DETOUR TOWNSHIP, CHIPPEWA COUNTY

STATE OF MICHIGAN

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

March 31, 2008

TABLE OF CONTENTS

	PAGE
AUDITED FINANCIAL STATEMENTS:	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-6
BASIC FINANCIAL STATEMENTS:	
Government-Wide Statement of Net Assets	7
Government-Wide Statement of Activities	8
Fund Financial Statements:	
Governmental Fund Balance Sheet	9
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance	10
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	11
Fiduciary Fund - Statement of Net Assets	12
Notes to Financial Statements	13-25
REQUIRED SUPPLEMENTAL INFORMATION:	
Budgetary Comparison Schedule - General Fund	26-27

GHL

GILLETT, HALVORSEN & LEONHARDT, P.C.
Certified Public Accountants

478 W. SPRUCE ST. / P.O. BOX 437
SAULT STE. MARIE, MICHIGAN 49783

TELEPHONE 906/635-1589
FAX 906/635-1089

JAMES A. GILLETT
JAMES E. HALVORSEN
CHARLES W. LEONHARDT

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

INDEPENDENT AUDITORS' REPORT

Township Board
Detour Township
Detour Village, MI 49725

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Detour Township 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 basic financial statements are the responsibility of Detour Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The Management's Discussion and Analysis on pages 2-6 and the budgetary comparisons on pages 26-27 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Gillett, Halvorsen & Leonhardt, PC

Gillett, Halvorsen & Leonhardt, PC
Certified Public Accountants

November 14, 2008
Sault Ste. Marie, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

DETOUR TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

==========

Within this section of Detour Township annual financial report, the Township's management provides a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. Detour Township's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government, unless otherwise noted.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Township's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information of the Township's overall status. Financial reporting on this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the township-wide statement of financial position presenting information that includes all of the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall economic health of the Township would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Township infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of this statement of activities is to show financial reliance of the Township's distinct activities or functions on revenues provided to the Township.

==========

FUND FINANCIAL STATEMENTS

The Township has one kind of fund:

Governmental funds are reported in the financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Township's governmental funds. The statements report short-term fiscal accountability focusing on the use of spendable resources available at the end of the year. These are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. These statements and schedules demonstrate compliance with the Township's adopted and final revised budget.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which follows the notes to the financial statements.

TOWNSHIP AS A WHOLE

The Township's assets exceed its liabilities by $479,261 for the fiscal year reported.

Total net assets are comprised of the following:

(1) Capital assets of $6,315 include land, property and equipment net of accumulated depreciation and related long-term debt.

TOWNSHIP AS A WHOLE - (CONTINUED)

(2) Net assets of $9,432 are restricted by constraints imposed from outside the Township such as grantors, laws or regulations.

(3) Unrestricted net assets of $463,514 represent the portion available to maintain the Township's continuing obligations.

The Township's governmental funds reported total ending fund balance of $472,946 this year. This compares to the prior year ending fund balance of $462,111 showing an decrease of $10,835 during the current year.

A comparative analysis is not presented as a township with a population of less than 2,000 people is required to be audited every other year.

In a condensed format, the table below shows the net assets of the Township at March 31, 2008.

	Governmental Activities
Current assets	$475,764
Non-current assets	17,815
Total Assets	$493,579
Current liabilities	$ 2,818
Long-term liabilities	11,500
Total Liabilities	$ 14,318
Net Assets	
Invested in capital assets	$ 6,315
Restricted	9,432
Unrestricted	463,514
Total Net Assets	$479,261

THE TOWNSHIP AS A WHOLE (CONTINUED)

The following table shows the activities of Detour Township for the year ended March 31, 2008.

	Governmental Activities
Program Revenues	
Charges for services	$ 5,711
Operating grants and contributions	4,734
General Revenues	
Taxes	100,465
State shared revenues	32,361
Interest income	15,169
Other income	1,219
Total Revenues	$159,659
Program Expenses	
General government	$ 53,884
Public safety	1,000
Public works	82,402
Community and economic development	3,000
Culture and recreation	2,080
Other expenses	5,756
Interest on long-term debt	1,616
Total Expenses	$149,738
Change in Net Assets	$ 9,921

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of $472,946. Of this year end total, $463,574 is unreserved indicating availability for continuing Township activities. Reserved fund balances include $9,432 committed to public works.

