

# *Township of Goodland*

**Lapeer County, Michigan**

Audited Financial Report  
June 30, 2007

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

# Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other			Local Unit Name Goodland Township	County Lapeer County
Fiscal Year End June 30, 2007	Opinion Date September 14, 2007	Date Audit Report Submitted to State September 20, 2007		

We affirm that:

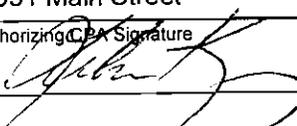
We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.		Telephone Number 989-635-3113		
Street Address 3531 Main Street		City Marlette	State MI	Zip 48453
Authorizing CPA Signature 		Printed Name Lehn King		License Number A248781

**Township of Goodland**  
 Annual Financial Report  
 For The Fiscal Year Ended June 30, 2007

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Members of the Township Board  
**Goodland Township**  
Lapeer County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Goodland, Michigan as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Goodland, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Goodland, Michigan as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

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

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

*Lehn King*

Lehn L. King  
Certified Public Accountant

September 14, 2007

# Township of Goodland

## Imlay City, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Goodland's financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Township's financial statements.

#### Financial Highlights

As the Township Supervisor for the past 30 years, I am simply amazed at the changes taking place within the Township Government.

First of all, the rules and regulations we as township officials have to adhere to.

Secondly with the shrinking revenues from the State and rising cost, we have to be more careful with our spending.

We did make cuts with the 2007-2008 budget. We also asked our residents, twice, to approve a road millage and both times, they were soundly defeated. There has been talk about maybe a special assessment to help with the roads. Either a millage or special assessment will need to be done, since the general fund does not have the revenue to cover such cost.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

The Township of Goodland's fund balances are as follows:

	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
General Fund	\$ 132,607	\$ 92,162
Public Safety Fund	51,632	42,969
Total for Township	<u>\$ 184,239</u>	<u>\$ 135,131</u>

# Township of Goodland

## Imlay City, Michigan

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### Governmental Activities

The Township of Goodland's Revenues and Expenditures can be summarized as follows:

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Totals</u>
<b>Fund Balances - Beginning of Year</b>	\$ 92,162	\$ 42,969	\$ 135,131
<b>Revenue Collected</b>			
Property Taxes	100,475	118,889	219,364
Intergovernmental Revenue	118,883	-	118,883
Charges for Services	7,581	-	7,581
Interest Earnings	8,944	2,359	11,303
Other	30,232	190,000	220,232
Total Revenue Collected	266,115	311,248	577,363
<b>Expenditures</b>			
General Government	203,678	-	203,678
Public Safety	11,568	51,804	63,372
Public Works	10,424	-	10,424
Capital Outlay	-	200,000	200,000
Debt Service	-	50,781	50,781
Total Expenditures	225,670	302,585	528,255
<b>Fund Balances - End of Year</b>	\$ 132,607	\$ 51,632	\$ 184,239

# Township of Goodland

## Imlay City, Michigan

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### Economic Factors and Next Year's Budget and Rates

The Township of Goodland's 2007/2008 adopted budget is as follows:

	<b>General Fund</b>	<b>Fire Fund</b>
Budgeted Beginning Fund Balance	\$ -	\$ 11,200
<b>Revenue</b>		
Property Taxes / Special Assessments	\$ 105,262	\$ 118,763
Intergovernmental Revenue	105,360	-
Charges for Services	6,550	3,500
Interest Earnings	1,500	1,500
Other	130,450	-
Total Revenue Collected	349,122	123,763
<b>Expenditures</b>		
General Government	314,951	-
Public Safety	12,350	86,645
Public Works	16,200	-
Capital Outlay	-	7,500
Debt Service	-	52,863
Transfers	-	-
Total Expenditures	343,501	147,008
<b>Net Over/Under Budget</b>	5,621	(23,245)
Budgeted Ending Fund Balance	\$ 5,621	\$ (12,045)

The Township of Goodland's General Fund budget for next year is approximately the same budget as a year ago.

### Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 2374 N. Van Dyke Road, Imlay City, Michigan or by telephone at (810) 724-0169.

Ron Cischke  
Township of Goodland Supervisor

# Township of Goodland

## Statement of Net Assets (Deficit)

June 30, 2007

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 82,696.37
Due From Others	-
Net Due From Other Funds	123,703.32
Capital Assets (Net of Accumulated Depreciation)	<u>586,988.65</u>
Total Assets	793,388.34
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 19,675.40
Accrued Payroll Taxes	2,485.41
Accrued Interest Payable	2,530.63
Current Portion of Long-Term Debt	46,261.00
Noncurrent Liabilities:	
Long-Term Debt	<u>76,583.00</u>
Total Liabilities	<u>147,535.44</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	461,614.02
Unrestricted	<u>184,238.88</u>
Total Net Assets (Deficit)	<u>\$ 645,852.90</u>

The notes are an integral part of the statements.

**Township of Goodland**  
Statement of Activities  
For the Year Ended June 30, 2007

	Program Revenues			Capital Grants & Contributions
Expenses	Charges for Services	Operating Grants & Contributions	Contributions	Contributions
\$ 207,894.10	\$ 175.00	-	-	-
95,154.83	7,406.06	-	190,000.00	-
10,425.24	-	-	-	-
5,955.20	-	-	-	-
\$ 319,429.37	\$ 7,581.06	-	-	\$ 190,000.00
<b>Functions/Programs</b>				
Primary Government:				
Governmental Activities:				
General Government				-
Public Safety				190,000.00
Public Works				-
Interest on Long-Term Debt				-
Total Governmental Activities				190,000.00
<b>Net (Expense) Revenue &amp; Changes in Net Assets</b>				
Primary Government				
Governmental				
Activities				
	\$	(207,719.10)		
		102,251.23		
		(10,425.24)		
		(5,955.20)		
		(121,848.31)		
<b>General Revenues:</b>				
Property Taxes	\$	219,363.33		
State Shared Revenues		118,883.00		
Interest		11,303.02		
Other Revenues		30,232.06		
Transfers		-		
		379,781.41		
		257,933.10		
		387,919.80		
	\$	645,852.90		
<b>Change in Net Assets</b>				
Total General Revenues, Special Items & Transfers				
Net Assets (Deficit) - Beginning of Year				
Net Assets (Deficit) - End of Year				

The notes are an integral part of the statements.

# Township of Goodland

## Governmental Funds

### Balance Sheet

June 30, 2007

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>			
Cash & Certificates of Deposit	\$ 30,287.21	\$ 52,409.16	\$ 82,696.37
Due From Others	-	-	-
Due From Other Funds	<u>123,703.32</u>	<u>-</u>	<u>123,703.32</u>
Total Assets	<u>\$ 153,990.53</u>	<u>\$ 52,409.16</u>	<u>\$ 206,399.69</u>
<b><u>Liabilities &amp; Fund Equity</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 19,675.40	\$ -	\$ 19,675.40
Accrued Payroll Taxes	<u>1,708.08</u>	<u>777.33</u>	<u>2,485.41</u>
Total Liabilities	<u>21,383.48</u>	<u>777.33</u>	<u>22,160.81</u>
<b><u>Fund Equity</u></b>			
Fund Balances			
- Unreserved & Undesignated	<u>132,607.05</u>	<u>51,631.83</u>	<u>184,238.88</u>
Total Fund Balances	<u>132,607.05</u>	<u>51,631.83</u>	<u>184,238.88</u>
Total Liabilities & Fund Equity	<u>\$ 153,990.53</u>	<u>\$ 52,409.16</u>	<u>\$ 206,399.69</u>

The notes are an integral part of the statements.

**Township of Goodland**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended June 30, 2007

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 184,238.88</b>
 Amounts reported for Governmental Activities in the Statement of Net Assets (Deficit) are different because:	
Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	586,988.65
Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>(125,374.63)</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 645,852.90</u></u></b>

**Township of Goodland**  
 Governmental Funds  
 Statement of Revenues, Expenditures, And Changes  
 in Fund Balances  
 For The Year Ended June 30, 2007

	<u>General</u> <u>Fund</u>	<u>Major Special</u> <u>Revenue Fund</u> <u>Public Safety</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>Revenues</u></b>			
Property Taxes	\$ 100,474.75	\$ 118,888.58	\$ 219,363.33
State Shared Revenue	118,883.00	-	118,883.00
Charges for Services	175.00	-	175.00
Licenses, Fees & Permits	7,406.06	-	7,406.06
Grant Proceeds	-	190,000.00	190,000.00
Interest Earnings	8,944.40	2,358.62	11,303.02
Other Revenues	30,232.06	-	30,232.06
<u>Total Revenues</u>	<u>266,115.27</u>	<u>311,247.20</u>	<u>577,362.47</u>
 <b><u>Expenditures</u></b>			
General Government	203,677.55	-	203,677.55
Public Safety	11,567.54	51,803.26	63,370.80
Publics Works	10,425.24	-	10,425.24
Capital Outlay	-	200,000.00	200,000.00
Debt Service - Principal	-	44,826.01	44,826.01
Debt Service - Interest	-	5,955.20	5,955.20
<u>Total Expenditures</u>	<u>225,670.33</u>	<u>302,584.47</u>	<u>528,254.80</u>
 <b>Excess of Revenues Over (Under) Expenditures</b>	 40,444.94	 8,662.73	 49,107.67
 <b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In (Out)	-	-	-
 <b>Net Change in Fund Balances</b>	 40,444.94	 8,662.73	 49,107.67
 <b><u>Fund Balances - Beginning of Year</u></b>	 <u>92,162.11</u>	 <u>42,969.10</u>	 <u>135,131.21</u>
 <b><u>Fund Balances - End of Year</u></b>	 <u>\$ 132,607.05</u>	 <u>\$ 51,631.83</u>	 <u>\$ 184,238.88</u>

The notes are an integral part of the statements.

**Township of Goodland**  
 Governmental Funds  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For The Year Ended June 30, 2007

**Net Change in Fund Balances - Total Governmental Funds** \$ 49,107.67

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 capitalized and  
 allocated over their estimated useful lives as Depreciation 200,000.00

Repayment of Bond Principal is an Expenditure in the Governmental  
 Funds, but not in the Statement of Activities (where it  
 reduces Long-Term Debt) 44,826.01

Depreciation is an Expenditure for the Statement of  
 Activities, but is not reported in the Governmental Funds (36,000.58)

**Net Change in Assets of Governmental Activities** \$ 257,933.10

# Township of Goodland

Statement of Net Assets (Deficit)

Fiduciary Funds

June 30, 2007

<u>Assets</u>	<b>Fiduciary Fund Types</b>		<b>Totals June 30, 2007</b>
	<b>Agency Funds</b>		
	<b>Trust And Agency</b>	<b>Current Tax Collection Fund</b>	
Cash - Savings & Certificates	\$ 140,332.67	\$ 1,498.19	\$ 141,830.86
<u>Total Assets</u>	\$ 140,332.67	\$ 1,498.19	\$ 141,830.86
<b><u>Liabilities &amp; Fund Balance</u></b>			
<b><u>Liabilities</u></b>			
Due To General Fund	\$ 122,703.32	\$ -	\$ 122,703.32
Due To Fire Fund	-	-	-
Due To Others	17,629.35	498.19	18,127.54
<u>Total Liabilities</u>	140,332.67	498.19	140,830.86
<b><u>Fund Balances</u></b>			
<u>Total Fund Balances</u>	-	-	-
<u>Total Liabilities &amp; Fund Balances</u>	\$ 140,332.67	\$ 498.19	\$ 140,830.86

The notes are an integral part of the statements.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

The accounting methods and procedures adopted by the Township of Goodland, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township of Goodland was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Goodland (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Component Units** - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported 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.

The Township reports the following major governmental funds:

**General Fund** - The General Fund 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.

**Public Safety Fund** - The fund provides for the public safety service of fire rescue. Funding is provided primarily from a special assessment on the tax roll and charges for fire runs.

Additionally, the Township reports the following fund types:

**Trust & Agency Funds** - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

**Current Tax Collection Fund** - The fund accounts for the collection and disbursement of taxes.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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. 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.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become 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, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	20 to 50 years
Machinery & Equipment	5 to 25 years

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**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.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### **Accounting Changes**

**GASB Statement No. 34** – Effective July 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the year ended June 30, 2007, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Township Board	\$ 44,950	\$ 46,580	\$ 1,630
Supervisor	8,970	8,985	15
Assessor	31,700	39,847	8,147
Building & Grounds	14,250	14,552	302
<b>Public Safety Fund</b>			
Capital Outlay	\$ 160,000	\$ 200,000	\$ 40,000

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit 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; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies 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 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 four banks for the deposit of Township funds. The investment policy adopted by the board was in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority. All cash deposits and investments of the Township are held by the Township in the Township's name.

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

	<b>Governmental Activities</b>	<b>Fiduciary - Trust &amp; Agency Funds</b>	<b>Total Primary Government</b>
Cash & Cash Equivalents	\$ 82,696	\$ 141,831	\$ 224,527

The breakdown between deposits and investments is as follows:

	<b>Primary Government</b>
Bank Deposits (Checking & Savings Accounts, CDs, CLASS)	\$ 224,527

The bank balance of the primary government's deposits is \$224,527, of which \$129,395 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	<b>Category</b>			<b>Carrying Value</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	
Investments	\$ NONE	\$ NONE	\$ NONE	\$ NONE

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1      Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2      Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3      Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**4. Property Taxes**

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services            1.4332 mills

Township Public Safety: Special Assessment per parcel

\$135 Improved Parcels  
\$50 Vacant Parcels  
\$15 Forest Reserve

**5. Interfund Receivables, Payables, & Transfers**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “Due from other funds” or “Due to other funds” on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 1,000	Tax Collection Fund	\$ 1,000
General Fund	<u>122,064</u>	Trust & Agency Fund	<u>122,064</u>
<b>Total</b>	<u><u>\$ 123,064</u></u>		<u><u>\$ 123,064</u></u>

Interfund Transfers reported in the Fund Statements are as follows:

**NONE**

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**6. Capital Assets**

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance June 30, 2007</u>
Governmental Activities:				
Capital Assets Not Being Depreciated	\$ 19,065	\$ -	\$ -	\$ 19,065
Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 360,265	\$ -	\$ -	\$ 360,265
Machinery & Equipment	270,540	200,000	-	470,540
Office Equipment	33,023	-	-	33,023
Subtotal	<u>663,828</u>	<u>200,000</u>	<u>-</u>	<u>863,828</u>
Accumulated Depreciation:				
Buildings & Improvements	135,524	9,713	-	145,237
Machinery & Equipment	109,573	22,484	-	132,057
Office Equipment	14,807	3,804	-	18,611
Subtotal	<u>259,904</u>	<u>36,001</u>	<u>-</u>	<u>295,905</u>
<b>Net Capital Assets</b>	<u><u>\$ 278,969</u></u>	<u><u>\$ 36,001</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 586,988</u></u>

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

<b>Governmental Activities:</b>	
General Government	\$ 4,217
Public Safety	<u>31,784</u>
Total Governmental Activities	<u><u>\$ 36,001</u></u>

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**7. Long -Term Debt**

The following is a summary of the debt outstanding of the Township as of June 30, 2007:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment Contract - LCEMS - Buy-In						
Original Issue - \$57,091						
Maturing through 2009	0.00%	\$2,855	\$ 45,673	\$ (11,418)	\$ 34,255	\$ 11,418
Installment Contract Payable - Emergency One Pumper						
Original Issue - \$148,146						
Maturing through 2009	5.19%	\$19,363	52,543	(16,636)	35,907	17,499
Installment Contract Payable - Fire Hall Addition						
Original Issue - \$161,575						
Maturing through 2011	3.75%	\$19,201	<u>69,401</u>	<u>(16,719)</u>	<u>52,682</u>	<u>17,344</u>
<b>Total Governmental Activities</b>			<u>\$ 167,617</u>	<u>\$ (44,773)</u>	<u>\$ 122,844</u>	<u>\$ 46,261</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 46,261	\$ 3,721	\$ 49,982
2009	47,818	2,164	49,982
2010	28,765	698	29,463
<b>Total</b>	<u>\$ 122,844</u>	<u>\$ 6,583</u>	<u>\$ 129,427</u>

**8. Pension Plan**

The Township Pension Plan is funded through Manufacturer's Life initially effective August 1, 1969. This pension is a defined contribution plan funded by the Township. It is available to all full-time employees and is vested 100% upon participation. For the year ended June 30, 2007 the cost to the Township was \$7,845.

**9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**10. Comparative Data**

Comparative total data for the prior year has not been presented.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2007

**11. Post Employment Benefits**

The Township does not provide any post employment benefits other than pension benefits through Manulife Financial.

**12. Long-Term Note Receivable**

When the Goodland Township Library building was moved, the Lapeer District Library agreed to reimburse Goodland Township for renovation expenses in the amount of \$15,000 and in addition, committed to a fifteen (15) year lease of \$15,000. The term of this lease is for a period of ten (10) years commencing April 1, 2003, and ending March 31, 2013. The lease of \$15,000, was paid in full upon execution of the lease. The reimbursement for the \$15,000, is to be paid off by grants, fundraisers, and contributions raised by the Library.

Original Amount due from the Library	\$15,000
Amount received from Library to-date	<u>(\$9,193)</u>
Amount To Be Collected as of June 30, 2007	<u>\$ 5,807</u>

**13. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

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

**Required Supplemental Information**

**Township of Goodland**  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2007

	<b>General Fund</b>			<b>Variance with</b>
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Amended Budget</b>
<b>Revenues</b>				
Property Taxes	\$ 101,887.00	\$ 101,887.00	\$ 100,474.75	\$ (1,412.25)
Licenses, Fees & Permits	11,800.00	11,800.00	7,406.06	(4,393.94)
State Shared Revenue	123,955.00	123,955.00	118,883.00	(5,072.00)
Cemetery Income	3,500.00	3,500.00	175.00	(3,325.00)
Library Lease	1,000.00	1,000.00	1,178.33	178.33
Interest Earnings	1,500.00	1,500.00	8,944.40	7,444.40
Other Revenue	35,225.00	35,225.00	29,053.73	(6,171.27)
<b>Total Revenues</b>	<b>278,867.00</b>	<b>278,867.00</b>	<b>266,115.27</b>	<b>(12,751.73)</b>
<b>Expenditures</b>				
<b>Legislative</b>				
Township Board	39,850.00	44,950.00	46,580.14	(1,630.14)
<b>General Government</b>				
Supervisor	8,970.00	8,970.00	8,985.08	(15.08)
Elections	2,725.00	3,725.00	3,711.13	13.87
Assessor	23,200.00	31,700.00	39,847.40	(8,147.40)
Clerk	23,353.00	23,353.00	19,072.91	4,280.09
Board of Review	1,200.00	900.00	869.71	30.29
Treasurer	24,603.00	24,603.00	23,115.42	1,487.58
Building & Grounds	15,650.00	14,250.00	14,551.66	(301.66)
Cemetery	6,750.00	6,750.00	3,674.50	3,075.50
Township Payroll Taxes & Pension	17,950.00	17,950.00	17,113.35	836.65
Township Hall Rent	29,100.00	29,100.00	26,156.25	2,943.75
<b>Total General Government</b>	<b>193,351.00</b>	<b>206,251.00</b>	<b>203,677.55</b>	<b>2,573.45</b>
<b>Public Safety</b>	<b>17,850.00</b>	<b>16,850.00</b>	<b>11,567.54</b>	<b>5,282.46</b>
<b>Public Works</b>	<b>49,200.00</b>	<b>37,300.00</b>	<b>10,425.24</b>	<b>26,874.76</b>
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>260,401.00</b>	<b>260,401.00</b>	<b>225,670.33</b>	<b>34,730.67</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>18,466.00</b>	<b>18,466.00</b>	<b>40,444.94</b>	<b>21,978.94</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Operating Transfers In Over (Under) Expenditures &amp; Operating Transfers Out</b>	<b>18,466.00</b>	<b>18,466.00</b>	<b>40,444.94</b>	<b>21,978.94</b>
<b>Fund Balance - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>92,162.11</b>	<b>92,162.11</b>
<b>Fund Balance - End of Year</b>	<b>\$ 18,466.00</b>	<b>\$ 18,466.00</b>	<b>\$ 132,607.05</b>	<b>\$ 114,141.05</b>

**Township of Goodland**  
 Budgetary Comparison Schedule  
 Public Safety Fund  
 For The Year Ended June 30, 2007

	Public Safety Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
<b>Revenues</b>				
Fire Assessments	\$ 118,763.00	\$ 118,763.00	\$ 118,888.58	\$ 125.58
Charges for Service	3,500.00	3,500.00	-	(3,500.00)
Grant Proceeds	142,500.00	142,500.00	190,000.00	47,500.00
Interest	1,000.00	1,000.00	2,358.62	1,358.62
Other Revenues	-	-	-	-
<b>Total Revenues</b>	<b>265,763.00</b>	<b>265,763.00</b>	<b>311,247.20</b>	<b>45,484.20</b>
<b>Expenditures</b>				
Salaries, Wages & Payroll Taxes	16,265.00	16,265.00	10,440.74	5,824.26
Building Maintenance & Administration	43,000.00	43,000.00	32,317.84	10,682.16
Operating Supplies	13,200.00	13,200.00	3,842.68	9,357.32
LCEMS Assessment	5,202.00	5,202.00	5,202.00	-
Capital Outlay	160,000.00	160,000.00	200,000.00	(40,000.00)
Debt Service - LCEMS	11,418.20	11,418.20	11,418.20	-
Debt Service - Principal	43,136.01	43,136.01	33,407.81	9,728.20
Debt Service - Interest	6,727.00	6,727.00	5,955.20	771.80
<b>Total Expenditures</b>	<b>298,948.21</b>	<b>298,948.21</b>	<b>302,584.47</b>	<b>(3,636.26)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(33,185.21)</b>	<b>(33,185.21)</b>	<b>8,662.73</b>	<b>41,847.94</b>
<b>Other Financing Sources</b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	<b>(33,185.21)</b>	<b>(33,185.21)</b>	<b>8,662.73</b>	<b>41,847.94</b>
<b>Fund Balance - Beginning of Year</b>	<b>33,800.00</b>	<b>33,800.00</b>	<b>42,969.10</b>	<b>9,169.10</b>
<b>Fund Balance - End of Year</b>	<b>\$ 614.79</b>	<b>\$ 614.79</b>	<b>\$ 51,631.83</b>	<b>\$ 51,017.04</b>

**Other Supplemental Information**

**Township of Goodland**  
 Other Supplemental Information  
 Schedule of Indebtedness  
 June 30, 2007

**Installment Contract Payable - Lapeer County E.M.S. Buy-In**  
**Four Equal Installments of \$2,854.55 Due Quarterly**

Dated: March 1, 2005  
 Original Issue: \$57,091

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Annual Interest Payable
		2007	2006	
0.00%	6/30/2007	\$ -	\$ 11,418	\$ -
0.00%	6/30/2008	11,418	11,418	-
0.00%	6/30/2009	11,418	11,418	-
0.00%	6/30/2010	11,419	11,419	-
<b>Total Installment Contract Payable</b>		<b>\$ 34,255</b>	<b>\$ 45,673</b>	<b>\$ -</b>

**Installment Contract Payable - Emergency One Pumper**

Dated: 2000  
 Original Issue: \$148,146

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Annual Interest Payable
		2007	2006	
5.19%	6/30/2007	\$ -	\$ 16,636	\$ -
5.19%	6/30/2008	17,499	17,499	1,864
5.19%	6/30/2009	18,408	18,408	955
<b>Total Installment Contract Payable</b>		<b>\$ 35,907</b>	<b>\$ 52,543</b>	<b>\$ 2,819</b>

**Installment Contract Payable - Fire Hall Addition**

Dated: April 1, 2002  
 Original Issue: \$161,575

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Annual Interest Payable
		2007	2006	
3.75%	6/30/2007	\$ -	\$ 16,719	\$ -
3.75%	6/30/2008	17,344	17,344	1,857
3.75%	6/30/2009	17,992	17,992	1,209
3.75%	6/30/2010	17,346	17,346	698
<b>Total Installment Contract Payable</b>		<b>\$ 52,682</b>	<b>\$ 69,401</b>	<b>\$ 3,764</b>
<b>Total Contracts Payable</b>		<b>\$ 122,844</b>	<b>\$ 167,617</b>	<b>\$ 6,583</b>

LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

**Report on Compliance and on Internal Control over Financial  
Reporting Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards***

To the Township Board  
**Township of Goodland**  
Imlay City, Michigan 48444

I have audited the general purpose financial statements of the Township of Goodland, Michigan, as of and for the year ended June 30, 2007, and have issued my report thereon dated **September 14, 2007**. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Goodland, Michigan's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Township of Goodland, Michigan's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Lehn King*

Lehn L. King

**Certified Public Accountant**

September 14, 2007

LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

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Phone 989-635-3113  
Fax 989-635-5580

September 14, 2007

Members of the Township Board  
**Goodland Township**  
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Goodland Township for the fiscal year ended June 30, 2007. During the course of my examination, the following item came to my attention:

1. The Township cannot legally borrow money without it being for the purchase of a specific capital asset.

I thank the Township officials for the cooperation I received in the completion of this examination.

Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant