TOWNSHIP OF VICTOR
Clinton County, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98). Formerly L-3147

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☒ Township ☐ Village ☐ Other	Township of Victor	Clinton

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2007	July 12, 2007	July 17, 2007

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.

☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).

☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)			
Campbell, Kusterer & Co., P.C.			
Street Address	**City**	**State**	**Zip**
512 N. Lincoln, Suite 100, P.O. Box 686	Bay City	MI	48707
Accountant Signature			
Campbell, Kusterer & Co, PC			

TOWNSHIP OF VICTOR
Clinton County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 12, 2007

To the Township Board
Township of Victor
Clinton County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Victor, Clinton County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Victor'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 opinion.

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 the Township of Victor, Clinton County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., PC

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF VICTOR
Clinton County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Victor Township Board provides interested parties with the following report of the Township's financial statements and a narrative overview and analysis of the financial activities of Victor Township for the fiscal year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

- The assets of Victor Township exceeded its liabilities at the close of the most recent fiscal year by $1,034,425.42 (net assets). Of this amount, $502,463.42 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of $502,463.42, a increase of $88,805.09 in comparison with the prior year. This represents unreserved fund balance and is available for spending at the Township's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Victor Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements present the functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include: (Legislative, general government, building and grounds, cemetery, public safety, community and economic development, public works (roads and drains), health and welfare, recreation and culture, and capital outlay.)

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Victor Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Township maintains a governmental fund and a fiduciary tax fund.

The Township adopts an annual appropriated budget for its general fund. A budgetary statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide (pension benefits) to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The most significant portion of the Township's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Governmental activities – Governmental activities increased the Township's net assets by $58,619.09 accounting for 100% of the total increase in the net assets of the Township. Expenses were in line with budget.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

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

Governmental funds – The focus of the Township's governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $502,463.42. The total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounts to $531,962.00 (net of accumulated depreciation).

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

Victor Township receives only constitutional revenue sharing and therefore expects that State-shared revenues will remain relatively flat or slightly increase in the future fiscal years. The Township's millage rate was reduced again by the Headlee Amendment rollback for general operating purposes. Taxable value increased from last year. These factors were considered in preparing the Township's budget for the 2007-2008 fiscal year.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide a general overview of Victor Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Treasurer or Clerk of Victor Township, 6843 E. Alward Road, Laingsburg, Michigan 48848, or call 517-651-2094.

TOWNSHIP OF VICTOR
Clinton County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	488 038 49
Taxes receivable	21 679 93
Accounts receivable	1 325 00
Total Current Assets	511 043 42
NON-CURRENT ASSETS:	
Capital Assets	696 895 00
Less: Accumulated Depreciation	(164 933 00)
Total Non-current Assets	531 962 00
TOTAL ASSETS	1 043 005 42
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	8 580 00
Total Current Liabilities	8 580 00
NON-CURRENT LIABILITIES	-
Total Non-current Liabilities	-
Total Liabilities	8 580 00
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	531 962 00
Unrestricted	502 463 42
Total Net Assets	1 034 425 42
TOTAL LIABILITIES AND NET ASSETS	1 043 005 42

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

TOWNSHIP OF VICTOR
Clinton County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

		Program Revenue	Governmental Activities
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:			
Legislative	30 381 82	-	(30 381 82)
General government	128 433 52	52 332 12	(76 101 40)
Public safety	198 781 49	-	(198 781 49)
Public works	156 591 05	17 500 21	(139 090 84)
Culture and recreation	5 037 97	-	(5 037 97)
Total Governmental Activities	519 225 85	69 832 33	(449 393 52)
General Revenues:			
Property taxes			256 471 53
State revenue sharing			228 551 85
Interest			7 919 33
Miscellaneous			15 069 90
Total General Revenues			508 012 61
Change in net assets			58 619 09
Net assets, beginning of year			975 806 33
Net Assets, End of Year			1 034 425 42

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

TOWNSHIP OF VICTOR
Clinton County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	Total (General)
Assets	
Cash in bank	465 907 28
Taxes receivable	21 679 93
Accounts receivable	1 325 00
Due from other funds	22 131 21
Total Assets	511 043 42
Liabilities and Fund Equity	
Liabilities:	
Accounts payable	8 580 00
Total liabilities	8 580 00
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	502 463 42
Total fund equity	502 463 42
Total Liabilities and Fund Equity	511 043 42

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

TOWNSHIP OF VICTOR
Clinton County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	502 463 42
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	696 895 00
Accumulated depreciation	(164 933 00)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	1 034 425 42

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

TOWNSHIP OF VICTOR
Clinton County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year ended March 31, 2007