==========

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (CONTINUED)

The general fund pays for all the Township's governmental services. These services were largely supported by property taxes and state shared revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township Board did not amended the budget to take into account events during the year. The Township's actual expenditures exceeded the budgeted expenditures in seven instances for a total of $38,196 for the year ended March 31, 2008, which included $32,402 on roads.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of March 31, 2008, the Township had $6,315 invested in a broad range of capital assets net of accumulated depreciation and related long-term debt, including land, fixtures and office equipment. In addition, the Township has invested significantly in roads within the Township. The roads are not reported in the Township's financial statements because Michigan law makes these roads the property of the Chippewa County Road Commission (along with the responsibility to maintain them).

LONG-TERM DEBT

At the end of the fiscal year, the Township had long-term debt outstanding of $11,500. During the year the Township, jointly with the Village of Detour, purchased a parcel of land to be used for economic development. See Note 7 for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Because of the impact of Proposal A, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of 5% or inflation. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow by less than inflation, before considering new property additions. Also, reductions in State Revenue sharing continue to impact the township.

CONTACTING THE TOWNSHIP'S MANAGEMENT

The financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Supervisor's office at: 260 Superior Street, Detour, MI 49725 or (906) 297-5471.

BASIC FINANCIAL STATEMENTS

DETOUR TOWNSHIP

GOVERNMENT WIDE - STATEMENT OF NET ASSETS

March 31, 2008

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and equivalents	$420,541
Due from other funds	39,983
Due from other governmental units	7,639
Taxes receivable	7,601
Total Current Assets	$475,764
Capital Assets Net	17,815
TOTAL ASSETS	$493,579
LIABILITIES	
Current Liabilities	
Accounts payable	$ 1,202
Accrued interest	1,616
TOTAL CURRENT LIABILITIES	$ 2,818
Non-Current Liabilities	
Note payable	11,500
TOTAL LIABILITIES	$ 14,318
NET ASSETS	
Invested in capital assets - net of related debt	$ 6,315
Restricted for: Public works	9,432
Unrestricted	463,514
TOTAL NET ASSETS	$479,261

See accompanying notes to financial statements and independent auditors' report.

DETOUR TOWNSHIP

GOVERNMENT WIDE - STATEMENT OF ACTIVITIES

For the year ended March 31, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES
GOVERNMENTAL ACTIVITIES					
General government	$ 53,884	$ 5,711	$ 2,413	$ -0-	$ (45,760)
Public safety	1,000	-0-	-0-	-0-	(1,000)
Public works	82,402	-0-	2,321	-0-	(80,081)
Community and economic development	3,000	-0-	-0-	-0-	(3,000)
Cultural and recreation	2,080	-0-	-0-	-0-	(2,080)
Other expenditures	5,756	-0-	-0-	-0-	(5,756)
Interest on long-term debt	1,616	-0-	-0-	-0-	(1,616)
TOTAL GOVERNMENTAL ACTIVITIES	$149,738	$ 5,711	$ 4,734	$ -0-	$(139,293)

GENERAL REVENUES	
Taxes	100,465
State shared revenues	32,361
Interest income	15,169
Other income	1,219
TOTAL GENERAL REVENUES	$ 149,214
CHANGE IN NET ASSETS	$ 9,921
NET ASSETS - APRIL 1, 2007	469,340
NET ASSETS - MARCH 31, 2008	$ 479,261

See accompanying notes to financial statements and independent auditors' report.

DETOUR TOWNSHIP

GOVERNMENTAL FUND BALANCE SHEET

March 31, 2008

	GENERAL FUND
ASSETS	
Cash and equivalents	$420,541
Due from other funds	39,983
Due from other governmental units	7,639
Taxes receivable	7,601
TOTAL ASSETS	$475,764
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 1,202
Accrued interest	1,616
TOTAL LIABILITIES	$ 2,818
FUND BALANCES	
Restricted for public works	$ 9,432
Unrestricted	463,514
TOTAL FUND BALANCES	$472,946
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets of $27,346, net of accumulated depreciation of $9,531 are not financial resources and, therefore, are not reported in the fund. See Note 5 for additional details.	17,815
Long-term liabilities of $11,500 are not due and payable in the current period and are not reported in the funds. See Note 7 for additional details.	(11,500)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$479,261

See accompanying notes to financial statements and independent auditors' report.

DETOUR TOWNSHIP

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

For the year ended March 31, 2008

	GENERAL FUND
REVENUES	
Taxes	$100,465
State grants	2,321
State shared revenues	32,361
Contributions from local units	2,413
Charges for services	5,711
Interest income	15,169
Other income	1,219
TOTAL REVENUES	$159,659
EXPENDITURES	
General government	$ 52,970
Public safety	1,000
Public works	82,402
Community and economic development	3,000
Culture and recreation	2,080
Other expenditures	5,756
Debt service	1,616
TOTAL EXPENDITURES	$148,824
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 10,835
FUND BALANCE - APRIL 1, 2007	462,111
FUND BALANCE - MARCH 31, 2008	$472,946

See accompanying notes to financial statements and independent auditors' report.

DETOUR TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the year ended March 31, 2008

Net change in Fund Balance - Governmental Funds	$ 9,921
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 those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $914 exceeded capital outlay of $-0- in the current period.	914
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 10,835

See accompanying notes to financial statements and independent auditors' report.

DETOUR TOWNSHIP

FIDUCIARY FUND
STATEMENT OF NET ASSETS

March 31, 2008

	AGENCY FUND TYPE
	TAX COLLECTION FUND
ASSETS	
Cash and equivalents	$314,356
LIABILITIES	
Due to other fund - general	$ 39,983
Due to other governmental units	274,373
TOTAL LIABILITIES	$314,356

See accompanying notes to financial statements and independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

==========

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Detour Township, conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the Township:

A - REPORTING ENTITY

Financial Reporting Entity

Detour Township is a regular law Michigan township located in the eastern portion of Michigan's Upper Peninsula.

The Township operates under an elected Board of Trustees and provides services to its residents in many areas including fire and ambulance protection, community enrichment and development, public works, parks and recreation, and general administrative services.

The Township, for financial purposes, includes all funds relevant to the operations of Detour Township. The financial statements herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from Detour Township.

B - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Detour Township has no business-type activities or separate component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific 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 or

==========

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Detour Township has only the general fund and no fiduciary funds.

C - MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable - Current Property Taxes

The Detour Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Detour Township as of the preceding December 31st.

==========

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C - MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Although Detour Township 2007 ad valorem tax is levied and collectible on December 1, 2007, it is Detour Township's policy to recognize revenue from the current tax levy in the subsequent year or the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of Detour Township totaled $44,973,433, on which ad valorem taxes levied consisted of 1.6500 mills for Township operating purposes.

The Township reports the following major governmental fund:

General Fund

This is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund type:

Fiduciary Funds - Agency

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

==========

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C - MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D - ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of twelve months or less when acquired. Deposits are recorded at cost.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowances for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent of March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items - All inventories, including the cost of supplies, are expensed when purchased. Payments made to vendors for services that will benefit periods beyond March 31, 2008, are recorded as prepaid items.

==========

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D - ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

Fund Balance- 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 use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $200 and an estimated useful life in excess of two years. Such 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, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Long-Term Debt - In the district-wide financial statements, long-term debt or other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Grants and Other Intergovernmental Revenue - Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the respective grants.

E - USE OF ESTIMATES

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

==========

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control - The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

a. Each March, the Township Board prepares a proposed operating budget for the fiscal period commencing April 1 and lapses on March 31. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to April 1, the budget is legally enacted through a resolution passed by the Township Board.

d. Budgetary control is exercised at the Township Board level for the General Fund. Any revisions that alter the total expenditures of any fund (i.e., budget amendments) require approval by the Township Board. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.

e. The budget and approved appropriations lapse at the end of the fiscal year.

f. The Township does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

Budgeted amounts are as originally adopted or amended by the Township Board during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General fund budget was adopted on the basis of activities or programs financed by the General Fund.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was not modified throughout the year through various budget amendments. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the Township Board level.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Agency Funds	Total Primary Government
Cash and Cash Equivalents -			
Restricted	$ 9,432	$ -0-	$ 9,432
Unrestricted	411,109	314,356	725,465
Totals	$420,541	$314,356	$734,897

The breakdown between deposits and investments is as follows:

	Primary Government
Cash and Cash Equivalents	
Petty cash	$ 100
Bank deposits - checking	325,140
Bank deposits - savings	30,460
Certificate of deposits	379,197
Totals	$734,897

==========

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Detour Township has no investments.

Investment and Deposit Risk

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified below.

Credit Risk. The Township has no investments for which ratings are required.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of March 31, 2008 $423,494 of the Township's bank balance of $723,494, was exposed to credit risk because it was uninsured and uncollateralized.

Statutory Authority:

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit union, and savings and loan associations which have an office in Michigan. The local unit 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 Local Governmental Unit Board has designated four banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized deposits and investments as above.

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

At year end, the carrying amount of the Township's primary and fiduciary deposits was $734,897 and the bank balance was $723,494. Of the bank balance, $300,000, was covered by federal depository insurance according to FDIC regulations. Also, during the year the Township had funds in excess of $100,000 on deposit in a particular financial institution which would not have been covered by federal depository insurance. These deposits are in various financial institutions in varying amounts. All accounts are in the name of the Township. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

NOTE 4 - RECEIVABLES

	General Fund
Receivables:	
Due from other funds	$ 39,983
Due from other governmental units	7,639
Taxes receivable	7,601
Total Receivables	$ 55,223

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 16,500	$ -0-	$ -0-	$ 16,500
Capital assets being depreciated:				
Machinery and equipment	$ 10,846	$ -0-	$ -0-	$ 10,846
Less accumulated depreciation for:				
Machinery and equipment	8,617	914	-0-	9,531
Net capital assets being depreciated	$ 2,229	$ 914	$ -0-	$ 1,315
Governmental Activity Capital Total Capital Assets-Net of Depreciation	$ 18,729	$ (914)	$ -0-	$ 17,815

NOTE 5 - CAPITAL ASSETS - (CONTINUED)

Depreciation expense was charged to programs of primary government as follows:

Governmental Activities:	
General Government	$ 914

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivable and payable balances at March 31, 2008 is as follows:

Interfund Receivable		Interfund Payable	
General	$39,983	Tax Collection	$39,983

There were no interfund transfers for the year ended March 31, 2008.

NOTE 7 - LONG-TERM DEBT

During the year, the Township, jointly with the Village of Detour, purchased a parcel of land from Cloverland Electric Co-op to be used for economic development. The total purchase price was $33,000 with a downpayment of $10,000 and a land contract payable for the remaining $23,000. The Township recorded the land purchase in the amount of $16,500 and a note payable in the amount of $11,500 for its fifty percent interest. Payment on the note will be 20% increments of the outstanding balance upon sale or lease of each individual parcel. Additionally, interest on the outstanding balance shall build at the rate of the bank prime rate plus 1% per annum with interest to be paid annually on January 31 of each succeeding year until December 31, 2013, at which time a balloon payment of the remaining balance becomes due. Interest expense of $1,616 has been accrued for the year ended March 31, 2008.

==========

NOTE 8 - RESTRICTED NET ASSETS AND CONTINGENCIES

The Township received $2,321 under the Metropolitan Extension Telecommunications Right-of-Way Oversight Act (PA 48 of 2002, MCLS 484.3101 - 3120), also known as the "Metro Act". This represents the Township's portion of the fees being paid to the state by telecommunication providers for the Right-of-Way used within the Township. This funding is restricted in use to the maintenance of the aforementioned right-of-way. As of March 31, 2008, $-0- in expenditures have been made for this purpose. The restricted balance as of March 31, 2008 is $9,432.

NOTE 9 - LEGAL COMPLIANCE

Excess of Expenditures over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act P.A. 2 of 1968 as amended (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. Detour Township's actual expenditures and budgeted expenditures have been shown on an activity basis. The approved budgets for Detour Township for the budgeted budgeted funds were adopted to the activity level.

During the year, Detour Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated as follows:

Fund	Appropriated	Expended	Variance
General Fund			
General Government			
Township Board	$ 3,000	$ 4,134	$ 1,134
Assessor	13,000	14,392	1,392
Township Hall	1,350	2,405	1,055
Public Works			
Roads	50,000	82,402	32,402
Community and Economic Development			
Economic Development	2,500	3,000	500
Culture and Recreation			
Parks and Recreation	1,483	1,580	97
Debt Service	-0-	1,616	1,616

==========

NOTE 10 - DISTRIBUTION OF TAX COLLECTION

The Township must remit to the schools and the County total taxes collected through the 1st and 15th day of each month within 10 business days after the 1st and 15th day of each month. In addition, the Township is required to remit within ten business days, at least 90% of the total property tax collections on hand as of February 28 for tax revenues that were collected for other taxing units. During the year ended March 31, 2008, the Township remitted taxes to the schools and the county within the required time periods.

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as workmens compensation benefits provided to employees.

The Township participates in the Michigan Township Participating plan for general liability, property loss, automobile, professional, public official errors and omissions liabilities. This plan is a self insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township above the $100 deductible amount. The Township pays an annual premium of $2,996 for this plan. The plan has a maximum liability for general liability of $3,000,000, wrongful acts of $2,000,000 and automobile liability of $1,000,000.

Therefore, the Township has no additional liabilities beyond the contribution made to the Michigan Township Participating Plan for general liability, property loss, automobile, professional, public official error and omissions liabilities as it is covered by insurance policies or reinsurance treaties obtained by the plan.

In addition, the Township has purchased commercial insurance for workmens compensation benefits.

Settled claims for the insurance have not exceeded the amount of coverage in the past three years. There was no reduction in coverage obtained through insurance during the past year.

==========

NOTE 12 - CONTINGENT LIABILITIES

The Township has received financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Township. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Township at March 31, 2008.

In 2005, the Township, jointly with the Village of Detour, purchased property on a land contract agreement. See Note 7 for additional information. As this agreement was jointly signed, there is a potential contingent liability for $11,500 of the contract should the Village of Detour not meet its obligation.

NOTE 13 - POSTEMPLOYMENT

Detour Township does not provide any postemployment benefits and, therefore, no accrual has been recorded for these benefits as of March 31, 2008.

NOTE 14 - COMPENSATED ABSENCES

Detour Township does not have a vacation or a sick leave benefit policy and, therefore, no accrual has been recorded for these benefits as of March 31, 2008.

NOTE 15 - BUDGET AMENDMENTS

Once approved, the Township may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. There were no authorized budget amendments approved during the year.

REQUIRED SUPPLEMENTAL INFORMATION

DETOUR TOWNSHIP

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
BEGINNING OF YEAR FUND BALANCE	$462,111	$462,111	$462,111	$ -0-
RESOURCES (INFLOWS)				
Taxes	$ 68,438	$ 68,438	$100,465	$(32,027)
State grants	2,339	2,339	2,321	18
State revenue sharing	26,772	26,772	32,361	(5,589)
Contributions from local units	8	8	2,413	(2,405)
Charges for services	-0-	-0-	5,711	(5,711)
Interest income	-0-	-0-	15,169	(15,169)
Other income	-0-	-0-	1,219	(1,219)
AMOUNT AVAILABLE FOR APPROPRIATIONS	$559,668	$559,668	$621,770	$(62,102)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government				
Township board	$ 3,000	$ 3,000	$ 4,134	$ (1,134)
Supervisor	7,000	7,000	4,857	2,143
Treasurer	16,000	16,000	15,547	453
Assessor	13,000	13,000	14,392	(1,392)
Clerk	11,000	11,000	5,490	5,510
Board of Review	4,000	4,000	2,789	1,211
Elections	6,500	6,500	2,971	3,529
Attorney	3,000	3,000	385	2,615
Township Hall	1,350	1,350	2,405	(1,055)
Public Safety				
Fire	500	500	500	-0-
Ambulance	500	500	500	-0-
Public Works				
Roads	50,000	50,000	82,402	(32,402)
Community and Economic Development				
Economic development	2,500	2,500	3,000	(500)
Culture and Recreation				
Parks and recreation	1,483	1,483	1,580	(97)
Library	500	500	500	-0-
Museum	500	500	-0-	500

See accompanying notes to financial statements and independent auditor's report.

DETOUR TOWNSHIP

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

For the year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
CHARGES TO APPROPRIATIONS (CONTINUED)				
Other Functions				
Employee benefits and insurance	$ 8,000	$ 8,000	$ 5,756	$ 2,244
Other	20,330	20,330	-0-	20,330
Debt Service	-0-	-0-	1,616	(1,616)
TOTAL CHARGES TO APPROPRIATIONS	$149,163	$149,163	$148,824	$ 339
BUDGETARY FUND BALANCE - MARCH 31	$410,505	$410,505	$472,946	$(62,441)

See accompanying notes to financial statements and independent auditors' report.

