

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 GILMORE	County BENZIE
Fiscal Year End 03/31/2007	Opinion Date 12/04/07	Date Audit Report Submitted to State 12/19/07	

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) WILSON, WARD CPA FIRM		Telephone Number 231-276-7668		
Street Address PO BOX 205		City INTERLOCHEN	State MI	Zip 49643
Authorizing CPA Signature 		Printed Name ROBERT K. WARD		License Number 1101028281

TOWNSHIP OF GILMORE
BENZIE COUNTY, MICHIGAN

Audit Report

For Year Ended
March 31, 2007

Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668

December 4, 2007

Supervisor
Gilmore Township
Elberta, Michigan

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Gilmore Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Gilmore Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into Gilmore Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Gilmore Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The information was made available timely and in an organized manner by the clerk and treasurer.

Comment:

The mechanization of the accounting system has greatly improved the validity and accuracy of the books and records. A significant amount of hard work went into this process and it has definitely improved the financial reporting system overall.

Comment:

Segregation of duties and management oversight of financial activity is a very important tenet of any financial reporting system. Endemic to most townships of your size, lack of available resources to implement standard internal control mechanisms means that it is imperative for the board to routinely review the Treasurer and Clerks reports for validity and accuracy. Lapses in this oversight would promulgate a serious deficiency in internal control.

Again, it is important to remember that this report is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the township. Thank you for the excellent condition of the records as well as the opportunity to work with Gilmore Township.

Sincerely,



Wilson, Ward CPA Firm

GILMORE TOWNSHIP
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INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS

To the Gilmore Township Board
Gilmore, Michigan

We have audited the financial statements of Gilmore Township as of and for the year ended March 31, 2007, and have issued our report thereon dated December 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gilmore Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gilmore Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gilmore Township's internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilmore Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Wilson, Ward CPA Firm

Interlochen, MI
December 4, 2007

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Gilmore Township Board
Elberta, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilmore Township, Manistee County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gilmore Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gilmore Township as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2007, on our consideration of the Gilmore Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gilmore Township's basic financial statements. The introductory section and supplemental section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and supplemental section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson, Ward CPA Firm

Interlochen, MI
December 4, 2007

Gilmore Township

Management Discussion and Analysis

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

Financial Highlights:

- The Township's net assets changed with a 4.0 percent increase attributed to frugal township operations.

Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Township's operations in more detail than the Government-Wide Financial Statements by providing information about the Township's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

The Township as a Whole:

The following table shows current year net assets:

Assets	
Cash	171,000
Other Current Assets	1,191
Capital Assets Net	<u>0</u>
Total Assets	172,191
Liabilities and Net Assets	
Liabilities	3,343
Net Assets	<u>168,848</u>
Total Liabilities and Net Assets	172,191

The Township's combined net assets increased 4.0% from a year ago - increasing from \$162,304 to \$168,848. This was primarily due to prudent township operations.

Revenues	
Taxes	43,821
State Grants	27,044
Interest and Rental	1,898
Charges for Services	0
Other	<u>756</u>
Total Revenue	73,519
Expenditure	<u>66,975</u>
Excess Revenue	6,544

The Township's Funds:

Our analysis of the Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages. The General Fund pays for most of the Township's governmental services. Gilmore Township does support a small levy for road improvements which is accounted for in a separate special revenue fund.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets. There were no material budgetary variances.

Capital Asset and Debt Administration:

Capital Assets

The Township has no major capital assets.

Debt

The Township acquired no debt during the fiscal year ending March 31, 2007.

Economic Factors and Next Year's Budgets and Rates:

Gilmore Townships 2007-2008 budget calls for the allocated millages to support general and road improvements.

General Overview of the Accomplishments of Lake Township in the 2006-2007 Fiscal Year:

The Township finances have been managed very closely during this fiscal year. This is reflected in a slight increase of the Combined Fund balances. The Township is in a stabile state as a whole.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 352-7201.

GILMORE TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2007

	<u>Primary Government</u> Governmental Activities
ASSETS	
Cash, investments and cash equivalents	\$171,000
Receivables (net)	0
Prepaid Expenditures	1,191
Internal balances	0
Inventories	0
Capital Assets, net	<u>0</u>
Total Assets	<u><u>172,191</u></u>
 LIABILITIES	
Accounts payable	3,343
Due to Other Agencies	0
Noncurrent liabilities:	
Due within one year	0
Due in more than one year	<u>0</u>
Total Liabilities	<u>3,343</u>
 NET ASSETS	
Invested in capital assets, net of related debt	0
Restricted for:	
Capital projects	
Debt Service	
Unrestricted (deficit)	<u>168,848</u>
Total Net Assets	<u>168,848</u>
Total Liabilities and Net Assets	<u><u>\$172,191</u></u>

GILMORE TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue a Changes in Net Assets Primary Government Governmental Activities
Primary government					
Governmental activities:					
Legislative	\$4,592	\$0			(\$4,592)
General government	36,054	0			(36,054)
Public works	23,764	0			(23,764)
Recreation and Culture	2,565				(2,565)
Other	0				0
Interest on Long Term Debt	0				0
Total Governmental Activities	66,975	0	0	0	(66,975)
General Revenues:					
					43,821
					0
					27,044
					1,898
					0
					0
					756
					0
Total General Revenues					73,519
Changes in Net Assets					6,544
Net Assets - Beginning					162,304
Net Assets - Ending					\$168,848

GILMORE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007

	General Fund	Road Fund	Total
ASSETS			
Cash, investments and cash equivalents	\$114,371	\$56,629	\$171,000
Receivables (net)	0	0	0
Prepaid Expenditures	1,191		1,191
Internal balances	0	717	717
Inventories			0
Capital Assets, net (Note 1)			0
Total Assets	115,562	57,346	172,908
LIABILITIES			
Accounts payable	3,343	0	3,343
Internal balances	717		
Accrued payables	0		
Noncurrent liabilities (Note 2):			0
Due within one year			0
Due in more than one year			0
Total Liabilities	4,060	0	4,060
NET ASSETS			
Invested in capital assets, net of related debt			
Unrestricted (deficit)	111,502	57,346	168,848
Total Net Assets	111,502	57,346	168,848
Total Liabilities and Net Assets	\$115,562	\$57,346	\$172,908

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above		\$168,848
Add Capital Assets	0	
Less Long Term Debt	0	
Balance per Governmental Funds Balance Sheet		\$168,848

GILMORE TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	General Fund	Road Fund	Total Governmental Funds
Revenues			
Taxes and Penalties	\$31,348	\$12,473	\$43,821
Licenses and Permits	0		0
Federal Grants			0
State Grants	27,044		27,044
Charges for Services	0	0	0
Fines and Forfeits			0
Interest and Rentals	935	964	1,898
Other Revenue	38	717	756
Total Revenues	59,365	14,154	73,519
Expenditures			
Current			
Legislative	4,592		4,592
General Government	36,054		36,054
Public Works	23,474	289	23,764
Other	2,565		2,565
Capital Outlay			0
Debt Service	0		0
Total Expenditures	66,686	289	66,975
Excess of Revenues Over (Under) Expenditures	(7,321)	13,865	6,544
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers (Out)	0	0	0
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(7,321)	13,865	6,544
Fund Balance April 1, 2006	118,823	43,481	162,304
Fund Balance March 31, 2007	\$111,502	\$57,346	\$168,848

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

Net Change in Fund Balances - Total Governmental Funds		\$6,544
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimate useful lives as depreciation.	\$0	
Repayment of bond interest is an expenditure in governmental funds, but not in the statement of activities.	0	
Changes in compensated absences are recorded when earned.	0	
Change in Net Assets of Governmental Activities		\$6,544

GILMORE TOWNSHIP FOOTNOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements of the Gilmore Township have been prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below

A. Reporting Entity

Gilmore Township is located on the Lake Michigan Shoreline in western Benzie County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 393 residents and include contracted fire protection and general community enrichment services. The criteria established by Statement 14 of the Governmental Accounting Standards Board for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

B. Government - Wide Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

The Township collects property taxes between July 1 and February 15. After this time, the taxes become delinquent and must be paid at the County Treasurer's office. The County pays the Township for uncollected taxes from the proceeds of revolving tax notes. Personal property taxes are the responsibility of the Township to collect. Delinquent real property taxes receivable are offset by deferred revenue on the Township's balance sheet, as these accounts are not normally received within sixty days of year-end, and are therefore not available to finance operations.

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. Property taxes and state-shared revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current period. All other revenue items are considered to be available only when the cash is received by the government.

The local unit reports 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 local unit. Revenues are derived primarily from property taxes, state distributions, and other intergovernmental revenues.

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.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the tax fund and the related funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, Liabilities, and Net Assets or Equity

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.