	Total (General)
Revenues:	
Property taxes	256 471 53
Licenses and permits	5 942 71
State revenue sharing	228 551 85
Charges for services – PTAF	36 371 57
Charges for services – other	10 017 84
Interest	7 919 33
Special assessments	17 500 21
Miscellaneous	15 069 90
Total revenues	577 844 94
Expenditures:	
Legislative:	
Township Board	30 381 82
General government:	
Supervisor	12 058 50
Elections	4 609 20
Assessor	22 524 18
Clerk	19 304 20
Board of Review	887 75
Treasurer	15 578 85
Building and grounds	28 802 23
Cemetery	14 722 61
Public safety:	
Fire protection	178 706 49
Law enforcement	1 000 00
Planning	335 00
Public works:	
Highways and streets	140 778 79
Drains	11 451 49
Weeds	4 360 77
Culture and recreation:	
Library	2 000 00
Parks and recreation	1 537 97
Total expenditures	489 039 85
Excess (deficiency) of revenues over expenditures	88 805 09
Fund balance, April 1	413 658 33
Fund Balance, March 31	502 463 42

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

TOWNSHIP OF VICTOR
Clinton County, Michigan

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

Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	88 805 09
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(30 186 00)
Capital Outlay	-
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	58 619 09

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

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Victor, Clinton County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Victor. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Joint Venture

The Township and the Townships of Bingham and Greenbush jointly operate the Clinton Area Fire and Rescue to provide fire protection services for the three entities. For the fiscal year ended March 31, 2007, the Township of Victor provided $178,672.53 to the Fire Authority. The joint venture is not considered a part of the reporting entity of the Township of Victor. Separate financial statements of the Fire Authority may be obtained directly from them at P.O. Box 114 in St. Johns, Michigan.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary 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. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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. 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. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 2.4500 mills, and the taxable value was $104,265,408.00.

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than $5,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	20-50 years
Equipment	5-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

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

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.

2. The proposed budgets include expenditures as well as the methods of financing them.

3. Public hearings are held to obtain taxpayer comments.

4. The budgets are adopted at the activity level by a majority vote of the Township Board.

5. The budgets are adopted on the modified accrual basis of accounting.

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

Note 2 – Budgets and Budgetary Accounting (continued)

7. The adopted budgets are used as a management control device during the year for all budgetary funds.

8. Budget appropriations lapse at the end of each fiscal year.

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date 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. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

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

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	Carrying Amounts
Total Deposits	488 038 49

Note 3 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	Bank Balances
Insured (FDIC)	100 892 68
Uninsured and Uncollateralized	387 843 48
Total Deposits	488 736 16

The Township of Victor did not have any investments as of March 31, 2007.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/06	Additions	Deletions	Balance 3/31/07
Governmental Activities:				
Land	127 300 00	-	-	127 300 00
Buildings	226 410 00	-	-	226 410 00
Equipment	343 185 00	-	-	343 185 00
Total	696 895 00	-	-	696 895 00
Accumulated Depreciation	(134 747 00)	(30 186 00)	-	(164 933 00)
Net Capital Assets	562 148 00	(30 186 00)	-	531 962 00

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township has a deferred compensation plan covering all employees. The Township contributes a percentage of each employee's wages to the plan. The employees also made contributions to the plan. The net expense for the fiscal year ended March 31, 2007, was $4,572.81.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Victor does not issue building permits. Building permits are issued by the County of Clinton.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	22 131 21	Current Tax Collection	22 131 21

