

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 Dayton Township	County Newaygo
Fiscal Year End 3/31/07	Opinion Date 7/16/07	Date Audit Report Submitted to State 08/13/07	

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).

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) Hendon & Slate, PC		Telephone Number 231-924-6890
Street Address 711 West Main Street		City Fremont
		State MI
		Zip 49412
Authorizing CPA Signature <i>Jodi DeKuiper, CPA</i>	Printed Name Jodi DeKuiper, CPA	License Number 1101021180

DAYTON TOWNSHIP
AUDITED FINANCIAL STATEMENTS
March 31, 2007

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DAYTON TOWNSHIP

Board Members

	<u>Position</u>
Shirley Hooker	Supervisor
Bill Kunnen	Clerk
Vicki Kunnen	Treasurer
Glenn Sparks	Trustee
Brian Frens	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Dayton Township
Newaygo County
Fremont, Michigan 49412

Independent Auditor's Report

We have audited the accompanying financial statements of each major fund and nonmajor fund of Dayton Township, as of and for the year ended March 31, 2007, as listed in the table of contents, which collectively comprise a portion of the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township's board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dayton Township, as of March 31, 2007 or the changes in its financial position for the year then ended.

Hendon & Slate

Hendon & Slate, P.C.
Certified Public Accountants
July 16, 2007

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DAYTON TOWNSHIP
 Governmental Fund Balance Sheet
 March 31, 2007

	Governmental Fund Types		Totals (Memo Only)
	General	Capital Improvement Fund	
Assets			
Cash and Investments	\$ 260,920	\$ 31,356	\$ 292,276
Taxes Receivable	9,816	-	9,816
Prepaid Expenses	-	-	-
Due from Other Funds - Agency	114	-	114
	<u>\$ 270,850</u>	<u>\$ 31,356</u>	<u>\$ 302,206</u>
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$ 47,349	\$ -	\$ 47,349
Due to Other Governments	37	-	37
Accrued Wages Payable	-	-	-
	<u>47,386</u>	<u>-</u>	<u>47,386</u>
Fund Equity			
Fund Balance-Designated			
Capital Improvements	-	31,356	31,356
Fund Balance-Undesignated	223,464	-	223,464
	<u>223,464</u>	<u>31,356</u>	<u>254,820</u>
Total Fund Equity	<u>223,464</u>	<u>31,356</u>	<u>254,820</u>
Total Liabilities and Fund Equity	<u>\$ 270,850</u>	<u>\$ 31,356</u>	<u>\$ 302,206</u>

The Notes to the Financial Statements are an integral part of this statement.

DAYTON TOWNSHIP
Governmental Fund Statements of Revenues,
Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2007

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Improvements</u> <u>Fund</u>	<u>Totals</u> <u>(Memo Only)</u>
Revenues			
Taxes and PTAF	\$ 69,519	\$ -	\$ 69,519
State Grants	136,600	-	136,600
Charges for Services	1,167	-	1,167
Interest Earned	7,646	601	8,247
Fire Special Assessment	44,089	-	44,089
Reimbursement & Other Revenue	21,042	-	21,042
Royalties	6,288	-	6,288
Total Revenues	286,351	601	286,952
Expenditures			
Legislative	10,131	-	10,131
General Government	67,379	-	67,379
Public Safety	61,399	-	61,399
Public Works	168,251	-	168,251
Other Functions	23,231	-	23,231
Total Expenditures	330,391	-	330,391
Excess Revenues Over (Under)			
Expenditures	(44,040)	601	(43,439)
Other Financing Sources (Uses)			
Operating Transfers In	-	10,000	10,000
Operating Transfers Out	(10,000)	-	(10,000)
Total Financing Sources (Uses)	(10,000)	10,000	-
Excess Revenues and Other Financing			
Sources Over (Under) Expenditures			
and Other Financing Uses	(54,040)	10,601	(43,439)
Fund Balance-Beginning of Year	277,504	20,755	255,239
Fund Balance-End of Year	\$ 223,464	\$ 31,356	\$ 211,800

The Notes to the Financial Statements are an integral part of this statement.

