GRANT TOWNSHIP

CHEBOYGAN COUNTY

FINANCIAL STATEMENTS

MARCH 31, 2004

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☑ Township ☐ Village ☐ Other	Grant Township	Cheboygan

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/04	9/8/04	12/13/04

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ Yes ☑ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☑ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✔		
Reports on individual federal financial assistance programs (program audits).			✔
Single Audit Reports (ASLGU).			✔

Certified Public Accountant (Firm Name)			
Elliott & Sangster PC			
Street Address: 123 N. Huron	City: Cheboygan	State: MI	ZIP: 49721
Accountant Signature:		Date: 12/13/04	

GRANT TOWNSHIP

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Elliott & Sangster

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL CORPORATION
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Christopher R. Sangster, MST, CPA
Gregory J. Elliott, CPA

MEMBER
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Township Board
Grant Township
Cheboygan County
Cheboygan, Michigan

We have audited the accompanying general purpose financial statements of **GRANT TOWNSHIP, CHEBOYGAN COUNTY**, as of and for the year ended March 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **GRANT TOWNSHIP, CHEBOYGAN COUNTY**, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of **GRANT TOWNSHIP, CHEBOYGAN COUNTY**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

September 8, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

GRANT TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

ASSETS

	Governmental Fund Types		Fiduciary	Account Grp.	Totals
	General	Special Revenue	Trust and Agency	General Fixed Assets	(Memorandum Only)
ASSETS					
Cash and Cash Equivalents	$ 338,025	$ 1,592	$ -	$ -	$ 339,617
Taxes Receivable	7,295	-	-	-	7,295
Assessment Receivable	19,092	-	-	-	19,092
Land and Improvements	-	-	-	13,546	13,546
Buildings and Improvements	-	-	-	42,353	42,353
Machinery and Equipment	-	-	-	38,788	38,788
TOTAL ASSETS	$ 364,412	$ 1,592	$ -	$ 94,687	$ 460,691

LIABILITIES AND FUND EQUITY

LIABILITIES					
Due to Other Funds	$ -	$ -	$ -	$ -	$ -
Other Liabilities	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND EQUITY					
Investment in General Fixed Assets	-	-	-	94,687	94,687
Fund Balance:					
Unreserved, undesignated	364,412	1,592	-	-	366,004
TOTAL FUND EQUITY	364,412	1,592	-	94,687	460,691
TOTAL LIABILITIES AND FUND EQUITY	$ 364,412	$ 1,592	$ -	$ 94,687	$ 460,691

See Notes to Financial Statements.

GRANT TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
REVENUES			
Taxes	$ 68,850	$ -	$ 68,850
State Shared Revenues	79,956	1,772	81,728
Interest	6,993	-	6,993
Miscellaneous, Rentals and Refunds	4,229	-	4,229
TOTAL REVENUES	160,028	1,772	161,800
EXPENDITURES			
Legislative	13,979	-	13,979
General Government	89,883	-	89,883
Public Safety	31,383	1,776	33,159
Publice Works	26,373	-	26,373
TOTAL EXPENDITURES	161,618	1,776	163,394
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,590)	(4)	(1,594)
FUND BALANCES - BEGINNING OF YEAR	366,002	1,596	367,598
FUND BALANCES - END OF YEAR	$ 364,412	$ 1,592	$ 366,004

See Notes to Financial Statements.

GRANT TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES						
Taxes	$ 68,283	$ 68,850	$ 567	$ -	$ -	$ -
State Shared Revenue	74,580	79,956	5,376	2,154	1,772	(382)
Interest	4,500	6,993	2,493	-	-	-
Miscellaneous, Rentals, Refunds	700	4,229	3,529	-	-	-
TOTAL REVENUES	148,063	160,028	11,965	2,154	1,772	(382)
EXPENDITURES						
Legislative	22,954	13,979	8,975	-	-	-
General Government	106,992	89,883	17,109	-	-	-
Public Safety	35,216	31,383	3,833	1,640	1,776	(136)
Public Works	227,400	26,373	201,027	-	-	-
TOTAL EXPENDITURES	392,562	161,618	230,944	1,640	1,776	(136)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (244,499)	$ (1,590)	$ 242,909	$ 514	$ (4)	$ (518)
FUND BALANCES - BEGINNING OF YEAR		366,002			1,596	
FUND BALANCES - END OF YEAR		$ 364,412			$ 1,592	

See Notes to Financial Statements.

NOTE A: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. FINANCIAL REPORTING ENTITY
The accounting policies of Grant Township (the "Township") conform to generally accepted accounting principles as applicable to governmental units, the criteria and guidelines of Governmental Accounting Standards Board (GASB) Statement No. 14. The financial statements of the Township include all funds, account groups, and authorities that are controlled by or dependent on the Township's executive or legislative branches (the Township Board). Control by or dependence on the Township was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations or the Township, obligations of the Township to finance any deficits that may occur, or receipt of significant subsidies from the Township. Based on the foregoing criteria, no other organizations have been included in the Township's financial statements. The Benton, Aloha and Grant Township Fire Department Fund has been included in the financial statements of Benton Township.

2. BASIS OF PRESENTATION – FUND ACCOUNTING
The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial statements of the Township are reflected in the following fund types, fund categories, and account group.

A. GOVERNMENTAL FUNDS
1. General Fund:
The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds:
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

B. FIDUCIARY FUND
1. Trust and Agency Funds:
Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

NOTE A: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. GENERAL FIXED ASSET ACCOUNT GROUP
This account group is used to account for the Township's fixed assets.

D. TOTAL COLUMNS ON COMBINED STATEMENTS
Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Intervened eliminations have not been made in the aggregation of this data.

3. BASIS OF ACCOUNTING
Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All governmental and agency funds are accounted using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Agency Fund assets and liabilities are accounted for on the modified accrual basis.

4. RECEIVABLES
All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

5. FIXED ASSETS
Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

6. VACATION, SICK LEAVE AND COMPENSATED ABSENCE
The Township doesn't provide compensation for vacation hours or sick pay. With exception, to the pension plan described in Note H, the Township does not provide any other Deferred Compensation Plan or any other Post-employment Benefits.

7. BUDGETARY ACCOUNTING
An operating budget is adopted each fiscal year for all governmental fund types at the activity level on the same modified accrual basis used to reflect actual revenues and expenditures. Reported budgeted amounts are as originally adopted or as amended by the Township Board. The Township does not utilize a formal encumbrance system.

8. RISK FINANCING
The Township has transferred the risk of loss associated with general liability by purchasing insurance from commercial insurance carriers.

NOTE B: RECOGNITION OF PROPERTY TAX REVENUES

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County delinquent rolls. Cheboygan County purchases the delinquent real property taxes of the Township. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes. It is anticipated that this took place in June 2004. These taxes have been recorded as revenue for the current year. In accordance with the National Council of Governmental Accounting (NCGA) Statement No. 3 property taxes are recognized in the period they become measurable and available to finance expenditures. The township SEV value at December 31, 2003, which taxes were assessed was $75,948,025. The township's taxable value was $32,403,648. The township's millage rate was .8582.

NOTE C: PROPERTY AND EQUIPMENT – GENERAL FIXED ASSETS

The components of the General Fixed Assets Group of Accounts are summarized as follows:

	Balance 4/1/2003	Additions	Balance 3/31/2004
Land and improvements	$13,546	$	$13,546
Buildings and improvements	42,353		42,353
Machinery and equipment	33,889	4,899	38,788
Investment in general fixed assets	$89,788	$ 4,899	$94,687

NOTE D: EQUITY IN COMMON BANK ACCOUNT

The savings account of the Township is in a common bank account. The equity of each fund in the common account is as follows:

General	$ 94,486
Liquor Law Enforcement	1,592
	$ 96,078

NOTE E: CASH AND CASH EQUIVALENTS

A summary of the caption cash and cash equivalents (at cost) on the combined balance sheet consists of the following depository accounts by type:

Cash in Demand Accounts	$ 60
Cash in Savings	96,078
Time Certificates of Deposit	243,479
	$339,617

NOTE E: **CASH AND CASH EQUIVALENTS (continued)**

Deposits of the Township are at banks in the name of the Township. Act 217, P.A. 1982, authorizes the units of local government to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations.

At March 31, 2004 the carrying amount of the Township's cash and certificates of deposit were classified as follows:

	Carrying Amount
Insured (FDIC)	$339,617
Uninsured	0
Total	$339,617

Statutory Authority Act 217, P.A. 1982, authorizes the Township to deposit and invest in:

a. Bonds and other direct obligations of the United States or its agencies.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Federally insured banks of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146).

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and more than 50 percent of any fund may be invested in commercial paper any time.

d. United States government of Federal agency obligation repurchase agreements.

e. Banker's acceptance of United States banks.

f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Township's deposits are in accordance with statutory authority.

Michigan law (Section 3, Act 40, P.A. 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

NOTE F: **BUDGET COMPLIANCE**

P.A. 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 of the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level and on the accrual basis of accounting. The Township had no excess expenditures over budgeted amounts for the year ending March 31, 2004.

NOTE G: **PENSION PLAN**

The Township retirement plan is administered by Municipal Retirement Systems, Inc. Employees become 100% vested upon entering the plan. The Township contributed an amount ($3,322 during 2003-2004) equal to 10% of gross salaries of participating employees. Each participating employee contributes 5% of wages. The plan is fully funded as of March 31, 2004 with a total fund balance of retirement of $67,611. There were no distributions from the plan during the fiscal year.

The Township participates in a defined contribution money purchase pension plan and trust. The Township is responsible for the administration of the plan and is assisted by Municipal Retirement Systems, Inc. Contributions to the plan are made to the employees account and are 100% guaranteed to principal and fully vested at time of entering the plan. All employees of the Township who are over 18 years of age are eligible to enter the plan.

GENERAL FUND

GRANT TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED REVENUES
YEAR ENDED MARCH 31, 2004

REVENUES		
Taxes:		
Current Property Tax	$ 59,446	
Property Tax Administration Fees	9,404	
		$ 68,850
State Shared Revenues:		
Sales and Use Tax	65,375	
Swamp Tax	14,581	
		79,956
Interest		6,993
Rentals, Refunds, Rebates and Miscellaneous		4,229
TOTAL REVENUES		$ 160,028

See Notes to Financial Statements.

GRANT TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
YEAR ENDED MARCH 31, 2004

EXPENDITURES		
LEGISLATIVE		
Township Board:		
Wages	$ 2,800	
Conferences and Workshops	260	
Transportation	333	
Per Diem	2,005	
Data Processing	-	
Professional Fees	-	
Printing and Publishing	1,357	
Memberships and Dues	647	
Insurance	3,997	
FICA	569	
Miscellaneous	1,673	
Pension	338	
Equipment	-	
TOTAL LEGISLATIVE		**$ 13,979**
GENERAL GOVERNMENT		
Executive:		
Salary	17,998	
Transportation	1,518	
Per Diem	313	
Office Supplies	879	
Education and Training	50	
Pension	1,621	
Data Processing	4,231	
Equipment	-	
Total Executive	26,610	
Assessor:		
Salary	21,843	
Mileage	1,125	
Total Assessor	22,968	
Clerk:		
Salary	6,350	
Office Supplies	903	
Transportation	585	
Per Diem	877	
Conferences and Workshop	20	
Pension	590	
Equipment	-	
Total Clerk	9,325	

See Notes to Financial Statements.

GRANT TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
YEAR ENDED MARCH 31, 2004

GENERAL GOVERNMENT (CONTINUED)		
Board of Review:		
Wages	$ 1,740	
Operating Supplies	42	
Transportation	32	
Conference and Workshops	170	
Total Board of Review	1,984	
Treasurer:		
Salary	6,350	
Office Supplies	2,907	
Transportation	574	
Per Diem	814	
Data Processing	895	
Conference and Workshops	75	
Pension	571	
Equipment	800	
Total Treasurer	12,986	
Township Hall:		
Operating Supplies	662	
Repairs and Maintenance	477	
Contracted Services	2,845	
Utilities	2,285	
Equipment	4,099	
Miscellaneous	125	
Permits	117	
Total Township Hall	10,610	
Cemetery:		
Contracted Services	5,400	
Total Cemetery	5,400	
TOTAL GENERAL GOVERNMENT		**$ 89,883**
PUBLIC SAFETY		
Fire Department:		
Contracted Services	31,383	
Fire Hall:		
Repairs and Maintenance	-	
TOTAL PUBLIC SAFETY		**31,383**
PUBLIC WORKS		
Sanitation:		
Contracted Services	24,235	
Swimmer's Itch Spraying	-	
Highway, Streets and Bridges:		
Contracted Services	1,571	
Streetlights	567	
TOTAL PUBLIC WORKS		**26,373**
TOTAL EXPENDITURES		**$ 161,618**

See Notes to Financial Statements.

SPECIAL REVENUE FUNDS

GRANT TOWNSHIP
LIQUOR LAW ENFORCEMENT FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS	
Cash	$ 1,592

FUND BALANCES

FUND BALANCES	$ 1,592

See Notes to Financial Statements.

GRANT TOWNSHIP
LIQUOR LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

REVENUES	
State Shared Revenue	$ 1,772
	1,772
EXPENDITURES	
Public Safety	
Wages and Salaries	1,440
FICA	110
Retirement	-
Bonds	79
Supplies	147
Total Public Safety	1,776
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(4)
FUND BALANCES - BEGINNING OF YEAR	1,596
FUND BALANCES - END OF YEAR	$ 1,592

See Notes to Financial Statements.

FIDUCIARY FUND TYPES

TRUST AND AGENCY FUND

GRANT TOWNSHIP
COMBINED BALANCE SHEET
TRUST AND AGENCY FUNDS
YEAR ENDED MARCH 31, 2004

	AGENCY FUNDS
	Trust and Agency
ASSETS	
Cash and Cash Equivalents	$ -
TOTAL ASSETS	$ -
LIABILITIES	
Due to Other Governmental Units	$ -
Other Liabilities	-
TOTAL LIABILITIES	$ -

See Notes to Financial Statements.

GRANT TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED MARCH 31, 2004

ASSETS

TRUST & AGENCY FUND	Balance 4/1/03	Additions	Deductions	Balance 3/31/04
Cash	$ -	$ 715,916	$ 715,916	$ -

LIABILITIES

Due to Other Funds	$ -	$ 64,738	$ 64,738	$ -
Due to County	-	153,880	153,880	-
Due to School	-	477,083	477,083	-
Due to Library	-	20,215	20,215	-
Total Liabilities	$ -	$ 715,916	$ 715,916	$ -

See Notes to Financial Statements.

Elliott & Sangster

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Christopher R. Sangster, MST, CPA
Gregory J. Elliott, CPA

MEMBER
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2004

RECEIVED
DEPT. OF TREASURY
DEC 15 2004
LOCAL AUDIT & FINANCE DIV.

Township Board
Grant Township
Cheboygan County
Cheboygan, MI 49721

Comments and Recommendations

In planning and performing our audit of the general purpose financial statements of the Township of Grant for the year ended March 31, 2004, we consider the Township's internal structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Because of the nature in general of the control environment of small townships, we limit our study and evaluation of internal control to the preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because we are not relying on the entity's internal accounting control procedures to restrict our substantive tests, the study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. However, our examination disclosed no conditions that we believe to be a material weakness.

This report and accompanying recommendations are intended for the use of the Township and should not be used for other purpose.

1. The Township's Special Funds had two items in excess of budgeted revenues and expenditures. We recommend revenue and expenditure line items be continually monitored throughout the year to assure compliance.

We would like to thank both Mrs. Hart and Mrs. Vallance for their assistance during the audit and for the fine job they did with the accounting of the Township records. If there are any questions regarding this comment or the audited statements, please feel free to contact us.

Sincerely,

Elliott & Sangster, PC