TOWNSHIP OF VICTOR
Clinton County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	241 066 00	241 066 00	256 471 53	15 405 53
Licenses and permits	10 000 00	10 000 00	5 942 71	(4 057 29)
State revenue sharing	225 000 00	225 000 00	228 551 85	3 551 85
Charges for services:				
Property tax administration	32 150 00	32 150 00	36 371 57	4 221 57
Other	17 300 00	17 300 00	10 017 84	(7 282 16)
Interest	3 500 00	3 500 00	7 919 33	4 419 33
Special assessments	-	15 961 73	17 500 21	1 538 48
Miscellaneous	8 000 00	8 000 00	15 069 90	7 069 90
Total revenues	537 016 00	552 977 73	577 844 94	24 867 21
Expenditures:				
Legislative:				
Township Board	42 000 00	40 535 85	30 381 82	(10 154 03)
General government:				
Supervisor	12 250 00	12 250 00	12 058 50	(191 50)
Elections	5 400 00	5 400 00	4 609 20	(790 80)
Assessor	24 382 00	24 382 00	22 524 18	(1 857 82)
Clerk	26 860 00	26 860 00	19 304 20	(7 555 80)
Board of Review	925 00	925 00	887 75	(37 25)
Treasurer	17 655 00	17 655 00	15 578 85	(2 076 15)
Building and grounds	26 820 00	28 802 23	28 802 23	-
Cemetery	14 375 00	14 722 61	14 722 61	-
Public safety:				
Fire protection	185 000 00	185 000 00	178 706 49	(6 293 51)
Law enforcement	1 000 00	1 000 00	1 000 00	-
Planning	2 250 00	2 500 00	335 00	(2 165 00)
Public works:				
Highways and streets	122 169 00	177 778 70	140 778 79	(36 999 91)
Drains	12 000 00	12 000 00	11 451 49	(548 51)
Weeds	-	4 377 82	4 360 77	(17 05)
Culture and recreation:				
Library	2 000 00	2 000 00	2 000 00	-
Parks and recreation	2 000 00	2 000 00	1 537 97	(462 03)
Capital outlay	9 930 00	9 680 00	-	(9 680 00)
Other:				
Contingency	30 000 00	10 507 61	-	(10 507 61)
Total expenditures	537 016 00	578 376 82	489 039 85	(89 336 97)
Excess (deficiency) of revenues over expenditures	-	(25 399 09)	88 805 09	114 204 18
Fund balance, April 1	-	25 399 09	413 658 33	388 259 24
Fund Balance, March 31	-	-	502 463 42	502 463 42

TOWNSHIP OF VICTOR
Clinton County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Township Board:	
Salaries	3 805 00
Publishing	2 109 11
Audit	2 200 00
Legal	330 00
Miscellaneous	1 331 18
Dues	1 917 13
Payroll taxes	1 162 42
Supplies	5 529 17
Deferred compensation	4 572 81
Insurance	7 425 00
	30 381 82
Supervisor:	
Salary	12 000 00
Miscellaneous	58 50
	12 058 50
Elections:	
Wages	3 322 00
Miscellaneous	1 287 20
	4 609 20
Assessor:	
Salary	17 532 00
Miscellaneous	4 992 18
	22 524 18
Clerk:	
Salary	14 100 00
Deputy	1 478 25
Miscellaneous	3 725 95
	19 304 20
Board of Review:	
Salaries	825 00
Miscellaneous	62 75
	887 75
Treasurer:	
Salary	13 680 00
Deputy	72 00
Miscellaneous	1 826 85
	15 578 85
Building and grounds:	
Utilities	10 371 85
Insurance	1 280 88
Contracted services	17 149 50
	28 802 23
Cemetery:	
Contracted services	13 711 22
Miscellaneous	1 011 39
	14 722 61
Fire protection:	
Contracted services	178 672 53
Miscellaneous	33 96
	178 706 49
Law enforcement	1 000 00

TOWNSHIP OF VICTOR
Clinton County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Planning:	
Miscellaneous	335 00
Highways and streets:	
Repairs and maintenance	140 778 79
Drains	11 451 49
Weeds:	
Contracted services	800 00
Legal	1 868 00
Publishing	1 053 28
Miscellaneous	639 49
	4 360 77
Library	2 000 00
Parks and recreation	1 537 97
Total Expenditures	489 039 85

TOWNSHIP OF VICTOR
Clinton County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2007

	Balance 4/1/06	Additions	Deductions	Balance 3/31/07
Assets				
Cash in Bank	5 058 22	3 032 350 95	3 015 277 96	22 131 21
Liabilities				
Due to other funds	5 057 99	293 069 27	275 996 05	22 131 21
Due to others	23	2 739 281 68	2 739 281 91	-
Total Liabilities	5 058 22	3 032 350 95	3 015 277 96	22 131 21

TOWNSHIP OF VICTOR
Clinton County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2007

Cash on hand and in bank – beginning of year	5 058 22
Cash receipts:	
Current property tax	3 001 468 58
Property tax administration fees	29 674 23
Interest	1 208 14
Total cash receipts	3 032 350 95
Total beginning balance and cash receipts	3 037 409 17
Cash disbursements:	
Township General Fund	275 996 05
Clinton County	1 555 065 98
Laingsburg Community School	807 114 91
Ovid-Elsie Area Community School	73 368 04
St. Johns Public School	117 435 82
Bath Community School	39 667 38
Clinton County Regional Education Service District	100 443 73
Lansing Community College	14 783 23
Clinton Area Transit System	19 364 46
Refunds	12 038 36
Total cash disbursements	3 015 277 96
Cash on Hand and in Bank – End of Year	22 131 21

CAMPBELL, KUSTERER & CO., P.C.

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 12, 2007

To the Township Board
Township of Victor
Clinton County, Michigan

We have audited the financial statements of the Township of Victor for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Victor in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Victor
Clinton County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an 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 duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants