WOODSTOCK TOWNSHIP

LENAWEE COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

MARCH 31, 2007

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☐County ☐City ☒Twp ☐Village ☐Other	WOODSTOCK	LENAWEE

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
MARCH 31, 2007	JULY 20, 2007	AUGUST 13, 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.)
1.	☒	☐	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.
2.	☒	☐	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.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	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.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	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).
10.	☒	☐	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.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	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	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number		
PHILIP R RUBLEY, CPA	517-458-2274		
Street Address	**City**	**State**	**Zip**
133 W MAIN STREET	MORENCI	MI	49256
Authorizing CPA Signature	**Printed Name**	**License Number**	
	PHILIP R RUBLEY	9223	

WOODSTOCK TOWNSHIP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2007

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Using This Annual Report

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities are both new and provide information about the activities of Woodstock Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Overview Of The Financial Statements

The Township's basic financial statements are comprised of three components:

A) Government-wide financial statements.

B) Fund financial statements.

C) 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 financial position of the Township is improving or deteriorating.

The Township maintains 5 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire and ambulance fund and each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its wastewater operations.

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 statements 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. The township uses fiduciary funds for its tax collection process and a trust and agency type fund for payments and receipts in trust.

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.

The *statement of activities* presents information showing how the government'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 of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, health and welfare and community development. The business-type activities of the Township include waste water activities reflected in the utilities fund.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Other Information

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.

The Township As A Whole

The Township's net assets for the year ended March 31, 2007 increased by 7.32% over the prior year.

The governmental activities reflect net assets of $1,090,487 and the business-type (utilities) of $941,376.

By far the largest portion of the Township's net assets (37.04%) reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses 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.

WOODSTOCK TOWNSHIP NET ASSETS

	Governmental Activities	Business-Type Activities	Total
	2007	2007	2007
Revenue			
Program Revenue:			
Charges for Services	$ 50,790	$115,180	$ 165,970
Operating Grants and Contributions	3,177	---	3,177
General Revenue:			
Property Taxes	418,366	81,533	499,899
Grants and Contributions Not Restricted To Specific Program	199,824	---	199,824
Interest and Rentals Earnings	25,410	12,028	37,438
Total Revenue	697,567	208,741	906,308
Expenses			
General Government	155,373	---	155,373
Public Safety	313,903	---	313,903
Public Works	46,335	---	46,335
Community and Economic Development	6,241	---	6,241
Interest on Long-Term Debt	---	25,890	25,890
Utilities Expenses	---	188,466	188,466
Other Functions	31,523	---	31,523
Total Expenses	553,375	214,356	767,731
Increase (Decrease) In Net Assets	144,192	(5,615)	138,577
Net Assets Beginning of Year	946,295	946,991	1,893,286
Net Assets End of Year	$1,090,487	$941,376	$2,031,863

WOODSTOCK TOWNSHIP NET ASSETS

	Governmental Activities	Business-Type Activities	Total
	2007	2007	2007
Current and Other Assets	$ 884,272	$ 414,388	$1,298,660
Capital Assets	225,539	1,534,988	1,760,527
Total Assets	$1,109,811	$1,948,376	$3,059,187
Long-Term Liabilities Outstanding	$ ---	$1,008,000	$1,008,000
Other Liabilities	19,324	---	19,324
Total Liabilities	19,324	1,008,000	1,027,324
Net Assets			
Invested in Capital Assets, Net of Related Debt	225,539	526,988	752,527
Unrestricted	863,940	414,388	1,278,328
Restricted - Cemetery Endowment	1,008	---	1,008
Total Net Assets	$1,090,487	$ 941,376	$2,031,863

Government Activities

Government activities increased the Township's net assets by $144,192.

Business-Type Activities

Business-type activities (decreased) the Township's net assets by $(5,615).

The Township's Funds

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

General Fund Budgetary Highlights

Differences between the original budget and amended budget were insignificant. Actual results in revenue were higher then budgeted, where expenses were closer to budgeted numbers.

Capital Assets And Debt Administration

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2007, amounted to $1,760,527 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Long-term debt of the Township decreased by $55,200. There was no new debt incurred in the fiscal year ended March 31, 2007.

Economic Factors And Next Year's Budget And Rates

The Township's budget for 2007-2008 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

Contacting The Townships Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 4686 Devils Lake Hwy., Addison, Michigan 49220.

PHILIP R. RUBLEY

– Certified Public Accountant –

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PHONE 517/458-2274
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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 20, 2007

Township Board
Woodstock Township
Lenawee County
Addison, Michigan 49220

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodstock Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Woodstock Township, management. Our responsibility is to express opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodstock Township, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 6, 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 opinions on the financial statements that collectively comprise the Woodstock Township basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Woodstock Township
July 20, 2007

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

Philip R. Rubley, CPA

PRR/cab

WOODSTOCK TOWNSHIP
Government-wide Statement of Net Assets
March 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Equivalents	$ 824,391	$ 382,131	$1,206,522
Receivables - Net	49,231	23,169	72,400
Prepaid Items and Other Assets	10,515	9,223	19,738
Internal Balances	135	(135)	---
Capital Assets Not Being Depreciated	25,000	---	25,000
Capital Assets Being Depreciated - Net	200,539	1,534,988	1,735,527
Total Assets	$1,109,811	$1,949,376	$3,059,187
Liabilities			
Accounts Payable and Accrued Expenses	$ 19,324	$ ---	$ 19,324
Long-Term Liabilities:			
Due Within One Year	---	56,400	56,400
Due In More Than One Year	---	951,600	951,600
Total Liabilities	19,324	1,008,000	1,027,324
Net Assets			
Invested In Capital Assets, Net of Related Debt	225,539	526,988	752,527
Unrestricted	863,940	414,388	1,278,328
Restricted - Cemetery Endowment	1,008	---	1,008
Total Net Assets	$1,090,487	$ 941,376	$2,031,863

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Government-wide Statement of Activities
For The Year Ended March 31, 2007

Functions/Programs	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Net (Expenses) Revenues
Primary Government					
Governmental Activities:					
General Government	$155,373	$ 9,369	$ ---	$ ---	$(146,004)
Public Safety	313,903	34,971	3,177	---	(275,755)
Public Works	46,335	---	---	---	(46,335)
Community and Economic Development	6,241	6,450	---	---	209
Other Functions	31,523	---	---	---	(31,523)
Total Governmental Activities	553,375	50,790	3,177	---	(499,408)
Business-Type Activities:					
Utilities	188,466	115,180	---	---	(73,286)
Interest Expense	25,890	---	---	---	(25,890)
Total Business-Type Activities	214,356	115,180	---	---	(99,176)
Total Government	$767,731	$165,970	$3,177	$ ---	$(598,584)

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Government-wide Statement Of Activities (Concluded)
For The Year Ended March 31, 2007

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Changes In Net Assets			
Net (Expense) Revenue	$ (499,408)	$(99,176)	$ (598,584)
General Revenues:			
Property Taxes and Assessments	418,366	81,533	499,899
Grants and Contributions Not Restricted To Specific Programs	199,824	---	199,824
Unrestricted Investment Earnings and Rentals	25,410	12,028	37,438
Total General Revenues, Contributions and Transfers	643,600	93,561	737,161
Change In Net Assets	144,192	(5,615)	138,577
Net Assets, Beginning of Year	946,295	946,991	1,893,286
Net Assets, End of Year	$1,090,487	$941,376	$2,031,863

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2007

	General Fund	Fire and Ambulance Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$505,328	$285,356	$33,707	$824,391
Prepaid Expenses	10,515	---	---	10,515
Receivables - Net	12,812	34,145	950	47,907
Due From Other Funds	1,459	754	94	2,307
Total Assets	$530,114	$320,255	$34,751	$885,120
LIABILITIES				
Accounts Payable/ Accrued Liabilities	$ 17,949	$ ---	$ 1,375	$ 19,324
Due to Other Funds	848	---	---	848
Deferred Revenue	592	4,659	---	5,251
Total Liabilities	19,389	4,659	1,375	25,423
FUND BALANCES				
Unreserved - Unrestricted	510,725	315,596	32,368	858,689
Restricted - Cemetery Endowment	---	---	1,008	1,008
Total Fund Balances	510,725	315,596	33,376	859,697
Total Liabilities and Fund Balances	$530,114	$320,255	$34,751	$885,120

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds To Net Assets Of Governmental Activities On The Statement of Net Assets
March 31, 2007

Fund Balances – Total Governmental Funds	$ 859,697
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 funds.	
Add: Capital Assets	330,512
Deduct: Accumulated Depreciation	(104,973)
Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.	
Add: Deferred Revenue	5,251
Net Assets of Governmental Activities	$1,090,487

WOODSTOCK TOWNSHIP
Governmental Funds
Statement of Revenue, Expenditures, and Changes In Fund Balances
For The Year Ended March 31, 2007

	General Fund	Fire and Ambulance Fund	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and Assessments	$117,509	$283,841	$16,540	$417,890
Intergovernmental	199,824	---	2,267	202,091
Grants	910	---	---	910
Licenses and Permits	31,649	---	---	31,649
Fines and Forfeitures	9,772	---	---	9,772
Charges for Services	750	---	---	750
Interest and Rentals	19,042	5,907	461	25,410
Other	8,619	---	---	8,619
Total Revenue	388,075	289,748	19,268	697,091
EXPENDITURES				
Current:				
General Government	147,341	---	---	147,341
Public Safety	84,211	226,064	2,267	312,542
Public Works	30,540	---	15,795	46,335
Community Economic Development	6,241	---	---	6,241
Capital Outlay	3,903	---	---	3,903
Other Functions	31,523	---	---	31,523
Total Expenditures	303,759	226,064	18,062	547,885
Excess of Revenue Over (Under) Expenditures	84,316	63,684	1,206	149,206
Other Financing Sources (Uses)				
Transfers In	63	---	---	63
Transfers Out	---	---	(63)	(63)
Total Other Financing Sources (Uses)	63	---	(63)	---
Net Change In Fund Balances	84,379	63,684	1,143	149,206
Fund Balances – Beginning of Year	426,346	251,912	32,233	710,491
Fund Balances – End of Year	$510,725	$315,596	$33,376	$859,697

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Statement Of Activities
March 31, 2007

Net Change In Fund Balances – Total Governmental Funds	$149,206
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: Capital Outlay	1,511
Deduct: Depreciation Expense	(7,001)
Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities	476
Change In Net Assets Of Governmental Activities	$144,192

WOODSTOCK TOWNSHIP
Statement of Net Assets
Proprietary Funds
March 31, 2007

	Business-Type Activities - Enterprise Funds
	Utilities Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 382,131
Accounts Receivable	23,169
Current Portion of Long Term Contract	879
Total Current Assets	406,179
Noncurrent Assets:	
Property and Equipment - Net	1,534,988
Long Term Portion of Long Term Contract	8,344
Total Noncurrent Assets	1,543,332
Total Assets	$1,949,511
Liabilities	
Current Liabilities:	
Due to Other Funds	$ 135
Bonds Payable, Current Portion	56,400
Total Current Liabilities	56,535
Noncurrent Liabilities:	
Bonds Payable	951,600
Total Noncurrent Liabilities	951,600
Total Liabilities	1,008,135
Net Assets	
Invested in Capital Assets, Net of Related Debt	526,988
Unrestricted	414,388
Total Net Assets	941,376
Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets	$1,949,511

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended March 31, 2007

	Business-Type Activities - Enterprise Funds
	Utilities Fund
Operating Revenues	
Charges for Services	$115,180
Expenses	
Salaries and Wages	1,959
Fringe Benefits	150
Office Expenses	89
Contractual Services	97,585
Depreciation	88,683
Total Operating Expenses	188,466
Operating (Loss)	(73,286)
Non-Operating Revenues (Expenses)	
Interest Income and Penalties	12,028
Interest Expense	(25,890)
Debt Service	81,533
Total Non-Operating Revenues (Expenses)	67,671
(Loss)	(5,615)
Net Assets, Beginning of Year	946,991
Net Assets, End of Year	$941,376

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities
March 31, 2007

Change In Net Assets – All Enterprise Funds (Decrease)	$(5,615)
No additional adjustments	---
Change In Net Assets Of Business-Type Activities (Decrease)	$(5,615)

WOODSTOCK TOWNSHIP
Statement of Cash Flows
Proprietary Funds
For The Year Ended March 31, 2007

	Business-Type Activities Enterprise Funds
	Utilities Fund
Cash Flows From Operating Activities	
Cash Received from Customers	$115,768
Cash Payment to Suppliers For Goods and Services/Employees	(99,543)
Net Cash Provided (Used)	16,225
Cash Flows From Capital and Related Financing Activities	
Debt Retirement	81,533
Bond Principal Payments	(55,200)
Bond Interest Payments	(25,890)
Net Cash (Used) by Capital and Related Financing Activities)	443
Cash Flows From Investing Activities	
Investment Income and Penalties	12,028
Payment Received on Long Term Contract	829
Net Cash Provided (Used) by Investing Activities	12,857
Net Increase in Cash and Cash Equivalents	29,525
Cash and Cash Equivalents, Beginning of Year	352,606
Cash and Cash Equivalents, End of Year	$382,131
Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	$382,131

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Statement of Cash Flows (Concluded)
Proprietary Funds
For The Year Ended March 31, 2007

	Business-Type Activities - Enterprise Funds
	Utilities Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating (Loss)	$ (5,615)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	88,683
Changes in Assets and Liabilities:	
Accounts Receivable	588
Accounts Payable, Accrued Liabilities, Bonds Current Portion	40
Other Assets	200
Net Cash Provided (Used) by Operating Activities	83,896
Cash Flows from Capital Activities:	
Acquisition of Capital Assets	---
Net Cash (Used) from Capital Activities	---
Cash Flows From Financing Activities:	
Principal Paid on Bonds	(55,200)
Principal Received on Long-Term Contract	829
Net Cash (Used) from Financing Activities	(54,371)
Net Increase (Decrease) in Cash and Cash Equivalents	29,525
Cash and Cash Equivalents, Beginning of Year	352,606
Cash and Cash Equivalents, End of Year	$382,131

The accompanying notes are an integral part of this financial statement.

WOODSTOCK TOWNSHIP
Fiduciary Funds – Statement of Net Assets
March 31, 2007

	Current Tax Collection Fund	Trust and Agency Fund
Assets		
Cash and Cash Equivalents	$ 410	$4,170
Total Assets	$ 410	$4,170
Liabilities		
Due to Other Funds	$ 410	$ 914
Due to Other Authorities	---	3,256
Total Liabilities	$ 410	$4,170

The notes to financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Woodstock Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

Woodstock Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The Fire and Ambulance Fund is a special Revenue Fund that receives monies for contractual services and charges for the purpose of providing fire protection and Advanced and Basic Life Support Services to the community.

The government reports the following major proprietary funds:

The Utilities Fund accounts for acquisition, operation and maintenance of the Township's waste water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Funds are charges to customers for sales and services. The Utilities Funds are also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, Liabilities, and Net Assets or Equity

1. **Bank Deposits and Investment –** Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

   State statues authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables –** In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items –** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories –** All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets –** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

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.

6. **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. The Cemetery Endowment fund has restricted equity of $1,008 at March 31, 2007 by donors.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary Information –** Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

B. Excess of Expenditures Over Appropriations In Budgeted Funds - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2007, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	Amended Budget	Actual	Variance
General Fund:			
General Government:			
Trustee Board	$ 7,700	$ 9,836	$ 2,136
Supervisor	11,050	11,584	534
Elections	5,000	6,914	1,914
Attorney and Auditing	14,000	21,764	7,764
Building and Grounds	12,000	23,038	11,038
Board of Review	1,000	1,240	240
Capital Outlay	---	3,903	3,903

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Investments made by the Township are summarized below. The 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.

	Category 1	2	3	Carrying Value	Market Value
Checking, Savings and Certificate of Deposits	$117,863	$1,093,239	$ ---	$1,211,102	$1,211,102
	$117,863	$1,093,239	$ ---	$1,211,102	$1,211,102

Balance Sheet Cash And Cash Investments

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

Deposits	Carrying Amount
Insured (FDIC) (FSLIC)	$ 117,863
Uninsured:	
Uncollateralized	1,093,239
Total	$1,211,102

The above cash and cash investments includes the fiduciary funds of $4,580 at March 31, 2007.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 25,000	$ ---	$ ---	$ 25,000
	25,000	---	---	25,000
Capital Assets, Being Depreciated:				
Buildings	224,856	---	---	224,856
Vehicles	29,459	---	---	29,459
Equipment	49,686	1,511	---	51,197
Total Capital Assets Being Depreciated	304,001	1,511	---	305,512
Less Accumulated Depreciation For:				
Buildings	(38,820)	(4,438)	---	(43,258)
Vehicles	(29,459)	---	---	(29,459)
Equipment	(29,693)	(2,563)	---	(32,256)
Total Accumulated Depreciation	(97,972)	(7,001)	---	(104,973)
Total Capital Assets, Being Depreciated, Net	206,029	(5,490)	---	200,539
Governmental Activities Capital Assets, Net	$ 231,029	$ (5,490)	$ ---	$ 225,539
Business-Type Activities				
Capital Assets, Being Depreciated:				
Buildings and Systems	$ 3,496,099	$ ---	$ ---	$ 3,496,099
Equipment	1,200	---	---	1,200
Total Capital Assets Being Depreciated	3,497,299	---	---	3,497,299
Less Accumulated Depreciation For:				
Buildings	(1,872,428)	(88,683)	---	(1,961,111)
Equipment	(1,200)	---	---	(1,200)
Total Accumulated Depreciation	(1,873,628)	(88,683)	---	(1,962,311)
Total Capital Assets, Being Depreciated, Net	1,623,671	(88,683)	---	1,534,988
Business Type Activities Capital Assets, Net	$ 1,623,671	$(88,683)	$ ---	$ 1,534,988

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:	
General Government	$ 6,485
Public Safety	516
Total Depreciation Expense Governmental Activities	$ 7,001
Business-Type Activities:	
Utilities	$88,683
Total Depreciation Expense Business-Type Activities	$88,683

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES/TRANSFERS

At March 31, 2007, the following were interfund receivables and payables in the fund statement.

Fund	Interfund Receivables	Interfund Payables
General	$1,459	$ 848
Fire and Ambulance	754	---
Street Light	94	---
Utilities	---	135
Other Agency Funds	---	1,324
	$2,307	$2,307

The interfund balance represents monies due or owed by other fund activity. These balances are expected to be paid within one year.

At March 31, 2007, the following transfers were reflected in the financial statements.

Fund	Transfer In	Transfer Out
General	$ 63	$ ---
Cemetery Endowment	---	63
	$ 63	$ 63

The transfer reflected interest earnings available for cemetery operations.

NOTE 6 – PROPERTY TAXES:

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

The Township currently levies 2.6702 mills. Property taxes attach as an enforceable lien on the property as of January 1.

NOTE 7 – LONG TERM DEBT – SEWER FUND (BUSINESS TYPE ACTIVITIES)

During the fiscal year, on September 26, 2002 the Rollin-Woodstock Sanitary Drain bonds were refinanced. The revised bond issue amount was $5,080,000, with Woodstock's share being 24% or $1,219,200. Interest rate is 2.5% per annum. Payable semi-annually April 1 and October 1. Principle is paid annually on October 1.

Bonds Payable - March 31, 2007	$1,008,000
Less: Current Portion	56,400
Total Long Term Portion	$ 951,600

Debt Service requirements over the next five years are as follows:

	Principal	Interest
October 1, 2007	$ 56,400	$ 25,200
October 1, 2008	57,600	23,790
October 1, 2009	58,800	22,350
October 1, 2010	60,000	20,880
October 1, 2011	62,400	19,380
Thereafter	712,800	108,840
Total	$1,008,000	$220,440

Maturity date of issue - October 1, 2021.

NOTE 8 – OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2007, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 9 – LONG-TERM CONTRACT RECEIVABLE

The sewer system extension district created a long-term contract receivable applicable to the Township. Payment is $1,432 including interest at 6%.

Balance Contract Receivable - March 31, 2007	$9,223
Less: Current Portion	879
Total Long-Term	$8,344

WOODSTOCK TOWNSHIP
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	$200,000	$200,000	$426,346	$226,346
Resources (Inflows)				
Taxes and Assessments	110,863	110,863	117,509	6,646
Intergovernmental	142,000	142,000	202,091	60,091
Grants	500	500	910	410
Licenses and Permits	40,500	40,500	31,649	(8,851)
Fines and Forfeitures	5,000	5,000	9,772	4,772
Charges for Services	500	500	750	250
Interest and Rentals	8,000	8,000	19,042	11,042
Other	10,000	10,000	8,619	(1,381)
Transfer In	---	---	63	63
Amounts Available for Appropriation	517,363	517,363	816,751	299,388
Charges to Appropriations (Outflows)				
General Government				
Trustee Board	7,700	7,700	9,836	(2,136)
Township Supervisor	11,050	11,050	11,584	(534)
Treasurer	18,000	18,000	17,154	846
Assessing	30,550	30,550	31,320	(770)
Clerk	16,500	16,500	15,418	1,082
Elections	5,000	5,000	6,914	(1,914)
Attorney and Auditing	14,000	14,000	21,764	(7,764)
Buildings and Grounds	12,000	12,000	23,038	(11,038)
Cemetery	13,000	13,000	9,073	3,927
Board of Review	1,000	1,000	1,240	(240)
Public Safety				
Police	84,000	84,000	68,041	15,959
Inspections	29,275	29,275	16,460	12,815
Fire Board	600	600	600	---
Other	2,500	2,500	1,377	1,123
Community Economic Development				
Planning and Zoning	8,600	8,600	6,241	2,359
Public Works				
Road and Maintenance	120,600	120,600	30,540	90,060
Capital Outlay	---	---	3,903	(3,903)
Other Functions	142,988	142,988	31,523	111,465
Total Charges to Appropriations	517,363	517,363	306,026	211,337
Ending of Year Fund Balance	$ ---	$ ---	$510,725	$510,725

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Budgetary Comparison Schedule
Fire and Ambulance Fund (Major Special Revenue Funds)
For The Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	$ ---	$ ---	$251,912	$251,912
Resources (Inflows)				
Taxes	225,963	225,963	283,841	57,878
Other	---	---	5,907	5,907
Amounts Available for Appropriation	225,963	225,963	541,660	315,697
Charges to Appropriations (Outflows)				
Public Safety				
Fire and Ambulance Expense	225,963	225,963	226,064	(101)
Total Charges to Appropriations	225,963	225,963	226,064	(101)
Ending of Year Fund Balance	$ ---	$ ---	$315,596	$315,596

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2007

	Special Revenue Funds		Permanent Fund	Total Non-Major Governmental Funds
	Street Lighting	Liquor Law Enforcement	Cemetery Endowment	
Assets				
Cash	$32,699	$ ---	$1,008	$33,707
Receivables:				
Accounts	950	---	---	950
Due from Other Funds	94	---	---	94
Prepaid Expenses	---	---	---	---
Total Assets	$33,743	$ ---	$1,008	$34,751
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 1,375	$ ---	$ ---	$ 1,375
Deposits Payable	---	---	---	---
Accrued Liabilities	---	---	---	---
Due to Other Funds	---	---	---	---
Deferred Revenues	---	---	---	---
Total Liabilities	1,375	---	---	1,375
Fund Balance	32,368	---	1,008	33,376
Total Liabilities And Fund Balances	$33,743	$ ---	$1,008	$34,751

The notes to financial statements are an integral part of this statement.

WOODSTOCK TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Non-Major Governmental Funds
For The Year Ended March 31, 2007

	Special Revenue Funds		Permanent Fund	Total Non-Major Governmental Funds
	Street Lighting	Liquor Law Enforcement	Cemetery Endowment	
Revenues:				
Taxes	$16,540	$ ---	$ ---	$16,540
Intergovernmental	---	2,267	---	2,267
Interest and Rents	426	---	35	461
Other Revenue	---	---	---	---
Total Revenue	16,966	2,267	35	19,268
Expenditures:				
Public Safety	---	2,267	---	2,267
Public Works	15,795	---	---	15,795
Total Expenditures	15,795	2,267	---	18,062
Excess of Revenues Over (Under) Expenditures	1,171	2,267	35	1,206
Other Financing Sources (Uses):				
Operating Transfers In	---	---	---	---
Operating Transfers (Out)	---	---	(63)	(63)
Total Other Financing Sources (Uses)	---	---	(63)	(63)
Excess of Revenues and Other Sources Over (Under) (Expenditures and Other Uses	1,171	---	(28)	1,143
Beginning Fund Balance	31,197	---	1,036	32,233
Ending Fund Balance	$32,368	$ ---	$1,008	$33,376

The notes to financial statements are an integral part of this statement.

PHILIP R. RUBLEY

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 20, 2007

Township Board
Woodstock Township
Lenawee County
Addison, Michigan 49220

We have examined the financial statements of Woodstock Township, Michigan as of and for the year ended March 31, 2007 and have issued our report thereon dated July 20, 2007. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2007, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Statement on Auditing Standards Pronouncement 112 requires us as auditors to communicate what we determine to be significant deficiencies and material weaknesses to management and those charged with governances in regards to internal control matters.

A significant deficiency is a control deficiency or combination of control deficiencies that creates the remote likelihood that a misstatement of the Township's financial statements is more then inconsequential and will not be prevented or detected.

Based on the criteria we have no comments.

OTHER MATTERS FOR CONSIDERATION

These comments are not significant deficiencies but are suggestions to improve your existing accounting and control systems.

1. **APPROVAL OF INVOICES BY THE BOARD**

   The board needs to continue to approve invoices for payment prior to payment. Contract and agreements approved by the board can be paid as indicated in the contract and/or agreement as approved. Utility bills and payroll taxes, etc. should be pre-approved by the board to pay to insure payments are made timely, to avoid penalties, etc.

2. **SEWER USAGE REPORTS**

   Aged reports of sewer billings should be printed off quarterly to a "hard" copy for an audit trail.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated July 20, 2007, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,

Philip R. Rubley, CPA

PRR/cab