Michigan Department of Treasury
496 (Rev.06/08)

Auditing Procedures Report

Instructions and MuniCodes | *=Required Fields | Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.06)

Unit Name* Wilmot Township	County* CHEBOYGAN	Type* TOWNSHIP	MuniCode* 16-1-190
Opinion Date-Use Calendar* Aug 19, 2008	Audit Submitted-Use Calendar* Sep 3, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & 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, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- [X] ? 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- [X] ? **2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?**
- [X] ? 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- [X] ? **4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?**
- [X] ? 5. Did the local unit adopt a budget for all required funds?
- [X] ? **6. Was a public hearing on the budget held in accordance with State statute?**
- [X] ? 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- [X] ? **8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?**
- [X] ? 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- [X] **10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)**
- [X] ? 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- [X] ? **12. Is the local unit free of repeated reported deficiencies from previous years?**
- [X] ? 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- [X] **15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?**
- [X] ? 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- [X] ? **17. To your knowledge, were the bank reconciliations that were reviewed performed timely?**
- [X] ? 18. Are there reported deficiencies? [X] 19. If so, was it attached to the audit report?

General Fund Revenue: ?	$ 135,324.00	General Fund Balance: ?	$ 343,357.00
General Fund Expenditure: ?	$ 96,080.00	Governmental Activities Long-Term Debt (see instructions): ?	$ 0.00
Major Fund Deficit Amount:	$ 0.00		

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* James	Last Name* Cusenza	Ten Digit License Number* 1101012888			
CPA Street Address* 923 Spring Street	City* Petoskey	State* MI	Zip Code* 49770	Telephone* +1 (231) 347-4136	
CPA Firm Name* Hill, Schroderus & Co., LLP	Unit's Street Address* 14980 Old Sturgeon Road	Unit's City* Wolverine	Unit's Zip* 49799		

FINANCIAL REPORT
WILMOT TOWNSHIP
March 31, 2008

WILMOT TOWNSHIP
FINANCIAL REPORT
March 31, 2008

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Hill • Schroderus & Co., LLP
Certified Public Accountants & Consultants

August 19, 2008

Independent Auditors' Report

Township Board
Wilmot Township
Cheboygan County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Wilmot Township, Michigan, as of and for the year ended March 31, 2008, 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. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Wilmot Township, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Wilmot Township has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined to supplement, although not required to be part of, the basic financial statements.

Hill, Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

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WILMOT TOWNSHIP
Statement of Net Assets
March 31, 2008

	Governmental Activities
Assets	
Current Assets	
Cash and deposits	$ 338,849
Investments	61,021
Taxes receivable	10,717
Due from fiduciary fund	20
Prepaid expenses	4,949
Total current assets	415,556
Noncurrent Assets	
Capital assets	83,440
Less: accumulated depreciation	(35,168)
Total noncurrent assets	48,272
Total assets	$ 463,828
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ -
Net Assets	
Investment in capital assets	48,272
Restricted for:	
Fire protection	20,177
Unrestricted	395,379
Total net assets	463,828
Total liabilities and net assets	$ 463,828

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Statement of Activities
Year Ended March 31, 2008

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities:				
General government	$ 45,167	$ 3,225	$ -	$ (41,942)
Public safety	19,603	-	-	(19,603)
Public Works	70,514	25,112	-	(45,402)
Other	6,572	-	-	(6,572)
Unallocated depreciation	2,142	-	-	(2,142)
Total governmental activities	$ 143,998	$ 28,337	$ -	(115,661)

General Revenues:	
Property taxes	95,229
State shared revenues	53,730
Interest	16,278
Total general revenues	165,237
Change in net assets	49,576
Net assets - beginning of year	414,252
Net assets - end of year	$ 463,828

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2008

	General	Road	Transfer Station	Total
Assets				
Cash and deposits	$ 275,233	$ 57,058	$ 6,558	$ 338,849
Investments	61,021	-	-	61,021
Due from fiduciary fund	20	-	-	20
Taxes receivable	7,083	3,634	-	10,717
Total assets	$ 343,357	$ 60,692	$ 6,558	$ 410,607
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Fund balances:				
Reserved for fire protection	20,177	-	-	20,177
Unreserved	323,180	60,692	6,558	390,430
Total fund balances	343,357	60,692	6,558	410,607
Total liabilities and fund balances	$ 343,357	$ 60,692	$ 6,558	$ 410,607

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
March 31, 2008

Total Fund Balances - Governmental Funds	$	410,607
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net assets, these assets are capitalized and depreciated over their estimated useful lives.		
Governmental capital assets		83,440
Accumulated depreciation		(35,168)
Prepaid insurance costs are not available for current-period expenditures and therefore are not reported in the governmental funds.		4,949
Net Assets of Governmental Activities	$	463,828

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2008

	General	Road	Transfer Station	Total
Revenues:				
Taxes	$ 64,506	$ 30,723	$ -	$ 95,229
State revenue	52,287	1,443	-	53,730
Charges for service	3,225	-	25,112	28,337
Interest	15,306	910	62	16,278
Total revenues	135,324	$ 33,076	25,174	193,574
Expenditures:				
Current:				
General government	45,167	-	-	45,167
Public safety	19,603	-	-	19,603
Public works	18,750	29,579	22,185	70,514
Other	6,572	-	-	6,572
Capital Outlay	5,988	-	-	5,988
Total expenditures	96,080	29,579	22,185	147,844
Net change in fund balance	39,244	3,497	2,989	45,730
Fund balances - beginning of year	304,113	57,195	3,569	364,877
Fund balances - end of year	$ 343,357	$ 60,692	$ 6,558	$ 410,607

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	$	45,730
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation.		
Expenditures for capital assets		5,988
Current year depreciation		(2,142)
Change in Net Assets of Governmental Activities	$	49,576

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Statement of Fiduciary Net Assets
March 31, 2008

	Agency Tax Fund
Assets	
Cash	$ 20
Liabilities	
Due to other taxing units	
Cheboygan County	$ -
Wolverine Schools	-
Vanderbilt Schools	-
Wolverine Library	-
Other	-
Total due to other taxing units	-
Due to other funds	20
Total liabilities	$ 20

See accompanying notes to financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under a Board-Supervisor form of government and provides the following services as authorized by common law: public safety (fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by the Township of Wilmot:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by GASB No. 14, and amended by GASBS No. 39. GASBS 14 states that the primary basis for determining whether outside agencies and organizations should be considered component units of the Township and included in the Township's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Township has no component units.

BASIC FINANCIAL STATEMENTS – OVERVIEW

The Wilmot Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funas). Both the government-wide and the fund financial statements categorize primary government activities as governmental.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information on all of the non-fiduciary activities of the government. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS – CONTINUED

The government–wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

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 comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The focus of the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis in the fund financial statements is on the major funds in the governmental or business type categories. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds) for the determination of major funds.

Governmental Funds

The following is a description of the major governmental funds of the Township:

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

Road Fund – The Road Fund accounts for taxes levied for the purpose of road improvement and upgrading.

Transfer Station Fund – The Transfer Station Fund accounts for the revenue and costs of operating a solid waste transfer station.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS – CONTINUED

Fiduciary Funds

The fiduciary funds are used to account for assets held by the Township in a trustee or agent capacity. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds use the accrual basis of accounting, which reports only assets and liabilities.

Agency Fund – The Agency Fund accounts for the collection and payment of property tax levies.

BASIS OF ACCOUNTING

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

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

All proprietary funds, pension trust funds and agency funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned, as long as they are both available and measurable. Revenues are available when received within the current period or within 60 days after year end. Expenditures are recorded in the accounting period in which the liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand deposits.

Interfund Receivables/Payables

Outstanding balances between funds are reported as "due to/from other funds" on the balance sheet of the fund financial statements and as "internal balances" on the Statement of Net Assets of the government-wide financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – CONTINUED

Capital Assets

Capital assets, which include property, buildings, equipment and infrastructure assets, are reported in the Statement of Net Assets in the government-wide financial statements. The Township did not have a capitalization policy in place. Consequently, the fixed assets do include a few assets of nominal cost. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Furniture and equipment	3 to 7 years

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

COMPARATIVE DATA

Comparative data for the prior year is not included in the Township's financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a cash basis for all operating funds of the Township except for the agency funds. Budgetary control is legally maintained at the fund level.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
2. A public hearing is conducted at Township Hall to obtain taxpayer comments.
3. Prior to April 1, the fund budgets are legally enacted through passage of resolutions.
4. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
5. Budgeted amounts are as originally adopted, or as amended by the Township Board.
6. All appropriations lapse at year-end.

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At March 31, 2008, the carrying amount of the Township's deposits for both governmental activities and the fiduciary fund was $338,869 and the bank balance was $452,470, of which $263,700 was covered by federal depository insurance. The Township may experience significant fluctuations in deposit balances through the year.

Credit Risk – Investments. As of March 31, 2008, the Township's investment in the PIMCO Real Return Fund CL A was rated by PIMCO to be AAA. A Standard and Poor's rating for this fund was not available.

NOTE 4: PROPERTY TAXES

Property taxes are levied and become a lien on property as of December 1 on the State taxable valuation of property in the Township. The Township bills and collects its own property taxes and also collects taxes for other governmental units. Collection of other governmental unit's taxes and remittance of them to the units are accounted for in the Agency Fund. Property taxes are recognized as revenue in the year in which they are levied.

The Township is permitted by state law, subject to State Headlee and Truth in Taxation provisions, up to $1 per $1,000 of taxable valuation for general governmental services, $1.5 for road improvement, and a special assessment of $1.1034 per $1,000 for fire protection. The 2007 State taxable valuation of Wilmot Township totaled $ 20,177,781.

The tax rate for the year ended March 31, 2008, was as follows:

Purpose	Rate/Taxable Valuation	
General governmental services	0.995	per $1,000
Roads	1.4547	per $1,000
Fire protection	1.1034	per $1,000

NOTE 5: *INTERFUND RECEIVABLES AND PAYABLES*

The inter-fund balances within the Township are as follows:

	Interfund Receivable	Interfund Payable
General	$ 20	$ -
Fiduciary Fund	-	20
	$ 20	$ 20

The inter-fund balances are for delinquent property taxes.

NOTE 6: *CAPITAL ASSETS*

Capital asset activity of the Township for the current year was as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 1,500	$ -	$ -	$ 1,500
Capital assets being depreciated:				
Buildings	62,856	5,988	-	68,844
Furniture and equipment	13,096	-	-	13,096
Subtotal	75,952	5,988	-	81,940
Less accumulated depreciation:				
Buildings	21,489	1,643	-	23,132
Furniture and equipment	11,537	499	-	12,036
Subtotal	33,026	2,142	-	35,168
Net capital assets being depreciated:	42,926	3,846	-	46,772
Governmental activites net capital assets	$ 44,426	$ 3,846	$ -	$ 48,272

NOTE 6: CAPITAL ASSETS – CONTINUED

Depreciation expense was charged as follows:

Governmental Activities

Unallocated	$ 2,142

NOTE 7: *DEFINED CONTRIBUTION PLAN*

The Township maintains a single employer defined contribution retirement plan administered by Municipal-Retirement Systems, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers all employees except certain boards and commissions, part-time and seasonal employees. The Township will match employee contributions to a maximum of 6 percent of annual compensation. Employer contributions and earnings of each individual employee fully vest upon entering the plan.

The Township's total plan payroll in fiscal year ended March 31, 2008 was $16,100. The Township made the required contribution, $990. Volunteer employee contributions were $990 for the year.

NOTE 8: *COMMITMENTS*

In March of 2007, the Township entered into a contract with the Cheboygan County Road Commission for work on Middle Shire Road. Work to be completed includes clearing, draining and restoring drainage ditches. The total amount of the contract is $101,128, which includes a $2,023 deposit paid by the Township in March 2007. The work is expected to be completed during 2008.

NOTE 9: 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.

The Township belongs to the Michigan Township Participating Plan, a public entity risk pool currently operating as a common risk management and insurance program for various municipalities throughout the state. The Township pays an annual premium for its general insurance coverage. The pool is self sustaining through member premiums and reinsures through commercial companies for 100% of its claims.

The Township continues to carry commercial insurance for all other risks of loss, including worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

WILMOT TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
General Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Over(Under)
Beginning of year fund balance	$ 293,050	$ 293,050	$ 293,050	$ -
Revenues:				
Taxes:				
Property taxes	42,964	42,964	41,536	(1,428)
Swamp tax	15,407	15,407	15,407	-
Tax administration fee	4,624	4,624	5,447	823
State revenue	50,481	50,481	52,287	1,806
Charges for services	2,561	2,561	3,225	664
Interest	2,994	2,994	21,382	18,388
Amounts available for appropriation	412,081	412,081	432,334	20,253
Charges to appropriations (outflows):				
General Government:				
Township Board	5,045	5,045	3,737	(1,308)
Supervisor	6,465	6,465	5,224	(1,241)
Elections	1,825	1,655	1,024	(631)
Clerk	7,799	7,924	7,170	(754)
Deputy clerk	865	740	600	(140)
Treasurer	10,895	10,895	9,122	(1,773)
Deputy treasurer	1,050	1,050	660	(390)
Assessor	8,755	8,755	7,883	(872)
Board of review	1,341	1,506	1,363	(143)
Township hall	16,000	12,050	9,043	(3,007)
Cemetery	5,050	5,350	4,384	(966)
Other	1,500	-	945	945
Total general government	66,590	61,435	51,155	(10,280)
Expenditures (continued):				
Public safety:				
Fire protection	20,000	20,000	19,603	(397)
Public works:				
Highways and streets	10,000	15,074	15,074	-
Transfer station	2,590	-	-	-
Spring clean-up	4,500	3,766	3,676	(90)
Total public works	17,090	18,840	18,750	(90)
Other:				
Insurance and bonds	6,200	6,200	5,417	(783)
Ice rink	150	-	-	-
Professional services	500	500	-	(500)
Retirement contribution	2,000	1,900	1,155	(745)
Total other	8,850	8,600	6,572	(2,028)
Total charges to appropriations	112,530	108,875	96,080	(12,795)
Ending budgetary fund balance	$ 299,551	$ 303,206	$ 336,254	$ 33,048

See accompanying notes to financial statements.

WILMOT TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Road Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Over
	Original	Final	Amounts	(Under)
Beginning of year fund balance	$ 53,880	$ 53,880	$ 53,880	$ -
Resources (inflows):				
Property taxes	44,643	44,643	30,404	(14,239)
Metro act	1,900	1,900	1,443	(457)
Interest	500	500	910	410
Amounts available for appropriation	100,923	100,923	86,637	(14,286)
Charges to appropriations (outflows):	30,320	30,320	29,579	(741)
Ending budgetary fund balance	$ 70,603	$ 70,603	$ 57,058	$ (13,545)

WILMOT TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Transfer Station Fund
Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Over (Under)
Beginning of year fund balance	$ 4,084	$ 4,084	$ 4,084	$ -
Resources (inflows):				
Charges for services	35,032	35,032	25,112	(9,920)
Interest income	25	25	62	37
Amounts available for appropriation	39,141	39,141	29,258	(9,883)
Charges to appropriations (outflows):				
Wages	6,000	6,000	5,490	(510)
Refuse hauling	21,000	21,000	15,848	(5,152)
Repair and maintenance	1,200	1,200	-	(1,200)
Snow removal	650	650	650	-
Other expenditures	1,000	1,000	712	(288)
Total charges to appropriations	29,850	29,850	22,700	(7,150)
Ending budgetary fund balance	$ 9,291	$ 9,291	$ 6,558	$ (2,733)

See accompanying notes to financial statements.

Hill • Schroderus & Co., LLP
Certified Public Accountants & Consultants

August 19, 2008

COMMUNICATION OF MATERIAL WEAKNESS IN INTERNAL CONTROL AND OTHER MATTERS

Township Board
Wilmot Township
Cheboygan County, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Wilmot Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Wilmot Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency and another deficiency that we consider to be a material weakness.

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

The procedures for the distribution and sale of tickets, which are used to pay the transfer station fees, represent a control deficiency. Tickets are sold at various locations in the area without a proper inventory system in place. A detailed record should be maintained as to the number of tickets given to each seller, the amount of money collected and the number of tickets remaining to be sold at each location. This could be accomplished with pre-numbered tickets. The ticket inventory should be maintained by the Township in order to ensure that tickets aren't being sold below the proper selling price or simply given away.

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

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The Township does not have the expertise to prepare financial statements in accordance with generally accepted accounting principles. According to newly issued auditing standards this inability to prepare financial statements in accordance with generally accepted accounting principles is an indicator of a significant deficiency and a strong indicator of a material weakness in internal control.

We did note that the Township's management does posses the skills necessary to monitor the annual budget. The accounting system, which is designed primarily for budgetary purposes, is used as the source information in preparing the financial statements in accordance with generally accepted accounting principles with some adjustments, format differences, and note disclosures.

We have also noted other matters for your consideration:

Budget: The budget should be formally amended prior to the end of the fiscal year. The budget is a spending plan and amendment after year-end should not occur. In addition, the budget should be prepared by management and approved by the board with careful attention to account details. Estimates for revenues and expenses should accurately reflect the expectations of management and controls should be in place to effectively monitor any significant variances with prior year amounts. Also, the budget should include the opening and ending fund balances for each fund, in addition to the related surplus or deficit for each year presented.

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

Hill, Schroderus & Co.

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Certified Public Accounts