

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 Benton Township	County Cheboygan
Fiscal Year End March 31, 2007	Opinion Date June 20, 2007	Date Audit Report Submitted to State July 6, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
- All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - The local unit has adopted a budget for all required funds.
 - A public hearing on the budget was held in accordance with State statute.
 - The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - The local unit only holds deposits/investments that comply with statutory requirements.
 - The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - The local unit is free of repeated comments from previous years.
 - The audit opinion is UNQUALIFIED.
 - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - The board or council approves all invoices prior to payment as required by charter or statute.
 - To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Daniel R. Nieland C.P.A.		Telephone Number 231-627-4396	
Street Address 201 South Main Street		City Cheboygan	State Zip MI 49721
Authorizing CPA Signature 		Printed Name Daniel R. Nieland C.P.A.	License Number 1101012250

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
MARCH 31, 2007

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

Supervisor and Members Of
The Township Board of Trustees
Benton Township
Cheboygan County, Michigan 49721

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of Benton 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 the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of government activities, each major fund and the aggregate remaining fund information of Benton 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.

As described in the footnotes, Benton Township has implemented a new financial reporting model, as required by the provisions of *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended and interpreted as of March 31, 2007.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 7 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. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Benton Township's basic financial statements. The schedules listed as other supplemental information in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Benton Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, based on my audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANT

June 20, 2007
Cheboygan, Michigan 49721

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2007

The Management's discussion and analysis for Benton Township covers the Township's financial performance during the year ended March 31, 2007.

Financial Highlights

Our financial status remained stable over the last year. Net assets increased from \$1,928,335 to \$1,995,613 for an increase of \$67,278.

Overall revenue was \$574,835. Taxable value increased by approximately \$8,192,400. We incurred no new debt.

Overview of Financial Statements

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity-Wide Financial Statements

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2007

Entity-Wide Financial Statements (continued)

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity, you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All activities of the Township are reported as governmental activities, and there are no business type activities. Governmental activities include the General Fund, Fire Fund, Road Fund, Revolving and Development Fund, and Liquor Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on significant funds and not the Township as a whole. In the section for other supplement information, the General Fund revenue and expenditures are shown on the line item basis. Funds are used to account for specific activities or funding sources. Some funds are just required by law. The Township Board may also create them. Funds are established to account for funding and spending financial resources and to show proper expenditures of those resources.

The Township has the following funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, Fire Fund, Road Fund, Liquor Fund and the Revolving and Improvement Fund.

Financial Analysis of the Township as a Whole

Our cash position in all governmental activities remains strong. Year-end cash position of all funds is as follows:

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2007

Financial Analysis of the Township as a Whole (continued)

General Fund	\$ 772,024
Fire Fund	442,388
Road Fund	141,115
Revolving and Improvement Fund	151,437
Liquor Fund	<u>5,138</u>
 Total Government Fund Cash	 <u><u>\$1,512,102</u></u>

Financial Analysis of the Township's Funds

Individual fund balances remain solid, as indicated by year-end balance and net change reflected below:

	Balance March 31, <u>2006</u>	Balance March 31, <u>2007</u>	Increase (Decrease)
General Fund	\$ 769,537	\$ 789,696	\$ 20,159
Fire Fund	521,596	527,510	5,914
Road Fund	122,737	158,195	35,458
Revolving and Improvement Fund	103,582	151,437	47,855
Liquor Fund	<u>5,352</u>	<u>5,138</u>	<u>(214)</u>
 Totals	 <u><u>\$1,522,804</u></u>	 <u><u>\$1,631,976</u></u>	 <u><u>\$109,172</u></u>

Capital Assets and Long-Term Debt Activity

The Township's total capital outlay in governmental funds was \$137,112. There was no long-term debt activity either new borrowing or principal repayment.

Factors Affecting Future Operations

We foresee slow, but steady tax revenue growth. Our fund and cash balances are maintained for the future growth and financial stability of the Township. Future projects include park expansion including basketball, volleyball and tennis courts. We have also discussed more walking paths, a pavilion and a larger picnic area. At some point in the future, we would like to build a new fire hall and remodel and community center.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING MARCH 31, 2007

Contacting the Township's Management

This financial report is designed to provide our citizens, taxpayers, and other interested parties with a general overview of Benton Township's finances and also to show the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township officials at 5012 Orchard Beach Road, Cheboygan, Michigan 49721.

GENERAL PURPOSE FINANCIAL STATEMENTS

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GOVERNMENT -WIDE STATEMENT OF NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash	\$ 28,171
Cash Savings	1,254,011
Cash Certificates	247,000
Tax Receivable	18,032
Accounts Receivable	<u>85,361</u>
Total Current Assets	<u>1,632,575</u>
NON-CURRENT ASSETS:	
CAPITAL ASSETS:	
Land	20,000
Buildings	289,209
Equipment	573,097
Accumulated Depreciation	<u>(519,268)</u>
Total Non-Current Assets	<u>363,038</u>
Total Assets	<u>\$1,995,613</u>
LIABILITIES:	
Accounts Payable	\$ 239
Rent Deposit	<u>360</u>
Total Liabilities	<u>599</u>
NET ASSETS:	
Invested In Capital Assets Net of Related Debt	\$ 363,038
Unrestricted	<u>1,631,976</u>
TOTAL NET ASSETS	<u><u>\$1,995,014</u></u>

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING MARCH 31, 2007

					Net (Expense) Revenue and Changes in <u>Net Assets</u>
					<u>Primary Government</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES:					
Legislative	\$ 11,441	\$ 0	\$ 0	\$ 0	\$ (11,441)
Elections	4,905	0	0	0	(4,905)
General Services and Administration	128,863	0	0	0	(128,863)
Public Safety	214,619	0	0	0	(214,619)
Public Works	27,127	52,232	0	0	25,105
Sanitation	18,039	7,600	0	0	(10,439)
Parks and Recreation	68,314	0	0	0	(68,314)
Other	<u>34,249</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(34,249)</u>
 TOTAL GOVERNMENT ACTIVITIES	 <u>507,557</u>	 <u>59,832</u>	 <u>0</u>	 <u>0</u>	
 TOTAL PRIMARY GOVERNMENT	 <u>\$507,557</u>	 <u>\$ 59,832</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$(447,725)</u>
 General Revenues:					
Taxes					\$238,862
State Shared Revenues					214,337
Interest and Rentals					40,433
Miscellaneous					21,371
Transfers					<u>0</u>
 TOTAL GENERAL REVENUES AND TRANSFERS					 <u>515,003</u>
 CHANGE IN NET ASSETS					 67,278
 NET ASSETS – BEGINNING					 <u>1,928,335</u>
 NET ASSETS – ENDING					 <u>\$1,995,613</u>

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
BALANCE SHEET
FOR THE YEAR ENDING MARCH 31, 2007

	General Fund	Fire Fund	Road Fund	Revolving and Improvement Fund	Liquor Fund	Total Government Funds
ASSETS:						
Cash Checking	\$ 20,650	\$ 7,354	\$ 88	\$ 0	\$ 79	\$ 28,171
Cash Savings	521,374	435,034	141,107	151,437	5,059	1,254,011
Cash Certificates of Dep.	230,000	0	17,000	0	0	247,000
Taxes Receivable	18,032	0	0	0	0	18,032
Accounts Receivable	<u>0</u>	<u>85,361</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,361</u>
TOTAL ASSETS	<u>\$790,056</u>	<u>\$527,749</u>	<u>\$158,195</u>	<u>\$151,437</u>	<u>\$ 5,138</u>	<u>\$1,632,575</u>
LIABILITIES AND FUND BALANCE:						
LIABILITIES:						
Accounts Payable	\$ 0	\$ 239	\$ 0	\$ 0	\$ 0	\$ 239
Rent Deposit	<u>360</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>360</u>
Total Liabilities	<u>360</u>	<u>239</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>599</u>
FUND BALANCE:						
General Fund	789,696	0	0	0	0	789,696
Fire Fund	0	527,510	0	0	0	527,510
Road Fund	0	0	158,195	0	0	158,195
Revolving & Improvement Fund	0	0	0	151,437	0	151,437
Liquor Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,138</u>	<u>5,138</u>
Total Fund Balance	<u>789,696</u>	<u>527,510</u>	<u>158,195</u>	<u>151,437</u>	<u>5,138</u>	<u>1,631,976</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$790,056</u>	<u>\$527,749</u>	<u>\$158,195</u>	<u>\$151,437</u>	<u>\$ 5,138</u>	<u>\$1,632,575</u>

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2007

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$1,631,976
Amounts reported for governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>363,038</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$1,995,014</u>

The accompanying notes are an integral
part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING MARCH 31, 2007

	General Fund	Fire Fund	Road Fund	Revolving and Improvement Funds	Liquor Fund	Total Government Funds
REVENUE:						
Taxes	\$153,179	\$ 84,386	\$ 0	\$ 0	\$ 1,297	\$238,862
State Shared Revenue	210,151	0	4,186	0	0	214,337
Charges for Services	7,600	0	52,232	0	0	59,832
Interest and Rentals	24,847	8,995	3,594	2,855	142	40,433
Miscellaneous	<u>11,730</u>	<u>9,641</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,371</u>
Total Revenue	407,507	103,022	60,012	2,855	1,439	574,835
EXPENDITURES:						
Legislative	11,441	0	0	0	0	11,441
Elections	4,905	0	0	0	0	4,905
General Services and Administration	115,578	0	0	0	0	115,578
Public Safety	3,541	182,469	0	0	0	186,010
Public Works	920	0	24,554	0	1,653	27,127
Sanitation	18,039	0	0	0	0	18,039
Parks and Recreation	68,314	0	0	0	0	68,314
Other	<u>34,249</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,249</u>
Total Expenditures	256,987	182,469	24,554	0	1,653	465,663
OTHER FINANCING SOURCES:						
Transfers In	0	85,361	0	45,000	0	130,361
Transfers Out	<u>(130,361)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(130,361)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	20,159	5,914	35,458	47,855	(214)	109,172
FUND BALANCE-BEGINNING	<u>769,537</u>	<u>521,596</u>	<u>122,737</u>	<u>103,582</u>	<u>5,352</u>	<u>1,522,804</u>
FUND BALANCE-ENDING	<u>\$789,696</u>	<u>\$527,510</u>	<u>\$158,195</u>	<u>\$151,437</u>	<u>\$ 5,138</u>	<u>\$1,631,976</u>

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
 CHEBOYGAN COUNTY, MICHIGAN
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDING MARCH 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$109,172
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Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation Expense	\$ 41,894	<u>41,894</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 67,278</u>
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BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FIDUCIARY FUNDS—STATEMENT OF NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Current Tax Collection Fund</u>
ASSETS:	
Cash	<u>\$ 1,719</u>
TOTAL ASSETS	<u>\$ 1,719</u>
LIABILITIES:	
Due To Other Funds	<u>\$ 1,719</u>
TOTAL LIABILITIES	<u>\$ 1,719</u>

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Benton in Cheboygan, Michigan, have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) which do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

Benton Township is an incorporated Township, which operates under a Supervisor – Board form of government. The Township provides the following services: public safety, highways and streets, sanitation, public improvements and general administrative services.

The Township has considered all potential component units in valuating how to define the Township for financial reporting purposes. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement 14 of the Government Accounting Standards Board (GASB), *The Financial Reporting Entity*. The basic criteria includes the appointment of a voting majority of the governing board of the unit; legal separation of the Township and the component unit, fiscal independence of the unit, whether exclusion of the unit would make the Township's financial statements misleading, and whether there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. There are no component units to be included in these statements.

The financial reporting entity of Benton Township includes all funds and accounts of the Township.

Discretely presented component unit:

The Alverno Fire Department is operated as a joint venture with Benton, Aloha, and Grant Townships in Cheboygan County, Michigan. Under an agreement entered into June 4, 1963, and amended April 27, 1982, Aloha and Grant Townships provide 1 operating mill each and Benton matches the total. Benton Township therefore has a 50% equity claim to Fire Board property and equipment upon liquidation. The organizational agreement provides for a joint exercise of power and the establishment of a separate administration. The Fire Board consists of the supervisors of each Township.

The Alverno Fire Department is shown under Governmental Funds – Fire Fund.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) BASIC FINANCIAL STATEMENTS –GOVERNMENT -WIDE FINANCIAL STATEMENTS

Benton Township's basic financial statements include both government -wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government -wide and fund financial statements categorize primary activities as either governmental or business -type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. Benton Township does classify sewer operation as business -type activities.

In the government -wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The Government -Wide Statement of Activities reports both the gross and net cost of each of Benton Township's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business -type activity. Operating grants include operating –specific and discretionary (either operating or capital) grants while the capital grants column reflects capital –specific grants. The net costs (by function or business -type activity) are normally covered by general revenue.

The government -wide focus is more on the sustainability of Benton Township as an entity and the change in net assets resulting from the current year's activities. The effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS –FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- General Fund—General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- Fire Fund—The Fire Fund is used to account for financial resources to be used for expenditures related to fire protection within a four township district.
- Road Fund—The road Fund is used to account for resources to be used for road development and improvement. Revenues are from both charges for services and transfer from the General Fund.
- Revolving and Improvement Fund—This fund is for funds to be set aside for future Township improvements. The Township has made annual transfers to build up this fund.
- Liquor Fund—This is a State mandated fund to fund liquor establishment inspection.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business -type activities in the government -wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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 has been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets

All governmental funds are under formal budgetary control. Budgets shown in the financial statements as "GAAP Basis" are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are 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 Board. Budgets are adopted on the departmental level and control is exercised on that level.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges and sidewalks) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of five years.

All capital assets are valued historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land Improvements	20 years
Building, Structures and Improvements	39 years
Equipment	5-12 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures. Actual results may differ from estimated amounts.

Property Taxes

Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Interfund Activity

All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Vacation and Sick Leave

The Township has no liability for accumulated vacation or sick leave.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE B – COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS

Cash equity in the common bank account of the Township is utilized by the various funds is as follows:

	<u>Checking</u>	<u>Savings</u>
General Fund	\$ 20,650	\$521,374
Road Fund	88	0
Liquor Fund	<u>79</u>	<u>5,059</u>
	<u>\$ 20,817</u>	<u>\$526,433</u>

These deposits and interest payment accounts are with local financial institutions. All accounts are in the name of the Township. Interest is recorded when deposits mature or is credited to the applicable account.

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities or guaranteed by the Government National Mortgage Association; United States government or Federal Agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal or direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature no more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in the financial institutions located in states other than Michigan.

The Township deposits are in accordance with statutory authority. The Governmental Account Standards Board (GASB) Statement Number 3 risk disclosures for the Township cash deposit are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insurance (FDIC)	\$ 300,000
Uninsured	<u>1,229,182</u>
	<u>\$1,529,182</u>

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE C – CAPITAL ASSETS

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, <u>2006</u>	<u>Additions</u>	<u>Disposals</u>	Balance at March 31, <u>2007</u>
GOVERNMENTAL ACTIVITIES:				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Total Capital Assets, Not Being Depreciated	20,000	0	0	20,000
Buildings and Improvements	247,108	42,101	0	289,209
Furniture and Equipment	<u>551,403</u>	<u>21,694</u>	<u>0</u>	<u>573,097</u>
Total Capital Assets Being Depreciated	<u>798,511</u>	<u>63,795</u>	<u>0</u>	<u>862,306</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(159,276)	(7,227)	0	(166,503)
Furniture and Equipment	<u>(318,097)</u>	<u>(34,667)</u>	<u>0</u>	<u>(352,764)</u>
Total Accumulated Depreciation	<u>(477,373)</u>	<u>(41,894)</u>	<u>0</u>	<u>(519,267)</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 341,138</u>	<u>\$ 21,901</u>	<u>\$ 0</u>	<u>\$ 343,039</u>

A depreciation expense for the Governmental Activities was charged to the following functions and activities of the primary government:

General and Administrative	\$ 13,285
Fire Fund	<u>28,609</u>
	<u>\$ 41,894</u>

BENTON TOWNSHIP
 CHEBOYGAN COUNTY, MICHIGAN
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDING MARCH 31, 2007

NOTE D – TRANSFERS

The following transfers were made between funds:

	<u>Transfers In</u>		<u>Transfers Out</u>
Fire Fund	\$ 85,361	General Fund	\$ 85,361
Revolving and Improvement	<u>45,000</u>	General Fund	<u>45,000</u>
 Total	 <u>\$130,361</u>	 Total	 <u>\$130,361</u>

NOTE E – DEFINED CONTRIBUTION PENSION PLAN

The Benton Township/Cheboygan County Pension Plan (the Plan) is a single employer public employee retirement system that administers the Township’s defined contribution pension plan for its elected officials. The Township is the sole contributor to the Plan which covers all elected officials of the Township.