GHL

GILLETT, HALVORSEN & LEONHARDT, P.C.
Certified Public Accountants

478 W. SPRUCE ST. / P.O. BOX 437
SAULT STE. MARIE, MICHIGAN 49783

TELEPHONE 906/635-1589
FAX 906/635-1089

JAMES A. GILLETT
JAMES E. HALVORSEN
CHARLES W. LEONHARDT

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

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES IN INTERNAL CONTROL AND OTHER MATTERS

November 14, 2008

Township Board
Detour Township
Detour Village, Michigan 49725

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Detour 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 Detour 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 Detour Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of Dafter Township's internal control.

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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. The following are the significant deficiencies or material weaknesses findings that we noted during our audit:

Segregation of Duties

Separation of duties between persons who authorize transactions and persons who have control over the related assets does not exist to the extent possible in larger entities with several employees involved in the accounting process.

The least desirable accounting system is one in which the employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of accounting duties substantially increases control over errors without duplication of effort.

The desired separation of duties cannot be achieved with a few employees involved. The careful and consistent oversight provided by the Township Board appears to offset the inability to separate various accounting functions and should be continued. The Township Board maintains monitoring of current operations. Operating results are reviewed monthly which provides significant oversight for the inspection of any irregularities and discrepancies. The cost for additional staff to enable separation of duties is likely not economically justified and therefore, the Township Board's oversight is assisting in this internal control function. Our finding is intended only to point out that this element of internal control separation of duties does not, and at present, cannot exist.

Financial Statement Preparation

The Statement on Auditing Standards #112 requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. Detour Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, and to present required financial statement disclosures. Historically, Detour Township relied on its independent external auditors to assist in the preparation of the financial statements and footnotes.

Fraud Policy

With the implementation of Statement on Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks within a governmental entity. The Board does not have a "fraud policy" which would address fraud or suspected fraud and related board actions. We recommend the Board adopt a fraud policy in compliance with SAS No. 99.

Budget

During the current year, expenditures exceeded the amount appropriated in seven instances. Therefore, the Township has not complied with P.A. 621 of 1978, Section 18(1), as amended, which states that a local unit of government shall not incur expenditures in excess of the amount appropriated. We recommend that budget categories should not be over expended and that the budget be monitored and amended as necessary during the year.

Cash and Investments

At year end, the Township had $423,494 in deposits with financial institutions that were uninsured by federal depository insurance. Also, during the year the Township had funds in excess of $100,000 on deposit in a particular financial institution which would not have been covered by federal depository insurance. We recommend that the Township insure all funds.

Required Basic Accounting Records

Every local unit of government in Michigan, from the smallest to the largest, must establish and maintain certain basic accounting records. Detour Township has failed to establish and maintain several of these basic accounting records. They are as follows:

Uniform Chart of Accounts - Detour Township does not record Township financial activity using the uniform chart of accounts as prescribed by the State of Michigan. We recommend Detour Township establish a chart of accounts appropriate for the Township financial activity and maintain the financial records using this chart of accounts.

Township Clerk Records - For small local units the Clerk will maintain the financial records such as the general ledger, receipts journal and disbursements journal. The Township Clerk did not maintain the aforementioned financial records for the year ended March 31, 2008. We recommend that the Clerk prepare these financial records in the prescribed manner and maintain them on a timely basis.

Expenditure Authorization

The Township Board must approve all disbursements prior to payment. The Township Board may establish a formal policy to authorize payments prior to approval, however the policy must be very limited and a list of such must be presented to the Board for subsequent approval. As Detour Township meets only every other month we recommend that any disbursements made between meetings be presented and approved at the subsequent Board meeting.

The Township does not formally approve the disbursements made during the year. We recommend that the Township formally make and pass a motion using the appropriate wording to ensure the proper approval of Township disbursements. We also recommend the aforementioned approval include at least the check numbers being approved or a detailed list of approved disbursements included as part of the Board minutes.

Unlawful Expenditures

Contributions or appropriations which are not specifically authorized by the constitution or state statute cannot be authorized regardless of the worthiness of the cause. It is unlawful to make contributions to churches, veterans, non-profit organizations or community organizations. During the year the Township donated $700 to the Detour Friends of the Library. We recommend the Board review state statutes and/or consult with your attorney before any expenditures outside normal operating expenditures are made.

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

We appreciate and would like to thank Detour 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.

Gillett, Halvorsen & Leonhardt, PC

Gillett, Halvorsen & Leonhardt, P.C.
Certified Public Accountants

GHL

GILLETT, HALVORSEN & LEONHARDT, P.C.
Certified Public Accountants

478 W. SPRUCE ST. / P.O. BOX 437
SAULT STE. MARIE, MICHIGAN 49783

TELEPHONE 906/635-1589
FAX 906/635-1089

JAMES A. GILLETT
JAMES E. HALVORSEN
CHARLES W. LEONHARDT

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 14, 2008

Township Board
Detour Township
Detour Village, Michigan 49725

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Detour Township for the year ended March 31, 2008, and have issued our report thereon dated November 14, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 10, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you on October 10, 2008.

Significant Accounting Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Detour Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. The most sensitive estimate affecting the financial statement was:

> Management's estimate of the depreciation expense based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2008.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Auditing standards require us to report to you significant audit findings or issues. Following are the significant findings we noted during our audit:

Segregation of Duties

There is a lack of segregation of duties in the accounting function due to the limited number of accounting personnel. This condition is generally inherent in organizations the size of Detour Township, where corrective action is not practical, and to the extent possible, duties are allocated between accounting personnel to mitigate the risk of material asset misappropriation.

Financial Statement Preparation

The Statement on Auditing Standards #112 requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. Detour Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, and to present required financial statement disclosures. Historically, Detour Township relied on its independent external auditors to assist in the preparation of the financial statements and footnotes.

Fraud Policy

With the implementation of Statement on Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks within a governmental entity. The Board does not have a "fraud policy" which would address fraud or suspected fraud and related board actions. We recommend the Board adopt a fraud policy in compliance with SAS No. 99.

Budget

During the current year, expenditures exceeded the amount appropriated in seven instances. Therefore, the Township has not complied with P.A. 621 of 1978, Section 18(1), as amended, which states that a local unit of government shall not incur expenditures in excess of the amount appropriated. We recommend that budget categories should not be over expended and that the budget be monitored and amended as necessary during the year.

Cash and Investments

At year end, the Township had $423,494 in deposits with financial institutions that were uninsured by federal depository insurance. Also, during the year the Township had funds in excess of $100,000 on deposit in a particular financial institution which would not have been covered by federal depository insurance. We recommend that the Township insure all funds.

Required Basic Accounting Records

Every local unit of government in Michigan, form the smallest to the largest, must establish and maintain certain basic accounting records. Detour Township has failed to establish and maintain several of these basic accounting records. They are as follows:

Uniform Chart of Accounts - Detour Township does not record township financial activity using the uniform chart of accounts as prescribed by the State of Michigan. We recommend Detour Township establish a chart of accounts appropriate for the Township financial activity and maintain the financial records using this chart of accounts.

Township Clerk Records - For small local units the Clerk will maintain the financial records such as the general ledger, receipts journal and disbursements journal. The Township Clerk did not maintain the aforementioned financial records for the year ended March 31, 2008. We recommend that the Clerk prepare these financial records in the prescribed manner and maintain them on a timely basis.

Expenditure Authorization

The Township Board must approve all disbursements prior to payment. The Township Board may establish a formal policy to authorize payments prior to approval, however the policy must be very limited and a list of such must be presented to the Board for subsequent approval. As Detour Township meets only every other month we recommend that any disbursements made between meetings be presented and approved at the subsequent Board meeting.

The Township does not formally approve the disbursements made during the year. We recommend that the Township formally make and pass a motion using the appropriate wording to ensure the proper approval of Township disbursements. We also recommend the aforementioned approval include at least the check numbers being approved or a detailed list of approved disbursements included as part of the Board minutes.

Unlawful Expenditures

Contributions or appropriations which are not specifically authorized by the constitution or state statute cannot be authorized regardless of the worthiness of the cause. It is unlawful to make contributions to churches, veterans, non-profit organizations or community organizations. During the year the Township donated $700 to the Detour Friends of the Library. We recommend the board review state statutes and/or consult with your attorney before any expenditures outside normal operating expenditures are made.

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

Gillett, Halvorsen & Leonhardt, PC

Gillett, Halvorsen & Leonhardt, P.C.
Certified Public Accountants