E. 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 amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

A. Budgets

The General Fund and Special Revenue Fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis. It is 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 expenditures and budgeted expenditures for the budgetary funds have been shown on a function basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

Encumbrance accounting is not used and appropriations lapse at year-end.

B. Budget Compliance

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the current year, the Township did not incurred expenditures in excess of the amounts appropriated.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan 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.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more that 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

The Township maintains all its surplus funds with local banks in the form of savings/checking accounts and certificates of deposit. Interpreting FDIC rules regarding the \$100,000 insurance limit to apply separately to the demand and time deposits of public units, GASB statement 3 risk disclosures for the Township are as follows:

- | | |
|------------|---|
| Category 1 | Insured or collateralized with securities held by the entity or its agent in the entity's name. |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in entity's name. |

Category 3 Un-collateralized

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Gilmore Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

<u>Category 1</u> Insured	<u>Category 3</u> Uninsured
\$ 85,288	\$ 0

The Township also has \$85,712 invested in certificates of deposit.

5. Pension Plan

The Township has no pension plan.

6. Changes in General Fixed Assets

General Fixed Assets usually are acquired for general township purposes and at the time of purchase were recorded as expenditures. Given the adopted capitalization level of \$5,000 the township has no assets for financial statement presentation purposes.

7. Compensated Absences and Post Employment Benefits

The Township does not pay for compensated absences.

8. Contingent Liabilities

There are no known contingent liabilities.

9. Risk Management

The township carries commercial insurance as a protection against risk.

10. Taxes receivable

Taxes receivable reflected in the general fund represent delinquent real property taxes and tax administration fees on delinquent real property taxes. Benzie County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units currently. Accordingly, these delinquent taxes and related fees are recorded as revenue in the current year.

11. Interfund Amounts

During the fiscal year interfund receivables and liabilities are as follows:

General Fund:		
	Due To Road Fund:	\$717
Road Fund:		
	Due From General Fund:	\$717

SUPPLEMENTAL DATA SECTION

To the Township Board
Township of Gilmore
Benzie County, MI

We have audited the combined financial statements of Township of Gilmore for the year ended March 31, 2007. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Wilson, Ward CPA Firm

Interlochen, MI
December 4, 2007

General Fund

Gilmore Township
Balance Sheet
General Fund

As Of March 31, 2007

<u>Assets</u>	
Cash In Bank and Investments	\$114,371
Accounts Receivable	0
Taxes Receivable	0
Due From Other Agencies	0
Prepaid	1,191
Total Assets	<u>\$115,562</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	\$3,343
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	717
Compensated Absences	0
Total Liabilities	<u>4,060</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	111,502
Total Fund Balance	<u>111,502</u>
 Total Liabilities and Fund Balance	 <u>\$115,562</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2007

	General Fund <u>March 31, 2007</u>
<u>Revenue</u>	
Taxes	\$26,154
Admin Fees	5,194
Licenses and Permits	0
Charges for Services	0
Interest & Rentals	935
Other Revenues	38
Donations	0
State Shared Revenue	27,044
Reimbursements	<u>0</u>
Total Revenues	59,365
<u>Expenditures</u>	
Current	
Legislative	4,592
General Government	36,054
Public Works	23,474
Other	<u>2,565</u>
Total Expenditures	<u>66,686</u>
Excess Revenue (Expenditures)	(7,321)
Operating Transfers In (out)	0
Fund Balance - Beginning of Year	118,823
Prior Period Adjustment	<u>0</u>
Fund Balance - End of Year	<u><u>\$111,502</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

<u>Revenue</u>	Budget Beginning April 01, 2006	Budget Year Ended March 31, 2007	Actual Year Ended March 31, 2007	Variance Favorable (Unfavorable)
Current Property Taxes	\$44,025	\$44,025	\$23,406	(\$20,619)
Delinquent Tax	0	0	2,748	2,748
Admin Fees	0	0	5,194	5,194
Licenses and Permits	0	0	0	0
State Shared Revenues	30,200	30,200	27,044	(3,156)
Use Fees	0	0	0	0
Charge for Services	0	0	0	0
Earned Interest	1,035	1,035	935	(100)
Rents and Royalties	0	0	0	0
Franchise Fees	0	0	0	0
Reimbursements	0	0	0	0
Misc	500	500	38	(462)
Total Revenues	75,760	75,760	59,365	(16,395)
 <u>Expenditure</u>				
Legislative				
Township Board:				
Salaries and Wages	1,080	1,080	1,035	45
Supplies and Maintenance	3,100	3,100	1,707	1,393
Professional Services	0	0	1,190	(1,190)
Mileage	0	0	0	0
Recycling	1,594	1,594	0	1,594
Insurance and Bonds	1,200	1,200	200	1,000
Dues	450	450	460	(10)
Misc	1,500	1,500	0	1,500
Capital Outlay	0	0	0	0
Total Township Board	8,924	8,924	4,592	4,332
General Government:				
Township Supervisor:				
Salaries and Wages	4,800	4,800	4,800	0
Office Supplies	0	0	0	0
Misc	0	0	0	0
Mileage	0	0	0	0
Total Township Supervisor	\$4,800	\$4,800	\$4,800	\$0