A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participant’s benefits that may be allocated to such participant’s account. All elected officials are eligible to participate in the plan from the date they are hired. Contributions made into the plan vest immediately. Participants are eligible upon termination or retirement to withdraw accumulated contributions and interest.

The Township contributed 10% of annual compensation and the employee is required to contribute 5% of annual compensation for the year ending March 31, 2007. Employees may make voluntary non-deductible contributions to the plan up to a maximum of 10% of annual compensation. The Township has funded 100% of contribution requirements for the year ending March 31, 2007. Details of actual contribution breakdown are as follows:

Total Compensation	\$ 54,440
Eligible Compensation	54,440
Employer Contribution	5,444
Employee Contribution	4,083
Number of Employees	6

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2007

NOTE E – DEFINED CONTRIBUTION PENSION PLAN (continued)

There were no plan changes or related party transactions during the year ending March 31, 2007. Contributions are allocated to 10–year guaranteed accounts in John Hancock Life Insurance Company.

NOTE F – CONTINGENT LIABILITIES

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 nature disasters. The Township has obtained commercial insurance to handle its risk of loss.

NOTE G – BUDGET VARIANCES

Budgets are adopted on the departmental level. The budgets shown in the section for other supplemental information are shown by line items for information only. Therefore, negative variance is significant on the departmental basis. There are no negative variances on the departmental basis.

GENERAL FUND

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$148,600	\$148,600	\$153,179	\$ 4,579
State Shared Revenue	190,000	190,000	210,151	20,151
Charges for Services	12,000	12,000	7,600	(4,400)
Interest and Rentals	36,700	36,700	24,847	(11,853)
Miscellaneous	<u>60</u>	<u>11,310</u>	<u>11,730</u>	<u>420</u>
Total Revenues	<u>387,360</u>	<u>398,610</u>	<u>407,507</u>	<u>8,897</u>
EXPENDITURES:				
Legislative	14,528	14,528	11,441	3,087
Elections	5,900	5,900	4,905	995
General Services and Administration	176,792	176,792	115,578	61,214
Fire	4,500	6,360	3,541	2,819
Highways & Streets	1,000	1,000	920	80
Sanitation	24,200	24,200	18,039	6,161
Parks and Recreation	92,000	100,000	68,314	31,686
Other	<u>42,750</u>	<u>46,420</u>	<u>34,249</u>	<u>12,171</u>
Total Expenditures	<u>361,670</u>	<u>375,200</u>	<u>256,987</u>	<u>118,213</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,690	23,410	150,520	127,110
OTHER FINANCING SOURCES (USES) TRANSFERS (OUT)	<u>(90,000)</u>	<u>(135,000)</u>	<u>(130,361)</u>	<u>4,639</u>
CHANGE IN FUND BALANCE	<u>\$(64,310)</u>	<u>\$(111,590)</u>	20,159	<u>\$131,749</u>
FUND BALANCE – BEGINNING OF YEAR			<u>769,537</u>	
FUND BALANCE – END OF YEAR			<u>\$789,696</u>	

The accompanying notes are an integral part of these financial statements.

LIQUOR FUND

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
LIQUOR FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State Shared Revenues	\$ 1,200	\$ 1,200	\$ 1,297	\$ 97
Interest	<u>60</u>	<u>60</u>	<u>142</u>	<u>82</u>
Total Revenues	1,260	1,260	1,439	179
EXPENDITURES:				
Law Enforcement	<u>2,850</u>	<u>2,850</u>	<u>1,653</u>	<u>1,197</u>
Total Expenditures	<u>2,850</u>	<u>2,850</u>	<u>1,653</u>	<u>1,197</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,590)	(1,590)	(214)	1,376
TRANSFER IN	<u>1,590</u>	<u>1,590</u>	<u>0</u>	<u>(1,590)</u>
CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	(214)	<u>\$ (214)</u>
FUND BALANCE-BEGINNING OF YEAR			<u>5,352</u>	
FUND BALANCE-END OF YEAR			<u>\$ 5,138</u>	

The accompanying notes are an integral part of these financial statements.

ROAD FUND

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
ROAD FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State Revenue Sharing	\$ 6,000	\$ 6,000	\$ 4,186	\$ (1,814)
Charges for Services	30,000	30,000	52,232	22,232
Interest	<u>900</u>	<u>900</u>	<u>3,594</u>	<u>2,694</u>
Total Revenue	36,900	36,900	60,012	23,112
EXPENDITURES:				
Public Works	<u>32,818</u>	<u>36,900</u>	<u>24,554</u>	<u>12,346</u>
Total Expenditures	<u>32,818</u>	<u>36,900</u>	<u>24,554</u>	<u>12,346</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 4,082</u>	<u>\$ 0</u>	35,458	<u>\$ 35,458</u>
FUND BALANCE-BEGINNING OF YEAR			<u>122,737</u>	
FUND BALANCE-END OF YEAR			<u>\$158,195</u>	

The accompanying notes are an integral part of these financial statements.

IMPROVEMENT FUND

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUE:				
Interest	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 2,855</u>	<u>\$ 1,855</u>
Total Revenue	1,000	1,000	2,855	1,855
EXPENDITURES	<u>46,000</u>	<u>46,000</u>	<u>0</u>	<u>46,000</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(45,000)	(45,000)	2,855	47,855
OTHER FINANCING SOURCES:				
Transfer In	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>0</u>
CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	47,855	<u>\$ 0</u>
FUND BALANCE - BEGINNING			<u>103,582</u>	
FUND BALANCE - ENDING			<u>\$151,437</u>	

The accompanying notes are an integral part of these financial statements.

FIRE FUND

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FIRE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUE:				
Taxes–Aloha	\$ 39,000	\$ 39,000	\$ 41,283	\$ 2,283
Taxes–Grant	38,000	38,000	43,103	5,103
Refunds	5,000	5,000	9,641	4,641
Interest	<u>4,000</u>	<u>4,000</u>	<u>8,995</u>	<u>4,995</u>
 Total Revenue	 86,000	 86,000	 103,022	 17,022
 EXPENDITURES:				
Secretary/Treasurer	1,750	1,750	1,812	(62)
Fireman Salary	25,000	25,000	18,970	6,030
Training Officer	1,250	1,250	1,250	0
Fire Chief Salary	4,500	4,500	4,575	(75)
Assist. Fire Chief	5,250	5,250	5,250	0
Supervisor	1,500	1,500	1,500	0
Taxes–FICA/MED	4,000	4,000	979	3,021
Supplies	1,000	1,000	492	508
Gas and Oil	2,000	2,000	1,712	288
Professional Services	1,000	1,000	0	1,000
Insurance & Bonds	20,000	20,000	14,915	5,085
Utilities–Alverno #1	4,000	4,000	3,352	648
Utilities–Aloha #2	1,500	1,500	1,299	201
Utilities–Grant #3	3,000	3,000	2,075	925
Utilities–Benton #4	2,000	2,000	1,489	511
Utilities–Benton #5	250	250	130	120
Repair & Maintenance	10,000	10,000	6,155	3,845
Snow/Lawn Maintenance	4,000	4,000	1,350	2,650
Miscellaneous Expense	12,000	12,000	3,613	8,387
Dues	350	350	50	300
Education & Training	4,000	4,000	0	4,000
Capital Outlay	300,000	300,000	110,936	189,064
Mileage	1,000	1,000	0	1,000
Printing & Publishing	<u>1,500</u>	<u>1,500</u>	<u>565</u>	<u>935</u>
 Total Expenditures	 410,850	 410,850	 182,469	 228,381

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
FIRE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES:				
Transfers In	<u>\$ 78,000</u>	<u>\$ 78,000</u>	<u>\$ 85,361</u>	<u>\$ 7,361</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$(246,850)</u>	<u>\$(246,850)</u>	5,914	<u>\$252,764</u>
FUND BALANCE - BEGINNING			<u>521,596</u>	
FUND BALANCE - ENDING			<u>\$527,510</u>	

OTHER SUPPLEMENTAL INFORMATION

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE:			
Taxes:			
Current Property Tax	\$100,600	\$106,090	\$ 5,490
Swamp Tax	8,500	8,741	241
Property Tax Administration Fees	<u>39,500</u>	<u>38,348</u>	<u>(1,152)</u>
Total Taxes	148,600	153,179	4,579
State Shared Revenue	190,000	210,151	20,151
Charges for Services:			
Transfer Station Tickets	12,000	7,600	(4,400)
Interest and Rentals	36,700	24,847	(11,853)
Miscellaneous	<u>11,310</u>	<u>11,730</u>	<u>420</u>
Total Revenues	398,610	407,507	8,897
EXPENDITURES:			
Legislative:			
Township Board—Per Diem	8,028	7,403	625
Professional Services	1,000	500	500
Conferences/Workshops	300	0	300
Printing and Publishing	3,000	1,364	1,636
Dues	<u>2,200</u>	<u>2,174</u>	<u>26</u>
Total Legislative	14,528	11,441	3,087
Elections:			
Election Commission	3,500	3,000	500
Supplies	2,000	1,789	211
Printing and Publishing	400	116	284
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Elections	5,900	4,905	995

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—
BUDGET AND ACTUAL
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES: (Continued)			
General Services and Administration:			
Supervisor:			
Salary	\$ 13,818	\$ 13,818	\$ 0
Supplies	100	0	100
Transportation	500	0	500
Education and Training	200	55	145
Capital Outlay	<u>1,000</u>	<u>478</u>	<u>522</u>
Total Supervisor	15,618	14,351	1,267
Assessor:			
Contract Services	25,750	25,750	0
Supplies	2,500	226	2,274
Software Support	<u>1,100</u>	<u>1,100</u>	<u>0</u>
Total Assessor	29,350	27,076	2,274
Clerk:			
Salary	17,007	17,007	0
Deputy Clerk	100	0	100
Supplies	3,500	3,637	(137)
Transportation	200	0	200
Education and Training	500	0	500
Capital Outlay	1,500	1,500	0
Software Support	<u>1,950</u>	<u>1,950</u>	<u>0</u>
Total Clerk	24,757	24,094	663
Board of Review:			
Salary	2,000	2,100	(100)
Supplies	200	0	200
Printing and Publishing	<u>200</u>	<u>80</u>	<u>120</u>
Total Board of Review	2,400	2,180	220

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—
BUDGET AND ACTUAL
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES: (Continued)			
General Services and Administration:			
Treasurer:			
Salary	\$ 17,007	\$ 17,007	\$ 0
Supplies	7,500	5,371	2,129
Transportation	500	0	500
Education and Training	500	0	500
Capital Outlay	1,000	0	1,000
Software Support	<u>1,220</u>	<u>1,220</u>	<u>0</u>
Total Treasurer	27,727	23,598	4,129
Town Hall and Community Center:			
Township Custodian #1	3,000	2,006	994
Community Center Custodian	440	440	0
Township Custodian #2	1,000	357	643
Township Secretary	6,500	5,262	1,238
Substitute Secretary	1,000	461	539
Snow Removal	1,000	390	610
Community Center Supplies	600	301	299
Township Hall Supplies	2,000	1,260	740
Community Center Maintenance and Repair	2,500	477	2,023
Hall Maintenance and Repair	900	706	194
Telephone	3,000	3,130	(130)
Transportation	500	221	279
Community Center Utilities	3,500	2,744	756
Hall Utilities	4,000	4,420	(420)
Capital Outlay	27,500	2,104	25,396
Community Center Capital Outlay	9,500	0	9,500
Hall Capital Outlay	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Hall and Community Center	<u>76,940</u>	<u>24,279</u>	<u>52,661</u>
Total General Government	176,792	115,578	61,214

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—
BUDGET AND ACTUAL
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES: (Continued)			
General Services and Administration:			
Fire:			
Fire Department:			
Building, Grounds and Hall #1	\$ 500	\$ 238	\$ 262
Building, Grounds and Hall #4	2,860	2,859	1
Building, Grounds and Hall #5	500	44	456
Capital Outlay	<u>2,500</u>	<u>400</u>	<u>2,100</u>
Total Fire	6,360	3,541	2,819
Highways and Streets:			
Street Lighting:			
Utilities	<u>1,000</u>	<u>920</u>	<u>80</u>
Total Highways and Streets	1,000	920	80
Sanitation:			
Attendant Wages	7,500	5,702	1,798
Supplies	200	231	(31)
Snow Plowing	1,000	420	580
Professional Services	15,000	11,686	3,314
Capital Outlay	<u>500</u>	<u>0</u>	<u>500</u>
Total Sanitation	24,200	18,039	6,161
Parks and Recreation:			
Supplies	0	0	0
Professional Services	6,000	4,756	1,244
Printing and Publishing	0	0	0
Miscellaneous Expense	0	0	0
Township Grounds Project	72,000	41,864	30,136
Capital Outlay	<u>22,000</u>	<u>21,694</u>	<u>306</u>
Total Parks and Recreation	100,000	68,314	31,686