DAYTON TOWNSHIP
Statement of Net Assets - Agency Fund
March 31, 2007

	<u>Trust and Agency Fund</u>
Assets	
Cash/Investments	<u>\$ 114</u>
Total Assets	<u><u>\$ 114</u></u>
Liabilities and Net Assets	
Liabilities	
Due to Other Funds	\$ 114
Net Assets	
Unreserved	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 114</u></u>

The Notes to the Financial Statements are an integral part of this statement.

DAYTON TOWNSHIP

Notes to the Financial Statements
March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dayton Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, except for the reporting requirements under GASB #34 (due to the lack of government-wide financial statements and management's discussion and analysis). The following is a summary of the significant accounting policies used by Dayton Township:

1. REPORTING ENTITY

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

- a. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
- b. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

2. BASIS OF PRESENTATION

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

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

a. State Shared Revenue Receivable

State shared revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. The final payment of \$21,826 was received on March 3, 2007, thus no receivable is recorded.

b. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2006 delinquent taxes of \$9,816 were received after the year-end and recorded as revenue for the current year.

The 2006 taxable valuation of the Township totaled \$53,839,360 on which ad valorem taxes levied consisted of .9270 mills for general operating. These amounts are recognized in the general fund financial statements as current tax revenue.

The government reports one major governmental fund: 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.

3. ASSETS, LIABILITIES AND FUND BALANCE

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investments income is generally allocated to each fund based on the cash balance in each fund.

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

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year-end.

Fund Balance - 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.

4. BUDGETS AND BUDGETARY ACCOUNTING

Public Act 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary fund have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted on the activity level. The budgets shown in these financial statements are as last amended through March 31, 2007. During the year ended March 31, 2007, the Township did not incur any over expenditures.

5. REPORTING ENTITY

The financial statements of Dayton Township do not include any other governmental boards or authorities based on a determination made with the control or dependence in the areas of budget adoption, taxing authority, funding and appointment of respective boards.

6. ENCUMBRANCES

The Township does not use any form of encumbrance accounting.

7 ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

NOTE B CASH DEPOSITS AND INVESTMENTS

Deposits and investments are carried at cost. Cash deposits of the Township are held at Gerber Federal Credit Union in the name of the Township. Act 217, P.A. 1982, authorizes the Township to deposit and invest in the accounts of federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States or an agency, or instrumentally of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; obligations in the State of Michigan or its political subdivisions, and commercial paper within three (3) highest classifications by at least two (2) rating services, maturing no later than 270 days. Michigan law prohibits security in the form of collateral, security bonds, or other forms for the deposit of public money.

Balances at March 31, 2007 related to cash and investments are detailed on the combined balance sheet as follows:

	Totals
	<u>(Memo Only)</u>
Cash and Investments	\$ 292,276

Cash consists of money market, bank savings, and bank checking accounts. Investments consist of certificates of deposit, which the Township held during the year. As of March 31, 2007 the Township held no certificates of deposit.

Deposits - As of March 31, 2007, the cash deposits covered by the National Credit Union Administration (NCUSIF) are itemized as follows:

<u>Bank/Account</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Demand Deposits:		
Tax Checking	\$ 31	\$ 31
General Fund Checking	<u>1,018</u>	<u>1,867</u>
 Total Demand Deposits	 1,049	 1,898
 Time Deposits:		
Tax Savings	83	83
General Fund Savings	259,902	259,902
Capital Improvement Fund - Savings	<u>31,356</u>	<u>20,755</u>
	<u>291,341</u>	<u>280,740</u>
 Total Cash and Investments	 <u>\$ 292,390</u>	 <u>\$ 282,638</u>
Total Demand Deposits covered by NCUSIF Insurance	1,049	1,898
Total Time Deposits covered by NCUSIF Insurance	<u>\$ 100,000</u>	<u>\$ 100,000</u>
 Total Deposits covered by NCUSIF Insurance	 101,049	 101,898
 Time Deposits (Uninsured):		
General Fund Savings	<u>191,341</u>	<u>180,740</u>
 Total Deposits	 <u>\$ 292,390</u>	 <u>\$ 282,638</u>

NOTE C INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Township's interfund receivables and payables are as follows:

General Fund - Due from Agency Fund	<u>\$ 114</u>
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Agency Fund - Due to General Fund	<u>\$ 114</u>
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Interfund Transfer

General fund tranfered \$10,000 to the Capital Improvement Fund.

NOTE D RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

DAYTON TOWNSHIP
 Required Supplementary Information
 Budgetary Comparison Schedule-General Fund
 For the Year Ended March 31, 2007

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes and PTAF	\$ 63,500	\$ 69,519	\$ 6,019
State Grants	140,000	136,600	(3,400)
Charges for Services	500	1,167	667
Interest Earned	5,500	7,646	2,146
Fire Special Assessment	45,000	44,089	(911)
Reimbursement & Other Revenue	25,700	21,042	(4,658)
Royalties	3,200	6,288	3,088
Total Revenue	283,400	286,351	2,951
Expenditures			
Legislative	19,375	10,131	9,244
General Government	73,155	67,379	5,776
Public Safety	85,000	61,399	23,601
Public Works	193,800	168,251	25,549
Other Functions	24,200	23,231	969
Total Expenditures	395,530	330,391	65,139
Excess Revenues Over (Under) Expenditures	(112,130)	(44,040)	68,090
Other Financing Sources (Uses) Operating Transfers In	(10,000)	(10,000)	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (122,130)	(54,040)	\$ 68,090
Fund Balance - Beginning of Year		277,504	
Fund Balance - End of Year		\$ 223,464	

DAYTON TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund

For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Taxes			
Property Taxes	\$ 46,000	\$ 51,199	\$ 5,199
Administration Fees	14,500	16,782	2,282
Penalty and Interest	<u>3,000</u>	<u>1,538</u>	<u>(1,462)</u>
Total Taxes	63,500	69,519	6,019
State Grants-State Shared Revenue	140,000	136,600	(3,400)
Charges for Services-Other Fees	500	1,167	667
Interest Earned	5,500	7,646	2,146
Fire Special Assessment	45,000	44,089	(911)
Reimbursements & Other Revenue	25,700	21,042	(4,658)
Royalties	<u>3,200</u>	<u>6,288</u>	<u>3,088</u>
Total Revenues	283,400	286,351	2,951
Expenditures			
Legislative			
Salaries	3,875	2,890	985
Professional Services	10,000	6,246	3,754
Printing and Publishing	800	(440)	1,240
Memberships and Dues	1,200	1,060	140
Education and Training	2,500	375	2,125
Office Equipment	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Legislative	19,375	10,131	9,244

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government			
Supervisor			
Salaries	\$ 9,500	\$ 9,500	\$ -
Deputy's Wages	-	-	-
Transportation & Supplies	<u>1,000</u>	<u>121</u>	<u>879</u>
	10,500	9,621	879
Assessor			
Supplies and Cardwork	1,400	1,306	94
Professional Services	<u>11,000</u>	<u>10,944</u>	<u>56</u>
	12,400	12,250	150
Elections			
Wages		2,223	
Supplies		2,013	
Equipment		-	
Printing		<u>23</u>	
	4,300	4,259	41
Clerk			
Salaries	11,500	11,500	-
Deputy's Wages	900	900	-
Supplies and Transportation	<u>1,500</u>	<u>947</u>	<u>553</u>
	13,900	13,347	553
Board of Review			
Salaries		800	
Supplies		368	
Other		86	
Education		<u>264</u>	
	\$ 3,300	\$ 1,518	\$ 1,782

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Treasurer			
Salaries	\$ 12,300	\$ 12,300	\$ -
Deputy's Wages	900	900	-
Supplies and Communication	<u>1,505</u>	<u>1,409</u>	<u>96</u>
	14,705	14,609	96
Buildings and Grounds			
Utilities		2,467	
Repairs and Maintenance		<u>1,706</u>	
	6,400	4,173	2,227
Cemetery			
Contracted Services		6,884	
Supplies		<u>718</u>	
	<u>7,650</u>	<u>7,602</u>	<u>48</u>
Total General Government	73,155	67,379	5,776
Public Safety			
Fire Protection			
Contracted Services	45,000	43,325	1,675
Fire Administrator	-	107	(107)
Fire Protection-Other	<u>-</u>	<u>1,933</u>	<u>(1,933)</u>
	45,000	45,365	(365)
Planning and Zoning			
Salaries		13,949	
Supplies		27	
Printing and Publishing		2,058	
Contracted Services		<u>-</u>	
	<u>\$ 40,000</u>	<u>\$ 16,034</u>	<u>\$ 23,966</u>

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund (Continued)

Total Public Safety	\$ 85,000	\$ 61,399	\$ 23,601
Public Works			
Roads	187,800	166,378	21,422
Parks and Recreation	-	-	-
Drains	<u>6,000</u>	<u>1,873</u>	<u>4,127</u>
Total Public Works	193,800	168,251	25,549
Other Functions			
Insurance	6,000	6,085	(85)
FICA Tax	4,600	3,909	691
Capital Outlay	13,600	13,220	380
Misc.	<u>-</u>	<u>17</u>	<u>(17)</u>
Total Other Functions	<u>24,200</u>	<u>23,231</u>	<u>986</u>
Total Expenditures	<u>395,530</u>	<u>330,391</u>	<u>65,139</u>
Excess Revenues Over (Under) Expenditures	(112,130)	(44,040)	68,090
Other Financing Sources (Uses) Operating Transfers In	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (122,130)</u>	(54,040)	<u>\$ 68,090</u>
Fund Balance-Beginning of Year		<u>277,504</u>	
Fund Balance-End of Year		<u>\$ 223,464</u>	

DAYTON TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended March 31, 2007

	<u>Balance</u> <u>4/1/2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/2007</u>
Assets				
Cash - Tax Collection	\$ 764	\$ 1,551,558	\$ 1,552,208	\$ 114
Liabilities				
Due to Other Funds	\$ 764	\$ 91,022	\$ 91,673	\$ 114
Due to Schools	-	402,526	402,526	-
Due to Intermediate Schools	-	306,065	306,065	-
Due to County and State Ed. Tax	-	678,767	678,767	-
Due to Library	-	73,177	73,177	-
 Total Liabilities	 \$ 764	 \$ 1,551,558	 \$ 1,552,208	 \$ 114

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

July 26, 2007

Township Board
Dayton Township
Newaygo County, Michigan

Dear Board Members:

We have recently completed an audit of the financial statements of Dayton Township as of and for the year ended March 31, 2007. In connection with our audit, we reviewed the Township's accounting procedures. In that regard we offer the following comments and recommendations.

A recent change in auditing standards (SAS 112 - *Communicating Internal Control Related Matters Identified in an Audit*) now requires that we provide a new letter, which we have included, that focuses on the internal controls over financial reporting. This letter refers to controls which the Township may wish to consider adding based upon the consideration of cost versus benefit.

Books and Records

We would like to again commend the clerk and treasurer for the excellent condition of the books.

Budget Overexpenditures

The Board also did an excellent job of amending the budget as necessary to avoid budget overexpenditures. We were extremely pleased to note there were no material budget overexpenditures for the year ended March 31, 2007.

Fire Special Assessments

As we mentioned last year in our comments and recommendations letter, the State of Michigan requires property taxes collected for fire assessments be set up in a separate fund. Although a separate bank account was established, the Board should also adopt a separate budget for the fire fund. This requirement is to ensure funds in the fire fund are used for fire protection rather than general government expenditures.

GASB 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments

As you know, the Township elected not to fully adopt GASB 34 financial statements. Our opinion on the audited financial statements has again been modified to a disclaimer opinion indicating the Township financial statements are not reported in accordance with accounting principles generally accepted in the United States.

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Fax (231)-798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

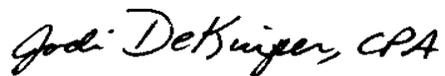
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Dayton Township
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The State has rescinded MCGAA Statement No. 7 in its entirety which allowed local units to not fully adopt GASB 34. This now makes it mandatory for townships to adopt the GASB 34 requirements, by requiring the governmental-wide statements as well as the Management's Discussion and Analysis (MD&A) and certain infrastructure information. The Township needs to elect full implementation of GASB 34 next fiscal year, the Township's fixed assets would need to be accounted for at original or estimated original purchase price or fair market value on date of receipt if donated. In addition, these assets would need to be depreciated over the estimated expected life of the assets. The Township also will need to draft a Management's Discussion and Analysis prepared by the Township's management. This is included in the audited financial statement package. We would be glad to assist you in any questions that you have for GASB 34.

Thank you for the courtesy extended to us during our audit. If you have any questions regarding the audit report, this letter, or any other communication, please do not hesitate to call. We look forward to continuing to serve you.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jodi DeKuiper, CPA".

Jodi DeKuiper, CPA
Hendon & Slate, P.C.
Certified Public Accountants