net assets of governmental activities		<u><u>\$ 200,380</u></u>

The accompanying notes are an integral part of this statement.

Croton Township
STATEMENT OF NET ASSETS
 Proprietary Fund
 March 31, 2007

	<u>Campground Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 191,813
NONCURRENT ASSETS	
Capital assets, net	
Building and improvements	191,804
Furniture and equipments	157,748
Less accumulated depreciation	<u>(144,549)</u>
Net capital assets	<u>205,003</u>
Total assets	396,816
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Due to other funds	1,281
Deferred revenue	<u>27,012</u>
Total current liabilities	<u>28,293</u>
NET ASSETS	
Invested in capital assets	205,003
Unrestricted	<u>163,520</u>
Total net assets	<u><u>\$ 368,523</u></u>

The accompanying notes are an integral part of this statement.

Croton Township
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 Proprietary Fund
 For the year ended March 31, 2007

	Campground Fund
REVENUES	
Charges for services	\$ 191,420
OPERATING EXPENSES	
Operations	181,989
Depreciation	20,062
Total operating expenses	202,051
Operating loss	(10,631)
NONOPERATING REVENUES	
Gain on sale of capital assets	100
Investment earnings	5,964
Change in net assets	(4,567)
Net assets at April 1, 2006	373,090
Net assets at March 31, 2007	\$ 368,523

The accompanying notes are an integral part of this statement.

Croton Township
STATEMENT OF CASH FLOWS
 Proprietary Fund
 For the year ended March 31, 2007

	<u>Campground Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 200,744
Payments to suppliers	(88,425)
Payments to employees	<u>(102,584)</u>
Net cash provided by operating activities	9,735
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(6,928)
Proceeds from sale of capital assets	<u>100</u>
Net cash used for capital and related financing activities	(6,828)
CASH FLOW FROM INVESTING ACTIVITIES	
Investment earnings	<u>5,964</u>
Net increase in cash and investments	8,871
Cash and investments at April 1, 2006	<u>182,942</u>
Cash and investments at March 31, 2007	<u><u>\$ 191,813</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (10,631)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	20,062
Change in assets and liabilities	
Due to other funds	(9,020)
Deferred revenue	<u>9,324</u>
Net cash provided by operating activities	<u><u>\$ 9,735</u></u>

The accompanying notes are an integral part of this statement.

Croton Township
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Fiduciary Funds
March 31, 2007

	<u>Agency funds</u>
ASSETS	
Cash and investments	\$ <u>5,297</u>
LIABILITIES	
Deposits held for others	\$ <u>5,297</u>

The accompanying notes are an integral part of this statement.

Croton Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Croton Township (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Reporting Entity

The Township is a common law township governed by an elected five-member Board. Generally accepted accounting principles require that if the Township has certain oversight responsibilities over other organizations, those organizations should be included in the Township's financial statements. Since no organizations met this criteria, none are included in the financial statements.

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 Township. Governmental activities, which 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 requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Township does not allocate indirect costs.

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.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
March 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special 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 government.

The Township reports the following major governmental funds:

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

The Road Fund is used to improve the roads within the Township.

The Fire Fund is used to finance the operation of the Township's fire department.

The Fire Equipment Fund is used for the maintenance and replacement of the Township's major fire equipment.

The Township reports the following major proprietary fund:

The Campground Fund operates the Township's campground.

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 Government 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 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.

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.

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 are charges to customers for site rental and other services. Operating expenses for proprietary funds include the cost of sales and services 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's policy to use restricted resources first, then unrestricted resources as they are needed.

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
March 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Township reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under this standard, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standard also provides that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Township intends to hold the investment until maturity.

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollectible real property taxes as of the following February 15 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2006 state taxable value for real/personal property of the Township totaled approximately \$109,771,000 on which ad valorem taxes levied consisted of .7607 mills for general operating purposes, 1.8241 mills for roads, .9144 mills for fire services and .9822 mills for fire equipment. These amounts are recognized in the respective General Fund, Road Fund, Fire Fund and Fire Equipment Fund financial statements.

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
March 31, 2007

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities and Net Assets or Equity—Continued

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, equipment and vehicles, 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 \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-40
Land improvements	15-40
Furniture and equipment	5-10
Vehicles	7-20

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
March 31, 2007

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except capital projects funds. All approval appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to the first week of March, the Township Supervisor submits to the Township Board a proposed operating budget for the year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Not later than the last week in March, the budget is legally enacted through passage of a resolution.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the Township Board. All appropriations lapse at year end.

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. The Township Board made several supplemental budgetary appropriations throughout the year.

Excess of Expenditures Over Appropriations

For the year ended March 31, 2007, expenditures exceeded appropriations for the General Fund.

	Amended budget	Actual
General Fund		
Board of review	\$ 1,500	\$ 5,620
Township administration	58,500	62,332
Cemetery	2,000	4,952

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
 March 31, 2007

NOTE C—DEPOSITS AND INVESTMENTS

Interest rate risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

Concentration of credit risk. The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2007, \$1,218,116 of the Township's bank balance of \$1,433,485 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments. The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

NOTE D—CAPITAL ASSETS

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

	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 20,503	\$ 1,232	\$ -	\$ 21,735
Construction in progress	-	75,032	-	75,032
Total capital assets, being depreciated	20,503	76,264	-	96,767
Capital assets, being depreciated:				
Land improvements	41,139	-	-	41,139
Buildings and improvements	358,748	-	-	358,748
Furniture and equipment	99,226	10,869	-	110,095
Vehicles	858,937	-	-	858,937
Total capital assets, being depreciated	1,358,050	10,869	-	1,368,919

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
 March 31, 2007

NOTE D—CAPITAL ASSETS—Continued

	<u>Balance April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2007</u>
Governmental activities:—Continued				
Less accumulated depreciation:				
Land improvements	\$ 19,611	\$ 1,778	\$ -	\$ 21,389
Buildings and improvements	235,166	4,645	-	239,811
Furniture and equipment	36,128	9,261	-	45,389
Vehicles	<u>338,387</u>	<u>36,129</u>	<u>-</u>	<u>374,516</u>
Total accumulated depreciation	<u>629,292</u>	<u>51,813</u>	<u>-</u>	<u>681,105</u>
 Total capital assets, being depreciated, net	 <u>728,758</u>	 <u>(40,944)</u>	 <u>-</u>	 <u>687,814</u>
Capital assets, net	<u>\$ 749,261</u>	<u>\$ 35,320</u>	<u>\$ -</u>	<u>\$ 784,581</u>
 Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 191,804	\$ -	\$ -	\$ 191,804
Furniture and equipment	<u>150,821</u>	<u>6,927</u>	<u>-</u>	<u>157,748</u>
Total capital assets, being depreciated	342,625	6,927	-	349,552
 Less accumulated depreciation:				
Buildings and improvements	37,910	6,359	-	44,269
Furniture and equipment	<u>86,577</u>	<u>13,703</u>	<u>-</u>	<u>100,280</u>
Total accumulated depreciation	<u>124,487</u>	<u>20,062</u>	<u>-</u>	<u>144,549</u>
 Total capital assets, being depreciated, net	 <u>\$ 218,138</u>	 <u>\$ (13,135)</u>	 <u>\$ -</u>	 <u>\$ 205,003</u>

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
 March 31, 2007

NOTE D—CAPITAL ASSETS—Continued

Depreciation expense has been charged to functions as follows:

Governmental activities:

General government	\$ 11,832
Public safety	39,363
Public works	51
Culture and recreation	<u>567</u>
	<u>\$ 51,813</u>

Business-type activities:

Depreciation expense of \$20,062 was charged to the campground.

NOTE E—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>
General Fund	Boardwalk Fund	\$ 761
General Fund	Fire Fund	4,332
General Fund	Building Department Fund	5,653
General Fund	Fire Equipment Fund	8,237
General Fund	Campground Fund	1,281
Road Millage Fund	General Fund	<u>230</u>
		<u>\$ 20,494</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers

The General Fund made one transfer to the transfer station to fund operations in the amount of \$15,725.

NOTE F—DEFERRED REVENUE

As of March 31, 2007, the Township's Campground Fund had \$27,012 in deferred revenue. This amount consists primarily of unearned advance payments for the rental of campsites for 2008.

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
March 31, 2007

NOTE G—OTHER INFORMATION

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

NOTE H—RETIREMENT PLANS

Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Township employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

Defined Contribution Plan

The Township provides pension benefits for all its full-time employees and certain fire department positions through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Salaried and hourly employees who have attained the age of 21 are eligible to participate in the plan. The Township is required to contribute an amount equal to 10 percent of employee's annual compensation. The Township's contributions for each employee (and earnings allocated to the employee's account) are immediately vested. Any forfeitures are reallocated to participants. Plan provision and contribution requirements are established and may be amended by the Township Board.

For fiscal year end March 31, 2007, the Township's contribution to the defined contribution plan was \$19,336.

NOTE I—ECONOMIC DEPENDENCY

State of Michigan shared revenues represent 50 percent of General Fund revenues.

Croton Township
NOTES TO FINANCIAL STATEMENTS—CONTINUED
March 31, 2007

NOTE J—SUBSEQUENT EVENT

Subsequent to March 31, 2007, the township took out a loan at a local bank for \$325,000 for the purpose of constructing the new fire station. The loan requires annual installments of approximately \$90,000 including interest at 4.23 percent.

NOTE K—COMMITMENTS

The Township has contracted with a construction firm to have them build the new fire station for \$634,324.

REQUIRED SUPPLEMENTARY INFORMATION

Croton Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended March 31, 2007

	Budgeted amounts		Actual	Variance with final budget- positive (negative)
	Original	Final		
REVENUES				
Property taxes	\$ 107,260	\$ 107,260	\$ 129,238	\$ 21,978
Licenses and permits	2,530	2,530	8,041	5,511
Intergovernmental revenues—State	210,000	210,000	208,515	(1,485)
Charges for services	16,500	16,500	19,666	3,166
Investment earnings	2,875	2,875	10,273	7,398
Other	10,300	10,300	44,394	34,094
Total revenues	349,465	349,465	420,127	70,662
EXPENDITURES				
Current				
General government				
Township board	11,850	13,550	12,629	921
Supervisor	18,580	18,580	18,975	(395)
Assessor	28,000	28,000	26,622	1,378
Elections	6,000	6,000	6,503	(503)
Clerk	22,000	22,000	20,204	1,796
Board of review	1,500	1,500	5,620	(4,120)
Treasurer	30,700	30,700	30,548	152
Township administration	58,500	58,500	62,332	(3,832)
Township hall	33,000	28,500	10,744	17,756
Cemetery	2,000	2,000	4,952	(2,952)
Public works				
Highway and streets	40,600	45,100	36,995	8,105
Community and economic development				
Planning and zoning	19,567	17,250	17,698	(448)
Culture and recreation				
Library	28,000	28,000	-	28,000
Park	8,000	17,020	11,163	5,857
Other governmental functions	79,200	71,200	50,531	20,669
Capital outlay	10,000	18,000	1,676	16,324
Total expenditures	397,497	405,900	317,192	88,708
Excess of revenues over (under) expenditures	(48,032)	(56,435)	102,935	159,370
OTHER FINANCING USES				
Transfers out	(15,725)	(15,725)	(15,725)	-
Net change in fund balance	\$ (63,757)	\$ (72,160)	87,210	\$ 159,370
Fund balance at April 1, 2006			297,055	
Fund balance at March 31, 2007			\$ 384,265	

Croton Township
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Road Fund
 For the year ended March 31, 2007

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 202,495	\$ 202,495	\$ 199,446	\$ (3,049)
Investment earnings	7,500	7,500	12,522	5,022
Other	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
Total revenues	209,995	209,995	212,028	2,033
EXPENDITURES				
Current				
Public works	<u>200,000</u>	<u>320,000</u>	<u>181,382</u>	<u>138,618</u>
Net change in fund balance	<u>\$ 9,995</u>	<u>\$ (110,005)</u>	30,646	<u>\$ 140,651</u>
Fund balance at April 1, 2006			<u>340,078</u>	
Fund balance at March 31, 2007			<u>\$ 370,724</u>	

Croton Township
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Fire Fund
 For the year ended March 31, 2007

	Budgeted amounts		Actual	Variance with final budget- positive (negative)
	Original	Final		
REVENUES				
Property taxes	\$ 96,920	\$ 96,920	\$ 96,401	\$ (519)
Investment earnings	2,000	2,000	5,879	3,879
Other	2,300	2,300	1,895	(405)
Total revenues	101,220	101,220	104,175	2,955
EXPENDITURES				
Current				
Public safety	101,200	97,350	95,968	1,382
Capital outlay	-	-	1,849	(1,849)
Total expenditures	101,200	97,350	97,817	(467)
Net change in fund balance	\$ 20	\$ 3,870	6,358	\$ 2,488
Fund balance at April 1, 2006			178,835	
Fund balance at March 31, 2007			\$ 185,193	

Croton Township
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Fire Equipment Fund
 For the year ended March 31, 2007

	Budgeted amounts		Actual	Variance with final budget- positive (negative)
	Original	Final		
REVENUES				
Property taxes	\$ 110,400	\$ 110,400	\$ 107,267	\$ (3,133)
Investment earnings	4,000	4,000	10,346	6,346
Other	-	490	-	(490)
	114,400	114,890	117,613	2,723
EXPENDITURES				
Capital outlay	20,000	99,985	75,094	24,891
Net change in fund balance	\$ 94,400	\$ 14,905	42,519	\$ 27,614
Fund balance at April 1, 2006			248,359	
Fund balance at March 31, 2007			\$ 290,878	

OTHER SUPPLEMENTAL INFORMATION

Croton Township
COMBINING BALANCE SHEET
 Other Governmental Funds
 March 31, 2007

	Total other governmental funds	Transfer Station	Special Revenue	
			Building Department	Boardwalk
ASSETS				
Cash and investments	\$ 41,310	\$ 15,250	\$ 10,619	\$ 15,441
Total assets	<u>\$ 41,310</u>	<u>\$ 15,250</u>	<u>\$ 10,619</u>	<u>\$ 15,441</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds	\$ 6,414	\$ -	\$ 5,653	\$ 761
 Fund balances				
Unreserved				
Undesignated	34,896	15,250	4,966	14,680
Total fund balances	<u>34,896</u>	<u>15,250</u>	<u>4,966</u>	<u>14,680</u>
Total liabilities and fund balances	<u>\$ 41,310</u>	<u>\$ 15,250</u>	<u>\$ 10,619</u>	<u>\$ 15,441</u>

Croton Township
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Other Governmental Funds
 For the year ended March 31, 2007

	Total other governmental funds	Special Revenue		
		Transfer Station	Building Department	Boardwalk
REVENUES				
Charges for services	\$ 57,362	\$ 38,507	\$ 18,855	\$ -
Investment earnings	371	23	50	298
Total revenues	<u>57,733</u>	<u>38,530</u>	<u>18,905</u>	<u>298</u>
EXPENDITURES				
Current				
Public works	46,016	46,016	-	-
Community and economic development	29,115	-	29,115	-
Total expenditures	<u>75,131</u>	<u>46,016</u>	<u>29,115</u>	<u>-</u>
Excess of revenues over (under) expenditures	(17,398)	(7,486)	(10,210)	298
OTHER FINANCING SOURCES				
Transfers in	<u>15,725</u>	<u>15,725</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,673)	8,239	(10,210)	298
Fund balances at April 1, 2006	<u>36,569</u>	<u>7,011</u>	<u>15,176</u>	<u>14,382</u>
Fund balances at March 31, 2007	<u><u>\$ 34,896</u></u>	<u><u>\$ 15,250</u></u>	<u><u>\$ 4,966</u></u>	<u><u>\$ 14,680</u></u>

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

July 19, 2007

Township Board
Croton Township
Newaygo, Michigan

In planning and performing our audit of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Croton 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 Croton Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Croton Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Croton Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified and we have attached deficiencies in internal control that we consider to be significant deficiencies.

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



SIGNIFICANT DEFICIENCIES

Recommendation 1: The internal controls surrounding the preparation of formal year end financial statements should be improved.

Small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year end financial statements.

The Organization should review its procedures surrounding the preparation of year end financial statements to include the appointment of an individual with the requisite technical skills and experience to review the formal year end financial statements and accompanying footnotes, in relation to required disclosures in accordance with generally accepted accounting principles.

Recommendation 2: Employee time reporting should include allocation of time between departments and funds.

During our testing, we noted that there is not a formal mechanism for employees to report time allocation between the departments and funds. If time not allocated between activities then the associated costs are not properly recorded.

The development and implementation of employee time reporting, which could be a component of the current time card reporting procedures, would provide the essential data for allocating employee compensation and benefits. This allocation of time would provide a clearer picture of the costs associated with individual activities.

Recommendation 3: Interfund liabilities should be paid when funds are available.

During our testing, we noted interfund liability accounts that had not been repaid from the prior year. The funds with the liabilities had resources available to make these loan repayments.

The payment of outstanding interfund liabilities when resources are available would maintain interfund liabilities to a minimum level and would provide those funds maintaining interfund receivables with monies to invest and/or used to meet current obligations.