The accompanying notes are an integral part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—
BUDGET AND ACTUAL
FOR THE YEAR ENDING MARCH 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES: (Continued)			
General Service and Administration:			
Other:			
Pension	\$ 12,000	\$ 5,444	\$ 6,556
Payroll Taxes	5,000	2,131	2,869
Insurance and Bonds	7,520	7,514	6
Cemetery	6,650	6,650	0
Miscellaneous	2,500	6	2,494
Community Promotion	1,500	1,254	246
Ash Borer Grant	<u>11,250</u>	<u>11,250</u>	<u>0</u>
Total Other	<u>46,420</u>	<u>34,249</u>	<u>12,171</u>
TOTAL EXPENDITURES	375,200	256,987	118,213
TRANSFERS:			
To Fire Fund	90,000	85,361	4,639
To Improvement Fund	<u>45,000</u>	<u>45,000</u>	<u>0</u>
Total Transfers	135,000	130,361	4,639
TOTAL EXPENDITURES AND TRANSFERS	<u>510,200</u>	<u>387,348</u>	<u>122,852</u>
CHANGE IN FUND BALANCE	<u>\$(111,590)</u>	20,159	<u>\$131,749</u>
FUND BALANCE - BEGINNING OF YEAR		<u>769,537</u>	
FUND BALANCE—END OF YEAR		<u>\$789,696</u>	

The accompanying notes are an integral part of these financial statements.

COMPLIANCE SUPPLEMENTS

DANIEL R. NIELAND

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MEMBER
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MICHIGAN ASSOCIATION OF CERTIFIED
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Supervisor and Township Board of Trustees
Benton Township
Cheboygan, Michigan 49721

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton Township of Cheboygan County, Michigan, as of and for the year ended March 31, 2007, and have issued my report thereon dated June 20, 2007. I conducted my 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton Township's financial statements are free of material misstatements. I 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, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in a separate letter to management dated June 20, 2007.

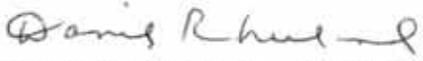
Internal Control over Financial Reporting

In planning and performing my audit, I considered Benton Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting what might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of material misstatements caused by error or fraud in amounts that would be

Benton Township
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June 20, 2007

material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I note no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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


CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721
June 20, 2007

DANIEL R. NIELAND

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REPORT TO MANAGEMENT LETTER

To The Supervisor and Township Board
Benton Township
Cheboygan, Michigan 49721

In planning and performing my audit of the financial statements of Benton Township for the year ended March 31, 2007, I considered its internal control structure for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted no matters involving the internal control structure and its operation that I consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process.

The Township adopts budgets on a departmental basis; the variance on a line item basis shown in other supplemental information does not constitute non-compliance.

This report is intended solely for the information and use of the Township's management, and others within the Township administration.

Benton Township
Page 2
June 20, 2007

We appreciate and should like to thank the Township's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.


CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721
June 20, 2007

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SUPPLEMENTAL MANAGEMENT COMMUNICATION

To The Supervisor and Township Board
Benton Township
Cheboygan, Michigan 49721

I have audited the financial statements of Benton Township for the year ended March 31, 2007. Professional standards require that I provide you with the following information related to my audit.

Our Responsibility Under Generally Accepted Auditing Standards

As I stated in my engagement letter, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected.

As part of my audit, I considered the internal control structure of the Township. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of my engagement, I will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies adopted by the Township are described in Note A of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006/2007. I noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the 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. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In my judgment, none of the adjustments I proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultation With Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the government unit's financial statements or a determination of the type of auditor's opinion to be expressed on those statements, my professional standards require the consulting accountant to advise me to determine the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Townships auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Benton Township
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June 20, 2007

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in the performance of my audit.

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



CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721
June 20, 2007