

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 <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name DICKSON	County MANISTEE
Fiscal Year End 03/31/2007	Opinion Date 05/15/2007	Date Audit Report Submitted to State 07/30/2007	

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 | 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	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) WILSON, WARD CPA FIRM		Telephone Number 231-276-7668		
Street Address PO BOX 205		City INTERLOCHEN	State MI	Zip 49643
Authorizing CPA Signature 	Printed Name ROBERT K. WARD		License Number 1101028281	

DICKSON TOWNSHIP
MANISTEE COUNTY, MICHIGAN
BRETHREN, MICHIGAN

AUDIT REPORT

For Year Ended
March 31, 2007

Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668

May 15, 2007

Dickson Township Board
Manistee County, MI

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Dickson Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Dickson Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Dickson Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Disagreements with Management

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

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Dickson Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The office has good records, with information clearly shown and readily available. In the test of controls, internal controls are being used wisely with double checks on amounts, distributions and deposits.

This information is intended solely for the use of the Dickson Township Board and management of Dickson Township and is not intended to be and should not be used by anyone other than those specific parties.

Sincerely,

A handwritten signature in black ink that reads "Wilson, Ward CPA Firm". The signature is written in a cursive, flowing style.

Wilson, Ward CPA Firm

DICKSON TOWNSHIP
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INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
COMBINED REPORT APPLICABLE TO INTERNAL CONTROL OVER FINANCIAL REPORT BASED
ON AN AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER
COMPLIANCE

Dickson Township
Brethren, Michigan

We have audited the financial statements of Dickson Township as of and for the year ended March 31, 2007, and have issued our report thereon dated May 15, 2007. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dickson Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dickson Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dickson Township's internal control over financial reporting.

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

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

Finding 2006-1 Lack of segregation of duties

Criteria: All agencies who are of sufficient size, should maintain controls over certain areas which require a segregation of certain duties such as cash management, cash disbursements, account distribution and cash receipts.

Condition: The size of the organization places all of the responsibility for account distribution on one person. Therefore, there is little or no segregation of duties with regard to account distribution.

Cause: This is inherent in the assignment of duties according to the Michigan State Accounting Manual, Chapter 7, in that the Clerk is responsible for general ledger accounting and the Treasurer for the expenditure of cash.

Effect: As a result of this condition, the organization lacks internal controls for proper account distribution.

View of Responsible Officials: The organization reviewed the need for enhanced internal control over account distribution and is instituting additional procedures to allow for review of account distribution.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. However, we did not consider any of the significant deficiencies described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickson Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Dickson Township in a separate letter dated May 15, 2007.

Dickson Township's response to the findings identified in our audit are described above. We did not audit Dickson Township's response and, accordingly, we express no opinion on it.

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

Wilson, Wood CPA Firm

Interlochen, MI
May 15, 2007

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Dickson Township Board
Brethren, Michigan

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Dickson 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. In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2007, on our consideration of the Dickson Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information 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 Dickson Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson, Ward CPA Firm

Interlochen, MI
May 15, 2007

Dickson Township

Management Discussion and Analysis

This discussion and analysis provides an overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

Financial Highlights:

- The Township's net assets increased over the prior period

Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these 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.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Township's operations in more detail than the Government-Wide Financial Statements by providing information about the Township's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

· The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Township as a Whole:

The following table shows a summary of net assets:

Assets	2007
Cash	686,970
Capital Assets Net	<u>0</u>
Total Assets	686,970
Liabilities and Net Assets	
Liabilities	0
Net Assets	<u>686,970</u>
Total Liabilities and Net Assets	686,970

The Township's combined net assets increased 24% from a year ago.

Unrestricted net assets represent the portion of net assets that can be used to finance day-to-day operations. These assets decreased by approximately \$115,515 for the governmental activities. The current level of unrestricted net assets for our governmental activities stands at \$599,130.

Governmental Activities:

	2007
Revenues	
Taxes	202,119
State Grants	63,386
Interest	23,476
Other	<u>33,974</u>
Total Revenue	322,955
Expenditure	<u>207,440</u>
Excess Revenue	115,515

The Township's Funds:

Our analysis of the Township's major funds begins in the supplemental data 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 Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages. The General Fund pays for most of the Township's governmental services.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the Township departments within their prescribed budgets resulting in total Township expenditures being below budget.

Capital Asset and Debt Administration:

Capital Assets

The Township did not make any major capital improvements in 2006/2007.

Debt

The Township acquired no additional debt in 2006/2007.

Economic Factors and Next Year's Budgets and Rates:

The Township budget for 2007 is reflective of the Township's financial status. The budget has been set to allow for an improvement in the Township's assets and subsequent financial.

General Overview of the Accomplishments of Dickson Township in the 2006/2007 Fiscal Year:

The Township finances have been managed very closely in 2006/2007. The Township is in a very healthy state as a whole.

Contacting the Township's 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 our office at PO Box 39, Brethren, MI 49619.

DICKSON TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, investments and cash equivalents	\$686,970	\$0	\$686,970
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net	0	0	0
Total Assets	686,970	0	686,970
LIABILITIES			
Accounts payable	0	0	0
Deferred revenue	0	0	0
Due to Other Agencies	0	0	0
Noncurrent liabilities			0
Due within one year	25,943	0	25,943
Due in more than one year	56,012	0	56,012
Total Liabilities	81,955	0	81,955
NET ASSETS			
Invested in capital assets, net of related debt	(81,955)		(81,955)
Restricted for:			
Capital projects			0
Debt Service		0	0
Unrestricted (deficit)	686,970	0	686,970
Total Net Assets	605,015	0	605,015
Total Liabilities and Net Assets	\$686,970	\$0	\$686,970

DICKSON TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	
Primary government							
Governmental activities:							
Legislative	\$25,499	\$0			(\$25,499)		(\$25,499)
General government	52,441	0			(52,441)		(52,441)
Public safety	49,971	0			(49,971)		(49,971)
Public works	54,872	2,633			(52,239)		(52,239)
Health and Welfare	0				0		0
Community and Economic Development	0				0		0
Recreation and Culture	0				0		0
Other	0				0		0
Interest on Long Term Debt	0				0		0
Total Governmental Activities	182,782	2,633	0	0	(180,149)	0	(180,149)
Business Type Activities							
Enterprise Funds	0	0				0	0
Total Primary Government	182,782	2,633	0	0	(180,149)	0	(180,149)

General revenues:					
Taxes					
Property Taxes-general			202,559	0	202,559
Property Taxes-debt service			0		0
State-Shared Revenues			63,386		63,386
Unrestricted Investment Earnings			23,476	0	23,476
Franchise taxes			0		0
Contributions			0		0
Miscellaneous			30,901	0	30,901
Transfers			0	0	0
Total General Revenues-Special Items and Transfers			320,322	0	320,322
Changes in Net Assets			140,173	0	140,173
Net Assets - Beginning			464,842	0	464,842
Net Assets - Ending			\$605,015	\$0	\$605,015

DICKSON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007

	General Fund	Other Non-major Funds	Total
ASSETS			
Cash, investments and cash equivalents	\$312,530	\$374,440	\$686,970
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net			0
Total Assets	312,530	374,440	686,970
LIABILITIES			
Accounts payable	0	0	0
Internal balances	0		
Accrued payables	0		
Deferred revenue	0	0	0
Noncurrent liabilities:			0
Due within one year			0
Due in more than one year			0
Total Liabilities	0	0	0
NET ASSETS			
Invested in capital assets, net of related debt			
Restricted for:			
Capital projects			0
Debt Service			0
Unrestricted (deficit)	312,530	374,440	686,970
Total Net Assets	312,530	374,440	686,970
Total Liabilities and Net Assets	\$312,530	\$374,440	\$686,970

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above		\$686,970
Add Capital Assets	0	
Less Long Term Debt	81,955	
Net Assets on Statement of Net Assets		\$605,015

DICKSON TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes and Penalties	\$102,119	\$115,632	\$217,750
Licenses and Permits	2,633		2,633
Federal Grants			0
State Grants	63,386		63,386
Charges for Services	0	0	0
Fines and Forfeits			0
Interest and Rentals	11,837	11,639	23,476
Other Revenue	10,547	20,354	30,901
Total Revenues	190,522	147,625	338,146
Expenditures			
Current			
Legislative	25,499		25,499
General Government	52,441		52,441
Public Safety	4,620	70,009	74,629
Public Works	54,872	0	54,872
Health and Welfare			0
Recreation and Cultural	0		0
Other	0		0
Capital Outlay			0
Debt Service	0		0
Total Expenditures	137,431	70,009	207,440
Excess of Revenues Over (Under) Expenditures	53,090	77,616	130,706
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers (Out)	0	0	0
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	53,090	77,616	130,706
Fund Balance April 1, 2006	259,440	296,824	556,264
Fund Balance March 31, 2007	\$312,530	\$374,440	\$686,970

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$130,706
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimate useful lives as depreciation.	\$0
Repayment of bond interest is an expenditure in governmental funds, but not in the statement of activities.	0
Changes in Long Term Debt	<u>(24,658)</u>
Change in Net Assets of Governmental Activities	\$155,365

DICKSON TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2007

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Dickson Township have been prepared in accordance with generally accepted accounting principles. 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 Township's accounting policies are described below.

A. Reporting Entity

Dickson Township is a local unit of government located in Manistee County. The Township is governed by an elected five member board. Services are provided to approximately 900 residents and include fire protection and general community enrichment services.

The criteria established by Statement 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

B. Government - Wide 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 primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

DICKSON TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2007

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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. 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 30 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.

The Township collects property taxes between July 1 and February 15. After this time, the taxes become delinquent and must be paid at the County Treasurer's office. The County pays the Township for uncollected taxes from the proceeds of revolving tax notes. Personal property taxes are the responsibility of the Township to collect. Delinquent real property taxes receivable are offset by deferred revenue on the Township's balance sheet, as these accounts are not normally received within sixty days of year-end, and are therefore not available to finance operations.

Revenues are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the fiscal period. Property taxes and state-shared revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current period. All other revenue items are considered to be available only when the cash is received by the government.

The local unit reports the following major governmental funds:

General Fund - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, and other intergovernmental revenues.

Special Revenue Funds Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The major special revenue fund maintained by the Township is the Fire Fund.

DICKSON TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2007

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the tax fund and the related funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue 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 revenue of the proprietary fund relates to charges to customers for sales and services, including tap fees intended to recover current costs such as labor and material to hook up new customers. The portion of charges intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

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

Accounts Receivable - Accounts Receivable are recorded in the Water Fund at the time customers are billed for current services. Uncollected delinquent accounts are placed on the customer's tax bill in the summer and any amounts not collected by the Township are turned over to the County.

DICKSON TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2007

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Vacation and Sick Leave - The Township has a formal personnel policy relating to vacation and sick leave. All vacations must be taken within twelve months of the seniority date. Each employee will be entitled to six days per year sick leave, cumulative up to ninety days. Upon termination of employment, the employee will not receive pay for any unused portion. Because of this, unused sick leave is recognized when paid, and no liability is reflected in the financial statements.

Capital Assets — Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Generally, capital assets are defined by the government as assets with an initial individual cost of more than \$500 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.

Depreciation of capital assets are maintained in the vehicle pool. However, the bulk of these assets are used and maintained within the proprietary fund and hence are rolled into the water and sewer fund for the reporting of business-type expenses.

Depreciation has been provided on these fixed assets using the straight line method over their estimated useful lives.

- Furniture and Office Equipment 5 years
- Maintenance Equipment 7 years
- Park Equipment and Structures 10 years
- Buildings and Improvements 30 years
- Water & Sewer Fun 10-50 years
- Motor Vehicle Fund 5-10 years

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The General Fund and Special Revenue Fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis. It is used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a function basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

Encumbrance accounting is not used and appropriations lapse at year-end.

DICKSON TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2007

B. Budget Compliance

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the current year, the Township did not incur expenditures in excess of the amounts appropriated.

NOTE 3- DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943 as amended by act No. 217, Public Acts of 1982 and Public Act 196 of 1997, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection 2.
3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase.
4. In banker's acceptances of United States banks.
5. In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township maintains all its surplus funds with local banks in the form of savings/checking accounts and certificates of deposit. Interpreting FDIC rules regarding the \$100,000 insurance limit to apply separately to the demand and time deposits of public units, GASB statement 3 risk disclosures for the Township are as follows:

DICKSON TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2007

- Category 1 Insured or collateralized with securities held by the entity or its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in entity's name.
- Category 3 Un-collateralized

C. Deposits

	<i>Category 1</i>	<i>Category 3</i>
	Insured	Uninsured
Cash	\$100,000	\$576,970

NOTE 4 - SUMMARY OF CAPITAL ASSETS

Capital asset activity of the primary government for the current year is summarized as follows:

A Governmental Activities

	<i>Beginning</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>
Capital Assets Being Depreciated				
Land Improvements & Buildings	102,062			102,062
Equipment	76,469			76,469
Vehicles Equip	<u>408,622</u>			<u>408,622</u>
Total	587,153			587,153
Accumulated Depreciation				
Land Improvements & Buildings	102,062			102,062
Equipment	76,469			76,469
Vehicles Equip	<u>408,622</u>			<u>408,622</u>
Total	587,153			587,153
Net General Assets	0			0

NOTE 5 - LONG TERM DEBT

The township entered into a long term lease agreement for fire equipment. The following is a summary of the debt transactions for the fiscal year, and following that is the remaining payment schedule. Annual interest and principal payment is due April of each year.

Beginning balance	\$106,613
Debt Payment	\$ 24,658
Ending Balance	\$ 81,954

Year	Payment	Interest	Principal
2007	\$29,621	4,186	25,434
2008	\$29,621	2,851	26,760
2009	\$29,621	1,467	28,154

NOTE 6- RETIREMENT PLANS

The township has no retirement plan.

NOTE 7- RISK MANAGEMENT

The Township pays an annual premium to Michigan Municipal Underwriters for its general insurance coverage through the Michigan Township Participating Plan. The Township carries coverage for property damage, liability, wrongful acts, automobile, crime. Also, the Township carries worker's compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8-USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

SUPPLEMENTAL DATA SECTION

WILSON, WARD CPA FIRM

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To the Township Board
Dickson Township, MI

We have audited the combined financial statements of Dickson Township for the year ended March 31, 2007. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Wilson, Ward CPA Firm

Interlochen, MI
May 15, 2007

General Fund

Dickson Township
Balance Sheet
General Fund

As Of March 31, 2007

<u>Assets</u>	
Cash In Bank and Investments	\$312,530
Accounts Receivable	0
Taxes Receivable	0
Due From Other Agencies	0
Due From Other Funds	0
Total Assets	<u>\$312,530</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	\$0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>0</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	312,530
Total Fund Balance	<u>312,530</u>
Total Liabilities and Fund Balance	<u>\$312,530</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2007

	General Fund <u>March 31, 2007</u>
<u>Revenue</u>	
Taxes	\$87,758
Admin Fees	14,360
Licenses and Permits	2,633
Charges for Services	0
Interest & Rentals	11,837
Other Revenues	10,547
Donations	0
State Shared Revenue	63,386
Cable Franchise Fees	0
Reimbursements	<u>0</u>
Total Revenues	190,522
<u>Expenditures</u>	
Current	
Legislative	25,499
General Government	52,441
Planning and Zoning	4,620
Public Works	54,872
Zoning Board	0
Other	<u>0</u>
Total Expenditures	<u>137,431</u>
Excess Revenue (Expenditures)	53,090
Operating Transfers In (out)	0
Fund Balance - Beginning of Year	259,440
Prior Period Adjustment	<u>0</u>
Fund Balance - End of Year	<u><u>\$312,530</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund
For the Year Ended March 31, 2007

<u>Revenue</u>	Budget Beginning April 01, 2006	Budget Year Ended March 31, 2007	Actual Year Ended March 31, 2007	Variance Favorable (Unfavorable)
Current Property Taxes	\$0	\$0	\$72,597	
Delinquent Tax	0	0	15,161	
Penalties on Taxes	0	0	0	
Admin Fees	0	0	14,360	
Licenses and Permits	0	0	2,633	
State Shared Revenues	0	0	63,386	
Use Fees	0	0	4,200	
Charge for Services	0	0	0	
Earned Interest	0	0	11,062	
Rents and Royalties	0	0	775	
Franchise Fees	0	0	0	
Reimbursements	0	0	0	
Misc	0	0	6,347	
Total Revenues	218,600	218,600	190,522	(28,078)
 <u>Expenditure</u>				
Legislative				
Township Board:				
Salaries and Wages	14,149	14,149	11,871	2,278
Supplies and Maintenance	1,913	1,913	1,912	1
Professional Services	1,800	1,800	1,723	77
Mileage	0	0	0	0
Printing and Advertising	987	987	806	181
Postage	0	0	0	0
Insurance and Bonds	7,521	7,521	7,382	139
Dues	700	700	639	61
Misc	1,430	1,430	1,166	264
Capital Outlay	0	0	0	0
Total Township Board	28,500	28,500	25,499	3,001
General Government:				
Township Supervisor:				
Salaries and Wages	5,000	5,000	5,000	0
Office Supplies	0	0	0	0
Misc	700	700	105	595
Mileage	300	300	0	300
Total Township Supervisor	\$6,000	\$6,000	\$5,105	\$895

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2007

	Budget Beginning April 01, 2006	Budget Year Ended March 31, 2007	Actual Year Ended March 31, 2007	Variance Favorable (Unfavorable)
Elections:				
Salaries and Wages	\$4,450	\$4,450	\$2,933	\$1,517
Office Supplies	800	800	763	37
Mileage	100	100	66	34
Misc	251	251	132	119
Capital Outlay	0	0	0	0
Total Elections	5,601	5,601	3,894	1,707
Legal:				
Professional Services	0	0	0	0
Total Legal	0	0	0	0
Assessor:				
Contractual	13,500	13,500	13,500	0
Supplies	1,000	1,000	854	146
Mileage and Travel	0	0	0	0
Misc	0	0	0	0
Capital Outlay	0	0	0	0
Total Assessor	14,500	14,500	14,354	146
Clerk:				
Salaries and Wages	11,325	11,325	9,812	1,513
Office Supplies	700	700	108	592
Mileage	150	150	68	82
Capital Outlay	0	0	0	0
Misc	825	825	290	535
Total Clerk	13,000	13,000	10,278	2,722
Board of Review:				
Salaries	1,455	1,455	1,440	15
Supplies	0	0	0	0
Education	120	120	120	0
Misc	25	25	0	25
Total Board of Review	\$1,600	\$1,600	\$1,560	\$40

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2007

	Budget Beginning <u>April 01, 2006</u>	Budget Year Ended <u>March 31, 2007</u>	Actual Year Ended <u>March 31, 2007</u>	Variance Favorable (Unfavorable)
Treasurer:				
Salaries and Wages	\$8,350	\$8,350	\$8,291	\$59
Office Supplies	6,800	6,800	6,793	7
Telephone	0	0	0	0
Mileage	290	290	112	178
Misc	860	860	815	45
Capital Outlay	0	0	0	0
Printing	0	0	0	0
Total Treasurer	<u>16,300</u>	<u>16,300</u>	<u>16,011</u>	<u>289</u>
Township Hall and Grounds:				
Wages	2,500	2,500	1,239	1,261
Supplies	0	0	0	0
Insurance and Bonds	0	0	0	0
Public Utilities	0	0	0	0
Repairs	0	0	0	0
Capital Outlay	0	0	0	0
Misc.	0	0	0	0
Total Township Hall	<u>2,500</u>	<u>2,500</u>	<u>1,239</u>	<u>1,261</u>
Total General Government	\$57,901	\$57,901	\$52,441	\$7,206

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2007

	Budget Beginning April 01, 2006	Budget Year Ended March 31, 2007	Actual Year Ended March 31, 2007	Variance Favorable (Unfavorable)
Planning				
Salaries and Wages	\$2,000	\$2,000	\$1,375	\$625
Supplies	0	0	0	0
Mileage	200	200	0	200
Printing	100	100	0	100
Misc	1,700	1,700	60	1,640
Total Planning	4,000	4,000	1,435	2,565
Zoning Admin:				
Salaries and Wages	3,600	3,600	2,910	690
Supplies	200	200	0	200
Mileage	0	0	0	0
Printing	0	0	0	0
Misc	850	850	70	780
Total Zoning Admin	4,650	4,650	2,980	1,670
Public Works:				
Roads	10,000	10,000	0	10,000
Street Lights	6,000	6,000	5,446	554
Parks	10,000	10,000	4,894	5,106
Cemetery	10,000	10,000	8,825	1,175
Sanitation	38,000	38,000	35,707	2,293
Total Public Works	74,000	74,000	54,872	19,128
Zoning Board of Appeals:				
Salaries	800	800	205	595
Misc	200	200	0	200
Total Zoning Board of Appeals	1,000	1,000	205	795
Other Expenses:				
Audit	0	0	0	
Employee Benefits	0	0	0	0
Library	0	0	0	
Contingency	0	0	0	0
Total Other Expenditures	0	0	0	0
Total Expenditures	170,051	170,051	137,431	32,696
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			53,090	
Fund Balance - Beginning of Year			259,440	
Fund Balance - End of Year			\$312,530	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Special Revenue Fund

Dickson Township
Balance Sheet
Fire Fund

As Of March 31, 2007

<u>Assets</u>	
Cash In Bank and Investments	\$374,440
Certificate of Deposit	\$0
Taxes Receivable	0
Total Assets	<u>374,440</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	0
Due to General Fund	<u>0</u>
Total Liabilities	0
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>374,440</u>
Total Fund Balance	<u>374,440</u>
Total Liabilities and Fund Balance	<u>\$374,440</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Fire Fund

For The Year Ended March 31, 2007

<u>Revenues</u>	
Property Taxes	\$100,440
Delinquent Tax	15,192
Interest	11,639
Grants	0
Miscellaneous	<u>20,354</u>
Total Revenue	<u>147,625</u>
 <u>Expenditures</u>	
Salaries	1,665
Administrative	1,000
Insurance	20,238
Building Maintenance	8,068
Equipment Supplies	38,651
Miscellaneous	20
Other	<u>368</u>
Total Expenditures	<u>70,009</u>
Excess Revenues (Expenditures)	77,616
Transfer In (out)	0
Fund Balance - Beginning of Year	<u>296,824</u>
Fund Balance - End of Year	<u><u>\$374,440</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS