
Tobin & Co.

Weldon 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 Weldon Township | County Benzie |
| Fiscal Year End 3/31/07 | Opinion Date 11/29/07 | Date Audit Report Submitted to State 12/12/07 | |

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) Tobin & Co., PC | | Telephone Number 231 947-0151 | |
| Street Address 400 E. Eighth Street | | 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 Weldon 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 Weldon Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Accounting records are now being maintained on Quickbooks Pro software. We encountered significant difficulty working with the records principally as a result of current tax collection activities being combined with general fund activities. These activities should be separately maintained.

In addition, we were unable to locate the State Shared Revenue payment of \$2,244.00 sent by the State of Michigan around July 1, 2006. Also, the State Shared Revenue account had two receipts posted on April 12, 2006 and June 28, 2006 for \$1,585.81 and \$1,986.57, respectively. These receipts appeared to be Metro Act proceeds and should be separately accounted for since there are restrictions on how Metro Act funds may be spent.

Finally, the cash balances of the Clerk and Treasurer were not reconciled during the year. We performed this reconciliation since the balances must agree in order for us to complete the audit. However, this procedure must be performed monthly by the Clerk and Treasurer in order to assure accuracy of the financial reports received by the Township Board.

Budgets and Procedures

The General and Special Revenue funds were properly budgeted. However, expenditures for seven cost centers exceeded budgeted amounts. Actual to budget comparisons must be performed monthly since overspending of budgeted amounts is a violation of State law.

General Fund

The General Fund is presented on Schedule 1 of this report. Revenues totaled \$112,400 and expenditures totaled \$92,171. The fund balance at March 31, 2007 was \$168,975.

Fire Fund

This fund is permitted by statute and is used to collect property taxes assessed for fire protection. For the year, this fund collected property taxes amounting to \$58,736 and paid \$63,757 for fire protection. There was no fund balance remaining at March 31, 2007. See Schedule 2.

Property Tax Administration Fees

A 1% property tax administration fee, permitted by statute, was levied on all 2006 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting and the review and appeal process. As reflected on Schedule 7, costs for the audit year exceeded fees collected by \$3,790; and the Township was in compliance with statutory requirements.

Property Tax Collections

The collection and distribution of the 2006 tax levy was handled in an excellent manner by the Township Treasurer. Deposits were made every few days and were intact. Payments to taxing units during the collection period were in accordance with statutory requirements.

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Comments and Recommendations

Insurance and Surety Bond Coverage

Our examination disclosed that the Township has such insurance coverage as fire and lightning, liability, errors and omissions, equipment, crime and workmen's compensation. Board minutes indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, their deputies, and the Supervisor are covered by surety bonds. There is also a blanket bond covering all employees.

Other Data

We are pleased to note the use of interest bearing bank accounts and investments which resulted in earned interest of \$1,477 for the audit year.

Payroll records reflect that proper procedures are being followed in payroll withholdings, remittances, federal and State reports, etc.

After completion of our audit, we will transmit two (2) copies of this report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the excellent condition of the Township records. We further appreciate the courtesy extended our field auditor in the conduct of this audit.

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
Weldon Township
Benzie County
Weldon, Michigan 49646

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Weldon Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Weldon 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 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 Weldon Township at March 31, 2007, and the respective changes in financial position thereof for the year then ended 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 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 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 financial statements that collectively comprise Weldon Township's 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.

Tobin & Co., P.C.

TOBIN & CO., P.C.
November 29, 2007

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WELDON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

The assets of Weldon Township exceeded its liabilities at the close of the most recent fiscal year by \$229,550. Of this amount, \$188,401 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 \$188,401, an increase of \$15,653 in comparison with the prior year. The total amount, \$168,975 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 \$168,975, or 183% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Weldon 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, and Public Works. Weldon 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. Weldon 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 Weldon 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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Weldon Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, Liquor Law Enforcement Fund, and Budget Stabilization Fund, of which the Fire Fund is considered to be a major fund. All Township government activities are included in these four 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 \$168,975. Unreserved fund balance represents 183% of total general fund expenditures.

The fund balance of the Township's general fund increased by \$20,229 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 \$844 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions are:

1. Recycling – Clean-up Day
2. Elections
3. Insurance

Analysis of Balances and Transactions of the Other Township's Funds.

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Fire Fund

The Fire fund is maintained by a voter passed Millage of 1.0 mils that expires in 2006 (this was reduced to 0.9681 by the Headlee Amendment rollback). At the end of the current fiscal year, the total Fire fund balance was zero. The fund balance of the Township's Fire fund was paid to the fire department.

Liquor Law Enforcement Fund

At the end of the current fiscal year, the total Liquor Law Enforcement fund balance was \$6,982.

Budget Stabilization Fund

At the end of the current fiscal year, the total Budget Stabilization fund balance remained unchanged at \$3,100.

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 \$41,149. This investment in capital assets includes: two parcels of land, the Township Hall, office furniture and equipment and computers. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which capital outlays exceeded depreciation was \$783.

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Cash Assets

At the end of the current fiscal year, the Township had \$179,057 in cash and other spendable assets. Of this amount, \$179,057 (100%) was held in a Money Market Fund (Bank) and was receiving interest. 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 7.4% 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 \$2,165 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 Weldon 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 Fran Griffin, Township Clerk, P. O. Box 570, Thompsonville, MI 49683.

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Weldon Township
Statement of Net Assets
March 31, 2007

| | | <u>Primary Government</u> |
|---|---------------|---------------------------|
| | | <u>Governmental</u> |
| | | <u>Activities</u> |
| | | <u>And Total</u> |
| <u>Assets</u> | | |
| Cash | | \$ 179,057 |
| Receivables | | 9,344 |
| Capital Assets | | |
| Land | 250 | |
| Other Capital Assets, Net of Depreciation | <u>40,899</u> | |
| Total Capital Assets | | <u>41,149</u> |
| Total Assets | | <u>229,550</u> |
| <u>Liabilities</u> | | <u>-</u> |
| Total Liabilities | | <u>-</u> |
| Net Assets | | 229,550 |
| Invested in Capital Assets | | 41,149 |
| Unrestricted | | <u>188,401</u> |
| Total Net Assets | | <u>\$ 229,550</u> |

See Accompanying Notes to Basic Financial Statements

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Weldon Township
Statement of Activities
For the Year Ended March 31, 2007

| | Program Revenues | | | |
|----------------------------------|------------------|-------------------------|--|------------|
| Functions/Programs | Expenses | Charges For Services | Operating Grants and Contributions | Total |
| Governmental Activities: | | | | |
| Legislative | \$ 3,245 | \$ - | \$ - | \$ (3,245) |
| General Government | 67,244 | 2,258 | - | (64,986) |
| Public Safety | 69,117 | - | - | (69,117) |
| Public Works | 10,045 | - | - | (10,045) |
| Recreation and Culture | 6,825 | - | - | (6,825) |
| Total Governmental Activities | \$ 156,476 | \$ 2,258 | \$ - | (154,218) |
| | | | | |
| General Revenues: | | | | |
| Taxes | | | | 145,338 |
| State Grants | | | | 18,123 |
| Unrestricted Investment Earnings | | | | 1,477 |
| Miscellaneous | | | | 7,617 |
| Total General Revenues | | | | 172,555 |
| | | | | |
| Change in Net Assets | | | | 18,337 |
| Net Assets – Beginning | | | | 211,213 |
| Net Assets – Ending | | | | \$ 229,550 |

See Accompanying Notes to Basic Financial Statements

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Weldon Township
Balance Sheet
Governmental Funds
March 31, 2007

| | General | Fire Fund | Other | Total |
|--|------------|-----------|-----------|------------|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 168,975 | \$ - | \$ 10,082 | \$ 179,057 |
| Taxes Receivable – Current | 4,787 | 4,557 | - | 9,344 |
| Total Assets | \$ 173,762 | \$ 4,557 | \$ 10,082 | \$ 188,401 |
| <u>Liabilities and Fund Equity</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Deferred Revenue | \$ 4,787 | 4,557 | - | 9,344 |
| Total Liabilities | 4,787 | 4,557 | - | 9,344 |
| <u>Fund Equity:</u> | | | | |
| Fund Balance – Unreserved | 168,975 | - | 10,082 | 179,057 |
| Total | 168,975 | - | 10,082 | 179,057 |
| Total Liabilities and Fund Balances | \$ 173,762 | \$ 4,557 | \$ 10,082 | |
| 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. | | | | 9,344 |
| Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | | 41,149 |
| Net assets of governmental activities. | | | | \$ 229,550 |

See Accompanying Notes to Basic Financial Statements

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

| | <u>General</u> | <u>Fire Fund</u> | <u>Other</u> | <u>Total</u> |
|----------------------------------|-------------------|------------------|------------------|-------------------|
| <u>Revenues</u> | | | | |
| Taxes | \$ 84,701 | \$ 58,736 | \$ - | \$ 143,437 |
| Licenses and Permits | 2,258 | - | - | 2,258 |
| State Grants | 16,347 | - | 1,776 | 18,123 |
| Interest and Rents | 6,477 | - | - | 6,477 |
| Other | <u>2,617</u> | <u>-</u> | <u>-</u> | <u>2,617</u> |
| Total | <u>112,400</u> | <u>58,736</u> | <u>1,776</u> | <u>172,912</u> |
| <u>Expenditures</u> | | | | |
| Legislative | 3,245 | - | - | 3,245 |
| General Government | 51,398 | - | - | 51,398 |
| Public Safety | 4,029 | 63,757 | 1,331 | 69,117 |
| Public Works | 10,045 | - | - | 10,045 |
| Recreation and Culture | 6,825 | - | - | 6,825 |
| Other Functions | 12,629 | - | - | 12,629 |
| Capital Outlay | <u>4,000</u> | <u>-</u> | <u>-</u> | <u>4,000</u> |
| Total | <u>92,171</u> | <u>63,757</u> | <u>1,331</u> | <u>157,259</u> |
| Excess Revenues (Expenditures) | 20,229 | (5,021) | 445 | 15,653 |
| Fund Balance – Beginning of Year | <u>148,746</u> | <u>5,021</u> | <u>9,637</u> | <u>163,404</u> |
| Fund Balance – End of Year | <u>\$ 168,975</u> | <u>\$ -</u> | <u>\$ 10,082</u> | <u>\$ 179,057</u> |

See Accompanying Notes to Basic Financial Statements

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Weldon Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended March 31, 2007

| | |
|---|------------------|
| Net change in fund balances -- total governmental funds | \$ 15,653 |
| Property taxes are not deferred on the statement of activities. This is the amount that Deferred revenue increased during the year. | 1,901 |
| 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 expense. This is the amount by which capital outlays exceeded depreciation in the current period. | <u>783</u> |
| Changes in net assets of governmental activities | <u>\$ 18,337</u> |

See Accompanying Notes to Basic Financial Statements

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Weldon Township
Statement of Fiduciary Net Assets
March 31, 2007

| | <u>Agency Funds</u> |
|----------------------------------|-------------------------|
| Assets | |
| Cash | <u>\$ 1,134</u> |
| Total Assets | <u>1,134</u> |
| Liabilities | |
| Undistributed Taxes and Interest | <u>1,134</u> |
| Total Liabilities | <u>1,134</u> |
| Net Assets | <u>\$ -</u> |

See Accompanying Notes to Basic Financial Statements

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Weldon Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Weldon Township is a general law township located in Benzie County. Population as of the 2000 census was 530, and the current state equalized valuation for taxable property is \$89,572,900 and the taxable value is \$65,323,303.

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.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

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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Weldon 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. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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 and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were 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 and the required supplementary schedules, 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 \$1,000 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 | 20 years |
| Buildings | 40 years |
| Building Improvements | 25 years |
| Furniture and Fixtures | 10 years |
| Office Equipment | 5 years |

Tobin & Co.

Weldon 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 | \$ 89,572,900 | \$ 65,323,303 | .7591 |
| Fire | \$ 89,572,900 | \$ 65,323,303 | .9681 |

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. We noted 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, two cost centers exceeded 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).

Tobin & Co.

Weldon 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 \$239,989 deposited with local financial institutions at March 31, 2007 with a carrying value of \$179,057. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$139,989 of uninsured deposits at March 31, 2007.