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

	Budget Beginning April 01, 2006	Budget Year Ended March 31, 2007	Actual Year Ended March 31, 2007	Variance Favorable (Unfavorable)
Elections:				
Salaries and Wages	\$1,500	\$1,500	\$2,458	(\$958)
Office Supplies	250	250	69	181
Mileage	0	0	0	0
Misc	2,800	2,800	720	2,080
Capital Outlay	0	0	0	0
Total Elections	4,550	4,550	3,247	1,303
Assessor:				
Contractual	8,497	8,497	9,558	(1,061)
Supplies	420	420	0	420
Mileage and Travel	175	175	0	175
Misc	325	325	0	325
Capital Outlay	0	0	0	0
Total Assessor	9,417	9,417	9,558	(141)
Clerk:				
Salaries and Wages	7,260	7,260	7,260	0
Office Supplies	0	0	0	0
Mileage	75	75	156	(81)
Capital Outlay	0	0	0	0
Misc	300	300	0	300
Total Clerk	7,635	7,635	7,416	519
Board of Review:				
Salaries	700	700	350	350
Supplies	0	0	0	0
Education	0	0	0	0
Misc	0	0	0	0
Total Board of Review	\$700	\$700	\$350	\$350

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

	Budget Beginning April 01, 2006	Budget Year Ended March 31, 2007	Actual Year Ended March 31, 2007	Variance Favorable (Unfavorable)
Treasurer:				
Salaries and Wages	\$9,260	\$9,260	\$7,260	\$2,000
Office Supplies	0	0	1,252	(1,252)
Telephone	0	0	0	0
Mileage	75	75	150	(75)
Misc	2,000	2,000	1,508	492
Capital Outlay	0	0	0	0
Printing	2,100	2,100	514	1,586
Total Treasurer	13,435	13,435	10,683	2,752
Total General Government	\$40,537	\$40,537	\$36,054	\$4,642
Public Works:				
Fire Protection	13,671	13,671	16,461	(2,790)
Cemetery	8,565	8,565	7,014	1,551
Sewer	0	0	0	0
Misc	1,500	1,500	0	1,500
Total Public Works	23,736	23,736	23,474	262
Other Expenses:				
Audit	0	0	0	0
Employee Benefits	1,563	1,563	1,565	(2)
Library	1,000	1,000	1,000	0
Contingency	0	0	0	0
Total Other Expenditures	2,563	2,563	2,565	(2)
Total Expenditures	75,760	75,760	66,686	9,234
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			(7,321)	
Fund Balance - Beginning of Year			118,823	
Fund Balance - End of Year			\$111,502	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Special Revenue Fund

**Gilmore Township
Balance Sheet
Road Fund**

As Of March 31, 2007

Assets

Cash In Bank	\$56,629
Certificate of Deposit	0
Taxes Receivable	0
Due from General Fund	<u>717</u>
Total Assets	<u><u>57,346</u></u>

Liabilities and Fund Balance

Liabilities	
Due to Improvement Fund	0
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>57,346</u>
Total Fund Balance	<u><u>57,346</u></u>
Total Liabilities and Fund Balance	<u><u>\$57,346</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Road Fund

For The Year Ended March 31, 2007

<u>Revenues</u>	
Property Tax	\$11,360
Delinquent Tax	1,113
Interest	964
Other	717
Total Revenue	14,154
 <u>Expenditures</u>	
Misc. Expenditures	289
Capital Expenditures	0
Total Expenditures	289
Excess Revenues (Expenditures)	13,865
Transfer In (Out)	0
Fund Balance - Beginning of Year	43,481
Fund Balance - End of Year	\$57,346

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS