

TOWNSHIP OF GRANT
MECOSTA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

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 Grant Township	County Mecosta
Fiscal Year End March 31, 2007	Opinion Date May 1, 2007	Date Audit Report Submitted to State May 27, 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	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC		Telephone Number (231) 946-8930		
Street Address 731 S. Garfield Avenue		City Traverse City	State MI	Zip 49686
Authorizing CPA Signature 		Printed Name Barry E. Gaudette, CPA		License Number 11050

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Township of Grant
Organization
March 31, 2007

Township Officials

Cheryl Aris	Supervisor
Sandee Farlow	Clerk
Joyce Conner	Treasurer
Chris Schroeder	Trustee
Lisa Dubois	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Grant
Mecosta County, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Grant 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 basic financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Township of Grant
Independent Auditors' Report
Page Two

In my opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Grant, Mecosta County, Michigan, as of March 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Barry E. Standelett, CPA, PC

May 1, 2007

BASIC FINANCIAL STATEMENTS

Township of Grant
Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 84,779
Taxes receivable	1,990
Capital assets (net of accumulated depreciation):	
Land	8,321
Buildings & improvements	2,204
Equipment	<u>661</u>
Total Assets	<u>97,955</u>
 NET ASSETS	
Invested in capital assets	11,186
Unrestricted	<u>86,769</u>
 Total net assets	 <u><u>\$ 97,955</u></u>

See notes to financial statements.

Township of Grant
Statement of Activities
For The Year Ended March 31, 2007

	<u>Program Revenues</u>			
Programs	<u>Expenses</u>	<u>Fees, Charges for Services</u>	<u>Operating Grants and Contrib.'s</u>	<u>Capital Grants and Contrib.'s</u>
Governmental activities:				
Legislative:				
Township board	\$ 9,072	\$	\$	\$
General Government:				
Supervisor	3,472			
Elections	2,521			
Clerk	6,035			
Assessor	8,725			
Board of review	496			
Treasurer	8,322			
Cemetery	8,056	2,775		
Hall	5,773	1,766		
Public Safety:				
Fire	7,800	200		
Public Works:				
Roads	20,000			
Other:				
Payroll taxes	472	_____	_____	_____
Total governmental activities	\$ 80,744	\$ 4,741	\$ _____	\$ _____

General revenues:
Property taxes
State aid
Interest earnings
Refunds & rebates
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

**Governmental
Activities**

\$ (9,072)

(3,472)

(2,521)

(6,035)

(8,725)

(496)

(8,322)

(5,281)

(4,007)

(7,600)

(20,000)

(472)

(76,003)

23,621

51,285

1,761

2,675

1,422

80,764

4,761

93,194

\$ 97,955

Township of Grant
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2007

	<u>Tax Collection Fund</u>
ADDITIONS	
Property tax collections and fees	\$ <u>552,646</u>
Total additions	<u>552,646</u>
DEDUCTIONS	
Transfer to General Fund	23,621
Payments to other governmental units	<u>529,022</u>
Total deductions	<u>552,643</u>
Changes in net assets	3
Net assets - beginning	<u> </u>
Net assets - ending	<u><u>\$ 3</u></u>

See notes to financial statements.

Township of Grant
Balance Sheet
Governmental Funds
March 31, 2007

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 84,779
Taxes receivable	<u>1,990</u>
Total assets	<u>\$ 86,769</u>
 FUND BALANCE	
Fund balance:	
Unreserved:	
General fund	<u>\$ 86,769</u>
Total fund balance	<u>86,769</u>
Total Fund Balance	<u>\$ 86,769</u>

See notes to financial statements.

Township of Grant
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2007

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

Total Fund Balance - Governmental Funds \$ 86,769

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Cost of capital assets	83,831
Accumulated depreciation	<u>(72,645)</u>

Total Net Assets - Governmental Activities \$ 97,955

See notes to financial statements.

Township of Grant
Statement of Revenues, Expenditures and Changes
In Fund Balance
Governmental Funds
For The Year Ended March 31, 2007

	General Fund
REVENUES	
Property taxes	\$ 23,621
Intergovernmental revenue from state:	
State revenue sharing	46,397
Swamp land taxes	666
Metro Act tax	4,222
Charges for services:	
Fire runs	200
Cemetery lot sales	2,775
Interest and rents:	
Interest	1,761
Rents	1,766
Other revenue:	
Miscellaneous other revenue	1,422
Refunds and rebates	2,675
Total revenues	85,505
EXPENDITURES	
Current:	
Legislative	9,072
General government	43,103
Public safety	7,800
Public works	20,000
Other	472
Capital outlay	2,280
Total expenditures	82,727
Net change in fund balance	2,778
Fund balance - beginning of year	83,991
Fund balance - end of year	\$ 86,769

See notes to financial statements.

Township of Grant
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For The Year Ended March 31, 2007

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

Total net change in fund balance - governmental funds	\$ 2,778
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (did not exceed) depreciation in the current period.	<u>1,983</u>
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Change in net assets of governmental activities	<u>\$ 4,761</u>
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See notes to financial statements.

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 23,000	\$ 23,000	\$ 23,621	\$ 621
State revenue sharing	45,000	45,000	46,397	1,397
Swamp land taxes	700	700	666	(34)
Metro Act Tax	4,000	4,000	4,222	222
Fire runs			200	200
Rents	2,000	2,000	1,766	(234)
Cemetery	1,000	1,000	2,775	1,775
Interest	1,000	1,000	1,761	761
Refunds			2,675	2,675
Miscellaneous			1,422	1,422
Total revenues	<u>76,700</u>	<u>76,700</u>	<u>85,505</u>	<u>8,805</u>
EXPENDITURES				
Current:				
Legislative:				
Township board	11,900	11,900	9,072	2,828
General government:				
Supervisor	3,225	3,225	3,472	(247)
Elections	3,100	3,100	2,521	579
Clerk	6,750	6,750	6,035	715
Assessor	9,500	9,500	8,725	775
Board of review	750	750	496	254
Treasurer	8,060	8,060	8,322	(262)
Cemetery	6,500	8,356	8,056	300
Township hall	8,500	8,500	5,476	3,024
Public safety:				
Fire	8,000	8,000	7,800	200
Public works:				
Roads	20,000	20,000	20,000	
Other:				
Payroll taxes	1,200	1,200	472	728
Capital outlay			2,280	(2,280)
Total expenditures	<u>87,485</u>	<u>89,341</u>	<u>82,727</u>	<u>6,614</u>

Township of Grant
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 - Budget and Actual
 For the Year Ended March 31, 2007
 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Net change in fund balance	(10,785)	(12,641)	2,778	15,419
Fund balance - beginning	<u>80,781</u>	<u>80,781</u>	<u>83,991</u>	<u>3,210</u>
Fund balance - ending	<u>\$ 69,996</u>	<u>\$ 68,140</u>	<u>\$ 86,769</u>	<u>\$ 18,629</u>

See notes to financial statements.

Township of Grant
Statement of Fiduciary Net Assets
Fiduciary Fund
March 31, 2007

	<u>Tax Collection Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>3</u>
Total Assets	<u>3</u>
 LIABILITIES	
Due to other funds	<u> </u>
 NET ASSETS	
Held in trust for other purposes	<u><u>\$ 3</u></u>

See notes to financial statements.

Township of Grant
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2007

	<u>Tax Collection Fund</u>
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Total additions	<u>552,646</u>
DEDUCTIONS	
Transfer to General Fund	23,621
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Total deductions	<u>552,643</u>
Changes in net assets	3
Net assets - beginning	<u> </u>
Net assets - ending	<u><u>\$ 3</u></u>

See notes to financial statements.

Township of Grant
Notes to the Financial Statements
March 31, 2007

I: Summary of significant accounting policies

The financial statements of the Township of Grant (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government 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 Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are 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 Township has no business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Township has no responsibility for any fiduciary funds. Major individual governmental funds are reported as separate columns

in the 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized 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 provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township 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, as well as expenditures related to compensated absences are recorded only when a payment is due.

Property taxes, interest, and charges for services 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 Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Mecosta County, which advances the Township 100% for the delinquent taxes.

The 2006 taxable valuation of the Township totaled \$19,006,681, on which ad valorem taxes levied consisted of 1.20370 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees to collect the taxes and applicable interest.

The Township reports the following major governmental funds:

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

The *current tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

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

Amounts reported as *program revenues* 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 revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, liabilities and net assets

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Township Board has designated one bank for the deposit of Township funds.

2. Short-term interfund receivables/payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements. The Township does not have any of these receivables and payables.

3. Receivables and payables

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

4. Inventories

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

5. Capital assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township 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 as 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	15
Equipment	5

6. Compensated absences

The Township does not have a compensated absence policy.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. The Township does not have any long-term debt.

8. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spending resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

9. 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 expenditures. 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.

II: 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.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The

level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

During the year ended March 31, 2007, expenditures exceeded appropriations in the activities of supervisor of \$247 and treasurer of the general fund by \$262. This overexpenditure was funded by the available fund balance in the general fund.

III: Detailed notes on all funds

A. Deposits, investments and credit risk

Deposits

At year-end, the carrying amount of the Township's deposits were \$84,782 (includes \$3 in the Tax Collection Fund) and the bank balance was \$84,782, of which \$84,782 was covered by federal depository insurance.

Investments

The Township did not have any investments.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Township's investment policy approves the following securities and deposit accounts: U.S. Treasury bills, U.S. Treasury certificates, notes and bonds, certificate of deposits, commercial business savings accounts, money market accounts, obligations which are lawful investments for fiduciary and trust funds under the jurisdiction of the United States Government, Series E savings bonds and Series H savings bonds.

The Township shall deposit excess monies in the general fund and all other operating fund accounts in time, savings, or share accounts with banks or other institutions, to the extent that all unsecured deposits or accounts are insured by: the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), or State Insurance plans which are approved by the United States Comptroller of the currency as an eligible depository of trust funds of National Banks, respectively.

All excess monies over the insured limits of the financial institution or banks, the Township shall obtain collateralization of excess funds at 100% of the principal value. Such collateralization shall be in the form of U.S. Treasury Notes or Bonds in the name of the Township held in trust by the financial institution or bank. The Township may choose collateralization in the following form and percentages:

- 1. U.S. Treasury Notes - 100%; or
- 2. U.S. Treasury Notes and/or Bonds - 75% and
- 3. Mortgage Backed Securities - 25%

In any such case the collateralization shall be no less than 100% of value of the funds in all accounts. The financial institution shall provide a statement of the following collateralization at a minimum once every quarter to the Township.

The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	<u>\$ 84,779</u>
Cash and investments:	
General fund	\$ 84,779
Checks written in excess of deposits	<u>(-)</u>
Total	<u>\$ 84,779</u>

B. Receivables

The County of Mecosta owes the Township delinquent taxes of \$1,990.

C. Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,321	\$	\$	\$ 8,321
Capital assets being depreciated:				
Buildings & improvements	60,277	2,280		62,557
Equipment	<u>12,953</u>			<u>12,953</u>
Subtotal	<u>73,230</u>	<u>2,280</u>		<u>75,510</u>
Less accumulated depreciation for:				
Buildings & improvements	60,277	76		60,353
Equipment	<u>12,071</u>	<u>221</u>		<u>12,292</u>
Subtotal	<u>72,348</u>	<u>297</u>		<u>72,645</u>
Net capital assets being depreciated	<u>882</u>	<u>1,983</u>		<u>2,865</u>
Governmental activities capital assets-net of depreciation	<u>\$ 9,203</u>	<u>\$ 1,983</u>	<u>\$</u>	<u>\$ 11,186</u>

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

Governmental activities:	
General government:	
Township hall	<u>\$ 297</u>
 Total depreciation expense - governmental activities	 <u>\$ 297</u>

IV. Other information

A: Risk management

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

B: Pension plan

The Township set up a defined contribution pension plan beginning June 20, 2002, covering all Township board members. The Manufacturers Life Insurance Company agreed to accept contributions sent in by the Township and to invest those contributions. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2007, was \$3,310.88.

C: Intergovernmental agreements

The Township has an agreement with the Colfax Township Fire Department to render fire protection to its residents.

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Grant
Big Rapids, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

It was not necessary to make any comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

May 1, 2007