NOTE 4 - CAPITAL ASSETS

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

| | 03/31/06 | Additions | Dispositions | 03/31/07 |
|----------------------------|-----------|-----------|--------------|-----------|
| Land | \$ 250 | \$ - | \$ - | \$ 250 |
| Buildings and Improvements | 54,825 | - | - | 54,825 |
| Furniture and Equipment | 6,819 | 4,000 | - | 10,819 |
| Total Cost | 61,894 | 4,000 | - | 65,894 |
| Accumulated Depreciation | (21,528) | (3,217) | - | (24,745) |
| Undepreciated Cost | \$ 40,366 | \$ 783 | \$ - | \$ 41,149 |

NOTE 5 - LONG-TERM DEBT

The Township has no long-term debt and no such 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

Weldon 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.

Tobin & Co.

Weldon Township
Notes to Financial Statements
March 31, 2007

NOTE 8 - RETIREMENT PLAN

The Township participates in a defined contribution pension plan administered by Municipal Retirement Systems, Inc. The plan covers all elected officials. The Township clerk is the plan administrator. Township contributions to the plan were \$2,165. All costs are paid by the Township. Covered payroll was \$20,819 for the 2006-2007 plan year out of a total payroll of \$25,257.

NOTE 9 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2007.

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.

Weldon 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 | \$ 42,419 | \$ 42,419 | \$ 46,054 | \$ 3,635 |
| Delinquent Taxes | 3,000 | 3,000 | 7,443 | 4,443 |
| Swamp Tax | 14,774 | 14,774 | 14,774 | - |
| Property Tax Administration Fees | 15,200 | 15,200 | 16,430 | 1,230 |
| Licenses and Permits | 3,000 | 3,000 | 2,258 | (742) |
| State Grants: | | | | |
| State Shared Revenues | 12,000 | 12,000 | 14,360 | 2,360 |
| Metro Act | 1,678 | 1,678 | 1,987 | 309 |
| Interest and Rents: | | | | |
| Interest | 1,500 | 1,500 | 1,477 | (23) |
| Rent | 5,000 | 5,000 | 5,000 | - |
| Other: | | | | |
| Miscellaneous and Reimbursements | 3,400 | 3,400 | 2,617 | (783) |
| Total Revenues | 101,971 | 101,971 | 112,400 | 10,429 |
| <u>Expenditures</u> | | | | |
| Legislative: | | | | |
| Township Board: | | | | |
| Salaries and Wages | - | - | 2,320 | - |
| Professional Fees | - | - | 33 | - |
| Dues and Other | - | - | 892 | - |
| Total | 2,278 | 2,278 | 3,245 | (967) |
| Total Legislative | 2,278 | 2,278 | 3,245 | (967) |
| General Government: | | | | |
| Township Supervisor: | | | | |
| Salaries and Wages | - | - | 4,728 | - |
| Travel | - | - | 56 | - |
| Total | 6,100 | 6,100 | 4,784 | 1,316 |
| Assessor: | | | | |
| Contracted Services | - | - | 13,083 | - |
| Supplies and Postage | - | - | 893 | - |
| Travel | - | - | 399 | - |
| Total | 14,083 | 14,083 | 14,375 | (292) |

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

Tobin & Co.

Weldon 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

| <u>Expenditures (Continued)</u> | <u>Budgetary Amounts</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------|--------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Elections: | | | | |
| Salaries and Wages | - | - | 1,176 | - |
| Supplies and Postage | - | - | 728 | - |
| Contracted Services | - | - | 425 | - |
| Printing and Publishing | - | - | 381 | - |
| Education and Travel | - | - | 638 | - |
| Total | 4,000 | 4,000 | 3,348 | 652 |
| Clerk: | | | | |
| Salaries and Wages | - | - | 8,550 | - |
| Salaries - Deputy | - | - | 53 | - |
| Supplies and Postage | - | - | 799 | - |
| Travel | - | - | 11 | - |
| Total | 9,700 | 9,700 | 9,413 | 287 |
| Board of Review: | | | | |
| Salaries and Wages | - | - | 563 | - |
| Printing and Publishing | - | - | 619 | - |
| Training | - | - | 120 | - |
| Total | 1,000 | 1,000 | 1,302 | (302) |
| Treasurer: | | | | |
| Salaries and Wages | - | - | 5,776 | - |
| Salaries - Deputy | - | - | 88 | - |
| Supplies and Postage | - | - | 1,207 | - |
| Printing and Publishing | - | - | 2,420 | - |
| Total | 10,200 | 10,200 | 9,491 | 709 |
| Township Hall and Grounds: | | | | |
| Supplies | - | - | 731 | - |
| Maintenance | - | - | 1,918 | - |
| Public Utilities | - | - | 4,020 | - |
| Repairs | - | - | 1,156 | - |
| Total | 8,000 | 8,000 | 7,825 | 175 |

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

Tobin & Co.

Weldon 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

| Expenditures (Continued) | Budgetary Amounts | | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|-------------------|----------|------------|--|
| | Original | Final | | |
| General Government (Continued): | | | | |
| Cemetery: | | | | |
| Maintenance | - | - | 860 | - |
| Total | 600 | 600 | 860 | (260) |
| Total General Government | 53,683 | 53,683 | 51,398 | 2,285 |
| Public Safety: | | | | |
| Planning and Zoning: | | | | |
| Salaries and Wages | - | - | 2,153 | - |
| Contracted Services | - | - | 795 | - |
| Supplies | - | - | 202 | - |
| Printing and Publishing | - | - | 643 | - |
| Education and Travel | - | - | 236 | - |
| Total Public Safety | 5,000 | 5,000 | 4,029 | 971 |
| Public Works: | | | | |
| Township Cleanup and Recycling | - | - | 7,154 | - |
| Road Maintenance | - | - | 2,891 | - |
| Total Public Works | 9,654 | 9,654 | 10,045 | (391) |
| Recreation and Culture: | | | | |
| Library | - | - | 5,000 | - |
| Park Maintenance | - | - | 1,825 | - |
| Total Public Works | 5,000 | 5,000 | 6,825 | (1,825) |
| Other Functions: | | | | |
| Fringe Benefits | - | - | 1,822 | - |
| Insurance | - | - | 8,642 | - |
| Retirement | - | - | 2,165 | - |
| Total Other Functions | 11,900 | 11,900 | 12,629 | (729) |
| Capital Outlay | 2,400 | 2,400 | 4,000 | (1,600) |
| Contingency | 3,100 | 3,100 | - | 3,100 |
| Total Expenditures | 93,015 | 93,015 | 92,171 | 844 |
| Excess Revenues (Expenditures) | \$ 8,956 | \$ 8,956 | 20,229 | \$ 11,273 |
| Fund Balance – Beginning of Year | | | 148,746 | |
| Fund Balance – End of Year | | | \$ 168,975 | |

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

Tobin & Co.

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

Schedule 2

| | Budgetary Amounts | | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|-------------------|------------|-----------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Property Taxes | \$ 58,736 | \$ 58,736 | \$ 58,736 | \$ - |
| Total | 58,736 | 58,736 | 58,736 | - |
| <u>Expenditures</u> | | | | |
| Fire Protection | 49,778 | 63,757 | 63,757 | - |
| Total | 49,778 | 63,757 | 63,757 | - |
| <u>Excess Revenues (Expenditures)</u> | (1) \$ 8,958 | \$ (5,021) | (5,021) | \$ - |
| Fund Balance – Beginning of Year | | | 5,021 | |
| Fund Balance – End of Year | | | - | |
| (1) Budgeted from Fund Balance | | | | |

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

Tobin & Co.

Weldon Township
Combining Balance Sheet
All Non-Major Funds
March 31, 2007

Schedule 3

| <u>Assets</u> | <u>Liquor Law Enforcement Fund</u> | <u>Budget Stabilization Fund</u> | <u>Total (Memo Only)</u> |
|--|--|--|------------------------------|
| Cash in Bank | \$ 6.982 | \$ 3.100 | \$ 10.082 |
| Total Assets | <u>\$ 6.982</u> | <u>\$ 3.100</u> | <u>\$ 10.082</u> |
| <u>Liabilities and Fund Equity</u> | | | |
| Liabilities: | | | |
| Deferred Revenue | \$ - | \$ - | \$ - |
| Total Liabilities | - | - | - |
| Fund Equity: | | | |
| Fund Balance | 6.982 | 3.100 | 10.082 |
| Total Fund Balance | <u>6.982</u> | <u>3.100</u> | <u>10.082</u> |
| Total Liabilities and Fund Equity | <u>\$ 6.982</u> | <u>\$ 3.100</u> | <u>\$ 10.082</u> |

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

Tobin & Co.

Weldon Township
Combined Statements of Revenues, Expenditures and Changes in Fund Balance
All Non-Major Funds
March 31, 2007

Schedule 4

| | Liquor Law Enforcement Fund | Budget Stabilization Fund | Total (Memo Only) |
|--|-----------------------------------|---------------------------------|----------------------|
| <u>Revenue</u> | | | |
| State Grants | \$ 1,776 | \$ - | \$ 1,776 |
| Total Revenue | <u>1,776</u> | <u>-</u> | <u>1,776</u> |
| <u>Expenditures</u> | | | |
| Public Safety | <u>1,331</u> | <u>-</u> | <u>1,331</u> |
| Total Expenditures | <u>1,331</u> | <u>-</u> | <u>1,331</u> |
| <u>Excess Revenues (Expenditures)</u> | 445 | - | 445 |
| <u>Fund Balance</u> -- Beginning of Year | <u>6,537</u> | <u>3,100</u> | <u>9,637</u> |
| <u>Fund Balance</u> -- End of Year | <u>\$ 6,982</u> | <u>\$ 3,100</u> | <u>\$ 10,082</u> |

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

Tobin & Co.

Weldon Township
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended March 31, 2007

Schedule 5

| | <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 | \$ 129,156 | \$ 1,670,069 | \$ 1,798,091 | \$ 1,134 |
| Total Assets | \$ 129,156 | \$ 1,670,069 | \$ 1,798,091 | \$ 1,134 |
| <u>Liabilities</u> | | | | |
| Undistributed Taxes and Interest | \$ 129,156 | \$ 1,670,069 | \$ 1,798,091 | \$ 1,134 |
| Total Liabilities | \$ 129,156 | \$ 1,670,069 | \$ 1,798,091 | \$ 1,134 |

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

Tobin & Co.

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

Schedule 6

| | Millage Rate | Adjusted Levy | Collected | Returned Delinquent |
|---------------------------------|-----------------|---------------------|---------------------|------------------------|
| County Tax | 1.1923 | \$ 237,067 | \$ 222,736 | \$ 14,331 |
| County Jail | 1.2651 | 82,798 | 76,757 | 6,041 |
| County Medical Care Facility | 0.9099 | 59,541 | 55,205 | 4,336 |
| County Commission on Aging | 0.6003 | 39,280 | 36,419 | 2,861 |
| Animal Control | 0.1000 | 6,539 | 6,064 | 475 |
| County Veterans Relief | 0.0250 | 1,630 | 1,512 | 118 |
| Public Transportation | 0.5000 | 32,657 | 30,335 | 2,322 |
| ALS/Ambulance | 0.5921 | 38,747 | 35,922 | 2,825 |
| State Education | 5.0000 | 391,936 | 378,447 | 13,489 |
| School District | 19.4000 | 1,108,935 | 1,034,075 | 74,860 |
| Intermediate School District | 2.9421 | 192,523 | 178,512 | 14,011 |
| Township - General | 0.7591 | 49,671 | 46,054 | 3,617 |
| Township - Fire | 0.9681 | 63,332 | 58,736 | 4,596 |
| Commercial Forest | | 89 | 89 | - |
| Recycling | | 12,656 | 11,112 | 1,544 |
| Property Tax Administration Fee | | 17,642 | 16,430 | 1,212 |
| Total | | \$ 2,335,043 | \$ 2,188,405 | \$ 146,638 |
| State Equalized Value | | \$89,572,900 | | |
| Taxable Value | | \$65,323,303 | | |
| Percent of Levy Collected | | 93.72% | | |

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

Tobin & Co.

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

Schedule 7

Revenues

Property Tax Administration Fees \$ 16,430

Total Revenues 16,430

Expenditures

Assessor 14,375

Board of Review 1,302

Treasurer – 70% of Salary 4,043

Use of Building, Equipment, Etc. 500

Total 20,220

Excess Revenues (Expenditures) \$ (3,790)

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