
Tobin & Co.

Colfax Township

Benzie County, Michigan

Audit Report

For the Year Ended March 31, 2007



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 Colfax Township	County Benzie
Fiscal Year End 3/31/07	Opinion Date 9/25/07	Date Audit Report Submitted to State 10/1/07	

We affirm that:

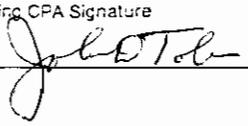
We are certified public accountants licensed to practice in Michigan.

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.)
- 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.
 - 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.
 - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - The local unit has adopted a budget for all required funds.
 - A public hearing on the budget was held in accordance with State statute.
 - 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.
 - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - The local unit only holds deposits/investments that comply with statutory requirements.
 - 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).
 - 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.
 - The local unit is free of repeated comments from previous years.
 - The audit opinion is UNQUALIFIED.
 - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - The board or council approves all invoices prior to payment as required by charter or statute.
 - 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 type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Tobin & Co., P.C.		Telephone Number 231-947-0151	
Street Address 400 E. Eighth St.		City Traverse City	State Zip MI 49686
Authorizing CPA Signature 	Printed Name JOHN D. TOBIN	License Number 1101005221	

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Colfax Township, Benzie County, for the year ended March 31, 2007 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Colfax Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

All recorded revenues were deposited timely and intact. Board minutes were maintained in proper order, and supporting documents and follow-up procedures appeared to be good. The Clerk maintains a computerized general ledger which meets Uniform Accounting Requirements.

Budgets and Procedures

The Township prepared and adopted the required budget for its general fund. The Township had no other budgetary funds for the audit year. Since GASB #34 requires disclosure of the original and final budget, detailed records of budget changes should be maintained.

General Fund

The general fund is presented on Schedule 1. Expenditures exceeded revenues by \$4,128. The fund balance at March 31, 2007 was \$197,245.

Current Tax Collection Fund

Property taxes collected were distributed to taxing units prior to the end of the fiscal year and distributions were in accordance with statutory requirements. The property tax collection process was handled well by the Treasurer. Tax receipts were filed by batch and the totals agreed with bank deposits for the batches that were tested. Schedule 3 reflects the amount levied, collected, and returned delinquent for the 2006 property tax levy.

Insurance and Surety Bond Coverage

Records indicate that the Township is insured through Burnham and Flower and Michigan Township Participating Plan and has such coverage as fire and extended coverage, general liability, workmen's compensation, errors and omissions, etc. Coverage was reviewed by the Board in the audit year. The Supervisor, Clerk, and Treasurer and their deputies and the Zoning Administrator have surety bond coverage.

Payroll Procedures

Current payroll records and procedures appear to be adequate.

Other Data

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We commend the Clerk and Treasurer for the condition of the Township records. We also appreciate the courtesy extended our field examiner in the course of this examination.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Colfax Township
Benzie County
Thompsonville, Michigan 49683

We have audited the basic financial statements of Colfax Township as of and for the year ended March 31, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of such funds of Colfax Township at March 31, 2007, and the results of operations in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board Statement 34. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Colfax Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Tobin & Co., P.C.

TOBIN & CO., P.C.
Certified Public Accountants
September 25, 2007

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COLFAX TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township officials of the Colfax Township, Benzie County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Colfax Township for the fiscal year ended March 31, 2007.

Financial Highlights

The assets of Colfax Township exceeded its liabilities at the close of the most recent fiscal year by \$231,066. Of this amount, \$204,543 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$197,245, an increase of \$4,128 in comparison with the prior year. The total amount, \$197,245 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$197,245, or 219% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Colfax Township's basic financial statements. The Township's basic financial statements comprise 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.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section 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 Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying 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 future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Colfax Township does not have any business-type activities (examples would include water and sewer, golf courses, etc.).

2. 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. Colfax 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 Colfax Township are categorized as governmental 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-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 near-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 governmental funds and governmental activities.

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Colfax Township maintains one individual governmental fund. 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, which is considered to be a major fund. All Township government activities are included in this one funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

3. Notes to the 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.

General Fund Analysis and Highlights

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$197,245. Unreserved fund balance represents 219% of total general fund expenditures.

The fund balance of the Township's general fund increased by \$4,128 during the current fiscal year.

Differences between the original budget and the final amended budget were minimal. No increase or decrease in appropriations of the total budget was made during the year. The total dollars spent in general fund activities was \$9,419 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounts to \$26,523. This investment in capital assets includes: several parcels of land, Township Hall, Office Furniture and Computers. Our government fund reports capital outlays as expenditures. However, the cost of the assets is allocated over their useful life. This fiscal year the amount by which capital outlays exceeded depreciation was \$4,895.

Cash Assets

At the end of the current fiscal year, the Township had \$200,363 in cash and other spendable assets. Of this amount, \$200,363 (100%) was held in interest bearing bank accounts. The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had no bonded or installment debt outstanding.

Pension Plan

Township employees have the option of having the Township pay Social Security payments or to join our pension plan. The Township makes contributions equal to approximately 7 ½% of each employee's wage to Municipal Retirement Systems, Inc. on behalf of each participating employee. This is an expensed item in the budget and totaled \$1,660 for the fiscal year. The Township provides no other employee benefits.

Requests for Information

This financial report is designed to provide a general overview of Colfax Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Sue Besey, Clerk, Colfax Township, 9607 Michigan Avenue, Thompsonville, MI 49683.

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Colfax Township
Statement of Net Assets
March 31, 2007

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u> <u>And Total</u>
Assets	
Cash	\$ 200,363
Taxes Receivable	7,298
Capital Assets	
Land	51
Other Capital Assets, Net of Depreciation	<u>26,472</u>
Total Assets	<u>234,184</u>
Liabilities	
Payroll Taxes	224
Retirement	<u>2,894</u>
Total Liabilities	<u>3,118</u>
Net Assets	
Invested in Capital Assets	26,523
Unrestricted	<u>204,543</u>
Total Net Assets	<u>\$ 231,066</u>

See Accompanying Notes to Basic Financial Statements

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Colfax Township
Statement of Activities
March 31, 2007

	Program Revenues			
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Total
Governmental Activities:				
Legislative	\$ 11,093	\$ -	\$ -	\$ (11,093)
General Government	46,955	1,765	-	(45,190)
Public Safety	15,174	-	-	(15,174)
Public Works	9,384	-	-	(9,384)
Recreation and Culture	2,542	3,721	-	1,179
Total Governmental Activities	\$ 85,148	\$ 5,486	\$ -	(79,662)

General Revenues:

Property Taxes	51,504
State Shared Revenues	29,885
Unrestricted Investment Earnings	4,434
Miscellaneous	2,862

Total General Revenues

88,685

Change in Net Assets

9,023

Net Assets – Beginning

222,043

Net Assets – Ending

\$ 231,066

See Accompanying Notes to Basic Financial Statements

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Colfax Township
Balance Sheet
Governmental Funds
March 31, 2007

Assets

Cash in Bank	\$ 200,615
Taxes Receivable	<u>7,298</u>
Total Assets	<u>207,913</u>

Liabilities and Fund Balances

Liabilities:

Payroll Taxes	224
Retirement	2,894
Undistributed Taxes and Interest	252
Deferred Revenue	<u>7,298</u>
Total Liabilities	<u>10,668</u>

Fund Balances:

Unreserved	<u>197,245</u>
Total Fund Balances	197,245

Amounts reported for governmental activities on the statement of net assets are different because:

Property taxes receivable are not deferred on the statement of net assets.	7,298
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>26,523</u>
Net assets of governmental activities.	<u>\$ 231,066</u>

See Accompanying Notes to Basic Financial Statements

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Colfax Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2007

	<u>General Fund</u>
Revenues	
Taxes	\$ 51,504
State Grants	31,502
Charges for Services	5,486
Interest and Rents	5,109
Other	<u>570</u>
Total	<u>94,171</u>
Expenditures	
Legislative	11,093
General Government	41,734
Public Safety	15,174
Public Works	9,384
Recreation and Culture	2,244
Other Functions	2,876
Capital Outlay	<u>7,538</u>
Total	<u>90,043</u>
Excess Revenues (Expenditures) and net change in fund balances	4,128
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current year.	<u>4,895</u>
Change in Net Assets of Governmental Activities.	<u>\$ 9,023</u>

See Accompanying Notes to Basic Financial Statements

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Colfax Township
Statement of Fiduciary Net Assets
March 31, 2007

Assets	<u>Agency Funds</u>
Cash	\$ <u>252</u>
Total Assets	\$ <u><u>252</u></u>
Liabilities	
Undistributed Taxes and Interest	\$ <u>252</u>
Total Liabilities	\$ <u><u>252</u></u>
Net Assets	\$ <u><u>-</u></u>

See Accompanying Notes to Basic Financial Statements

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Colfax Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Colfax Township is a general law township located in Benzie County. Population as of the 2000 census was 585, and the current state equalized valuation for taxable property is \$35,368,100 and the taxable valuation is \$18,814,457.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

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

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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Colfax Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund is under formal budgetary control. The budget shown in the financial statements for this fund was prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	25 years
Buildings	50 years
Building Improvements	25 years
Furniture and Fixtures	10 years
Office Equipment	5 years

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Colfax Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$ 35,368,100	\$ 18,814,457	.9522
Fire	\$ 35,368,100	\$ 18,814,457	.9545

G. Investments

There were no investments during the audit year.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. There were no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2007.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2007, four cost centers overexpended their budgets without formal amendment.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).

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Colfax Township
Notes to Financial Statements
March 31, 2007

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

A. Legal Provisions for Deposits and Investments (Continued)

- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$201,239 deposited with local banks at March 31, 2007 with a carrying value of \$200,615. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per depository, the Township had \$5,208 of uninsured deposits at March 31, 2007.

NOTE 4 - CAPITAL ASSETS

Capital assets of governmental activities consisted of the following at March 31,

	3/31/06	Additions	Deletions	3/31/07
Land	\$ 51	\$ -	\$ -	\$ 51
Buildings and Improvements	30,439	7,538	-	37,977
Equipment	4,830	-	-	4,830
	35,320	7,538	-	42,858
Less Accumulated Depreciation	(13,692)	(2,643)	-	(16,335)
	\$ 21,628	\$ 4,895	\$ -	\$ 26,523

NOTE 5 - LONG-TERM DEBT

The Township has no long-term debt at March 31, 2007, and no borrowing is anticipated in the near future.

NOTE 6 - LOANS AND ADVANCES BETWEEN FUNDS

There were no inter-fund loans or appropriations during the audit year.

NOTE 7 - INVENTORIES

Colfax Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

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Colfax Township
Notes to Financial Statements
March 31, 2007

NOTE 8 - RETIREMENT PLAN

The Township participates in a defined contribution pension plan through Manufacturers Life Insurance. The plan covers all elected officials. The Township clerk is the plan administrator. Township contributions to the plan were \$1,660. The plan provides that 7 ½% of participants compensation is paid by the Township and an additional 7 ½% is paid by participants. Covered payroll was \$22,128 for the 2006-2007 plan year out of a total payroll of \$24,670. The Township provides social security coverage for its officials and employees.

NOTE 9 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities of the Township.

NOTE 10- COMPENSATED ABSENCES

The Township does not provide for the payment to employees for sick leave, accumulated leave, etc.

NOTE 11- 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; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Burnham and Flowers and Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Colfax Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule I
Page 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 12,900	\$ 12,900	\$ 14,687	\$ 1,787
Fire Taxes	14,200	14,200	14,748	548
Delinquent Taxes	5,660	5,660	6,387	727
Swamp Tax	11,248	11,248	11,248	-
Administration Fees	3,007	3,007	4,434	1,427
State Grants:				
State Shared Revenues	30,308	30,308	29,885	(423)
Metro Act	1,400	1,400	1,617	217
Charges for Services:				
Summer Tax Collection	1,095	1,095	1,765	670
Campground Revenue	4,000	4,000	3,721	(279)
Interest and Rents:				
Interest	4,737	4,737	4,434	(303)
Rent	400	400	675	275
Other:				
Refunds, Reimbursements, and Miscellaneous	100	100	570	470
Total Revenues	89,055	89,055	94,171	5,116
 <u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	2,178	-
Operating Supplies	-	-	1,399	-
Computer Software and Supplies	-	-	1,862	-
Repairs and Maintenance	-	-	265	-
Professional Fees	-	-	936	-
Insurance	-	-	3,775	-
Printing and Publishing	-	-	255	-
Dues and Other	-	-	423	-
Total	12,364	15,094	11,093	4,001
Total Legislative	12,364	15,094	11,093	4,001
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	5,940	-
Total	6,040	6,040	5,940	100

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

Tobin & Co.

Colfax Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 2

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
<u>Expenditures (Continued)</u>	Original	Final		
General Government (Continued):				
Elections:				
Salaries and Wages	-	-	1,218	-
Supplies and Postage	-	-	140	-
Repairs and Maintenance	-	-	750	-
Printing and Publishing	-	-	44	-
Total	3,300	3,300	2,152	1,148
Assessor:				
Contractual Services	-	-	7,404	-
Supplies and Postage	-	-	629	-
Total	7,958	7,958	8,033	(75)
Clerk:				
Salaries and Wages	-	-	7,500	-
Salary - Deputy	-	-	198	-
Supplies and Postage	-	-	327	-
Total	8,725	8,725	8,025	700
Board of Review:				
Salaries and Wages	-	-	750	-
Printing and Publishing	-	-	108	-
Training	-	-	97	-
Total	1,530	1,180	955	225
Treasurer:				
Salaries and Wages	-	-	7,500	-
Salary - Deputy	-	-	135	-
Supplies and Postage	-	-	1,184	-
Printing and Publishing	-	-	1,719	-
Total	11,300	11,300	10,538	762

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

Tobin & Co.

Colfax Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 3

	Budgetary Amounts			
	Original	Final	Actual	Variance Favorable (Unfavorable)
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Township Hall and Grounds:				
Supplies	-	-	177	-
Maintenance	-	-	1,388	-
Telephone	-	-	932	-
Public Utilities	-	-	2,540	-
Repairs	-	-	154	-
Total	12,490	7,590	5,191	2,399
Cemetery:				
Maintenance	-	-	900	-
Total	900	900	900	-
Total General Government	52,243	46,993	41,734	5,259
Public Safety:				
Fire:				
Millage	14,200	14,200	14,200	-
Hazemat	300	300	300	-
Blight Ordinance Contract Fee	2,900	2,400	674	1,726
Total Public Safety	17,400	16,900	15,174	1,726
Public Works:				
Cleanup Day	-	-	3,223	-
Road Brining	-	-	5,281	-
Community Support and Other	-	-	880	-
Total Public Works	8,700	8,800	9,384	(584)
Recreation and Culture:				
Campground:				
Salaries and Wages	-	-	992	-
Supplies	-	-	327	-
Printing	-	-	146	-
Repairs and Maintenance	-	-	95	-
Trash Collection and Sewage Disposal	-	-	684	-
Total Recreation and Culture	4,410	4,410	2,244	2,166

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

Tobin & Co.

Colfax Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 4

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
<u>Expenditures (Continued)</u>	Original	Final		
Other Functions:				
Fringe Benefits	2,850	2,850	2,876	(26)
Total Other Functions	2,850	2,850	2,876	(26)
Capital Outlay	4,415	4,415	7,538	(3,123)
Total Expenditures	102,382	99,462	90,043	9,419
Excess Revenues (Expenditures)	(1) \$ (13,327)	\$ (10,407)	4,128	\$ 14,535
Fund Balance – Beginning of Year			193,117	
Fund Balance – End of Year			\$ 197,245	

(1) Budgeted from Fund Balance

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

Tobin & Co.

Colfax Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended March 31, 2007

Schedule 2

	<u>Balance</u> <u>3/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/07</u>
<u>Assets</u>				
Cash	\$ 34,399	\$ 470,626	\$ 504,773	\$ 252
Total Assets	\$ 34,399	\$ 470,626	\$ 504,773	\$ 252
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 34,399	\$ 470,626	\$ 504,773	\$ 252
Total Liabilities	\$ 34,399	\$ 470,626	\$ 504,773	\$ 252

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

Tobin & Co.

Colfax Township
2006 Property Tax Levy and Collections
For the Year Ended March 31, 2007

Schedule 3

	Millage Rate	Adjusted Levy	Collected	Returned Delinquent
County Tax	3.5768	\$ 67,457	\$ 57,294	\$ 10,163
County Jail	1.2651	23,863	19,549	4,314
County Medical Care Facility	0.9099	17,159	14,059	3,100
County Commission on Aging	0.6003	11,319	9,275	2,044
Animal Control	0.1000	1,883	1,543	340
County Veterans Relief	0.0250	468	384	84
ALS/Ambulance	0.5921	11,166	9,148	2,018
Public Transportation	0.5000	9,404	7,725	1,679
State Education	6.0000	112,884	97,814	15,070
School District	19.4000	172,578	146,365	26,213
Intermediate School District	2.9421	55,484	45,466	10,018
Township - General	0.9522	17,957	14,713	3,244
- Fire	0.9545	17,992	14,748	3,244
Property Tax Administration Fee		5,244	4,434	810
Recycling		6,144	4,736	1,408
 Total		 \$ 531,002	 \$ 447,253	 \$ 83,749

State Equalized Value	\$35,368,100
Taxable Value	\$18,814,457
Percent of Levy Collected	84.23%

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

Tobin & Co.

Colfax Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Fees
For the Year Ended March 31, 2007

Schedule 4

Revenues

Summer Property Tax Administration Fees	<u>\$ 4,434</u>
Total Revenues	<u>4,434</u>

Expenditures

Assessor – 50%	4,017
Treasurer – 50%	<u>5,269</u>
Total	<u>9,286</u>
Excess Revenues (Expenditures)	<u>\$ (4,852)</u>

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