

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 Summerfield Township	County Monroe
Fiscal Year End 6/30/07	Opinion Date 8/10/07	Date Audit Report Submitted to State 10/30/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

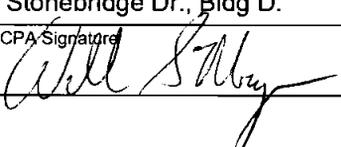
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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) Taylor & Morgan, CPAs, PC		Telephone Number 810-230-8200	
Street Address G-2302 Stonebridge Dr., Bldg D.		City Flint	State Zip MI 48532
Authorizing CPA Signature 		Printed Name William S. Morgan	License Number 16917

SUMMERFIELD TOWNSHIP

MONROE COUNTY

STATE OF MICHIGAN

TOWNSHIP BOARD MEMBERS

Kevin Iott
Supervisor

Tammy Bleashka
Clerk

Joan Wiederhold
Treasurer

Dale Wagenknecht
Trustee

Mark Strahan
Trustee

SUMMERFIELD TOWNSHIP, MONROE COUNTY
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Certified Public Accountants

Independent Auditor's Report

August 10, 2007

Summerfield Township Board
Township Hall
26 Saline Street
Petersburg, MI 49270

Dear Board Members:

We have audited the accompanying combined financial statements of Summerfield Township, Monroe County, Michigan, as of and for the year ended June 30, 2007. These combined financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Summerfield Township, Monroe County, Michigan, at June 30, 2007, and the results of its operations for the year then ended in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued a report dated August 10, 2007 on our consideration of Summerfield Township's internal control over financial

reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of Summerfield Township, Monroe County, Michigan. The information has been subjected to the procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Sincerely,

A handwritten signature in cursive script that reads "Taylor & Morgan, CPAs P.C.".

TAYLOR & MORGAN, P.C.
Certified Public Accountants

Summerfield Township Management's Discussion and Analysis

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the Township's financial statements, which follow this section.

Governmental Accounting Standards Board Statement No. 34

The Township implemented Governmental Accounting Standards Board Statement NO. 34 reporting requirement during the fiscal year that ended on June 30, 2004. GASB 34 reporting requirement includes this letter, which should provide a comparative analysis between the current-year and prior-year financial information. The following information presents a comparative analysis of key elements of the total governmental funds.

Financial Highlights

- The Township's Total Net Assets are \$2,653,328
- During the year, the Township's expenditures were \$ 578,628 and \$ 831,138 was generated in taxes and other revenues
- Total net assets increased \$256,936 during fiscal year 2007.
- General fund revenues and other sources exceeded expenditures by \$5,596.

Overview of Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide statements.
- The governmental fund statements tell how general government services are financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the Township's net assets and how they have changed. Net assets – the difference between the Township's assets and liabilities – is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base.

The government-wide financial statements of the Township are divided into two categories:

- Governmental activities – Most of the Township's basic services are included here, such as community development and general administration. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant fund – not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law.
- The Township Board establishes other funds to control and manage money for particular purposes such as the Road and Fire Funds to show that it is properly using taxes collected for both funds.

The Township has two kinds of funds:

- Governmental funds – Most of the Township's basic services are included in the three governmental funds, which focus on (1) how cash and other financial assets that can be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information on the statements or subsequent pages that explain the relationship (or differences) between the two sets of statements.
- Fiduciary fund – This accounts for activity in the tax collection fund.

Financial Analysis of the Township as a Whole

Changes in Net assets

The Township's combined net assets are \$2,653,328. In comparison, last year's net assets were \$2,396,392, an increase of \$256,936.

Governmental Activities

Total revenues increased \$21,208 as compared to 2006.

Total expenditures decreased \$367,648 as compared to 2006, mainly due to decreased expenditures in the Road and Fire Governmental Funds.

Financial Analysis of the Township's Funds

As the Township completed the year, its governmental funds reported a combined fund balance of \$1,272,674, an increase of \$252,510 over last year.

General Fund Budgetary Highlights

Differences between the original revenue budget and the final amended budget consisted of a \$6,950 increase in various line items. Revenues were less than expected in licenses and permits. Interest and other revenue was higher than anticipated.

Capital Assets

At the end of June 30, 2007 the Township had invested \$1,662,924 in capital assets, net of accumulated depreciation. This amount complies with methods for the reporting of capital assets established by the Governmental Accounting Standards Board (GASB).

Economic Factors and Next Year's Budgets and Rates

The State's economy has not improved for the past four years therefore we can anticipate State Shared Revenues to remain flat or decrease by 3-5 %. The Township's general fund tax levy of less than one mill has not increased in over thirty years. Headlee Overrides should be considered to restore our millage to the original rates as approved by the Township Voters.

Contacting the Township's Financial Administration

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information please contact us at the township hall in Petersburg, Michigan.

SUMMERFIELD TOWNSHIP, MONROE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2007

		Governmental Activities
Assets		
Current Assets		
Cash, Cash Equivalents and Investments	\$	1,114,794
Due from Other Funds		129,889
Due from Other Governmental Units		34,691
Total Current Assets		1,279,374
Non-Current Assets		
Capital Assets		
Land, Buildings and Equipment		2,273,178
Less: Accumulated Depreciation		(610,254)
Net Capital Assets		1,662,924
Total Non-Current Assets		1,662,924
Total Assets		2,942,298
Liabilities		
Current Liabilities		
Accounts Payable		6,700
Accrued Interest		8,404
Current Portion of Long-Term Obligations		47,061
Total Current Liabilities		62,165
Non-Current Liabilities		
Non-Current Portion of Long-Term Obligations		226,805
Total Non-Current Liabilities		226,805
Total Liabilities		288,970
Net Assets		
Net Assets		
Invested in Capital Assets, Net of Related Debt		1,524,654
Unrestricted		1,128,674
Total Net Assets	\$	2,653,328

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs				
Governmental Activities				
Legislative	\$ 4,300	\$	\$	\$ (4,300)
General government	191,737	85,696		(106,041)
Public Safety	147,819	19,819		(128,000)
Public Works	118,531			(118,531)
Recreation and culture	15,475			(15,475)
Pension expense	7,640			(7,640)
Debt service	11,381			(11,381)
Other	14,909			(14,909)
Unallocated Depreciation	62,410			(62,410)
Total Governmental Activities	\$ 574,202	\$ 105,515	\$ -	(468,687)
General Purpose Revenues				
Property Taxes				428,065
State Grants				224,415
Interest				31,785
Other				41,358
Total General Revenue				725,623
Change in Net Assets				256,936
Net Assets - July 1				2,396,392
Net Assets - June 30				\$ 2,653,328

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	Road Fund	Fire Fund	Other Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 161,453	\$ 131,786	\$ 542,388	\$ 52,058	\$ 887,685
Investments	227,109				227,109
Due from other funds	187,428	374	4,876		192,678
Due from other governmental units	34,691				34,691
Total Assets	\$ 610,681	\$ 132,160	\$ 547,264	\$ 52,058	\$ 1,342,163
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 6,700	\$	\$	\$	\$ 6,700
Due to Other Funds	374	4,876	57,539		62,789
Total Liabilities	7,074	4,876	57,539	-	69,489
Fund Balance					
Unreserved					
Designated for capital outlay			50,000		50,000
Undesignated	603,607	127,284	439,725	52,058	1,222,674
Total Fund Balance	603,607	127,284	489,725	52,058	1,272,674
Total Liabilities and Fund Balance	\$ 610,681	\$ 132,160	\$ 547,264	\$ 52,058	\$ 1,342,163

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2007

Total Governmental Fund Balances	\$	1,272,674
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of Net Assets	\$	2,273,178
Accumulated Depreciation		<u>(610,254)</u>
		1,662,924
<p>In the Statement of Net Assets, interest has been accrued on contracts payable as of June 30, 2006</p>		
		(8,404)
<p>Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term Liabilities at year end consist of:</p>		
Contracts payable	\$	<u>273,866</u>
Total Long-Term Liabilities		<u>(273,866)</u>
Total Net Assets - Governmental Activities	\$	<u><u>2,653,328</u></u>

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Road Fund	Fire Fund	Other Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	\$ 96,165	\$ 110,627	\$ 221,273	\$	\$ 428,065
Licenses and permits	19,819				19,819
State grants	224,415				224,415
Charges for services	45,572		40,124		85,696
Interest	15,324	1,346	14,343	772	31,785
Other	29,658			11,700	41,358
Total Revenues	430,953	111,973	275,740	12,472	831,138
Expenditures					
Legislative	4,300				4,300
General government	186,376			5,361	191,737
Public Safety	40,488		127,614		168,102
Public Works	98,235	20,296			118,531
Recreation and culture	15,475				15,475
Pension expense	7,640				7,640
Debt service	57,934				57,934
Other	14,909				14,909
Total Expenditures	425,357	20,296	127,614	5,361	578,628
Excess of Revenues over Expenditures	5,596	91,677	148,126	7,111	252,510
Fund equity - beginning of year	598,011	35,607	341,599	44,947	1,020,164
Fund equity - end of year	\$ 603,607	\$ 127,284	\$ 489,725	\$ 52,058	\$ 1,272,674

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007

Total Net Change in Fund Balances - Governmental Funds \$ 252,510

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 as depreciation expense. This is the amount by which depreciation
 exceeded capital outlay in the current period.

Capitalized Assets	\$ 20,283	
Depreciation Expense	<u>(62,410)</u>	(42,127)

Interest on long-term debt in the Statement of Activities includes
 accrued interest, while the Governmental Funds statement does not.

The decrease in accrued interest at June 30, 2007 was \$787 787

Repayment of note principal is an expenditure in the Governmental Funds, but
 the repayment reduces Long-Term Liabilities in the Statement of Net Assets.
 This is the amount of repayments reported as expenditures in the Governmental
 Funds.

45,766

Change in Net Assets of Governmental Activities \$ 256,936

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ <u>129,889</u>
Liabilities:	
Due to other governmental units	\$ -
Due to other funds	<u>129,889</u>
Due to other funds	\$ <u>129,889</u>

See accompanying notes to basic financial statements

SUMMERFIELD TOWNSHIP, MONROE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES

Summerfield Township is located in the western end of Monroe County and covers an area of 36 square miles. The Township operates under an elected, five-member Board of Trustees which also includes the elected Supervisor, Clerk, Treasurer, and two Trustees, and provides service, including fire protection, road maintenance, and community enrichment and development to its residents.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Summerfield Township conform to generally accepted accounting principles as applicable to Michigan Townships. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued *Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section to provide an analysis of the Township’s overall financial position and results of operations.
- Financial statements prepared with full accrual accounting for all of the Township’s activities.
- A change in the fund financial statements to focus on the major funds.

Reporting Entity

In evaluating how to define the government for financial purposes, management has considered all potential component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit’s general purpose financial report is the exercise of oversight responsibility over such agencies by the governmental unit’s elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Basis of Accounting

Basic Financial Statements – Government-wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the Township's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. General government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating grants and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

Interfund transactions have been eliminated in the government-wide financial statements.

Basic Financial Statements - Fund Financial Statements

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most Township functions typically are financed. The acquisition, use, and balances of the Township's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund- This fund is used to account for all financial resources except those provided for in another fund. Revenues are derived primarily from property taxes, State shared revenues, and other intergovernmental revenues. The General Fund accounts for the general operating expenditures which are not recorded elsewhere.

Special Revenue Funds - These funds are used for specific revenue (other than special assessments, expendable trusts, or major capital projects) derived from State and Federal grants, General Fund appropriations or charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Trust and Agency Funds

These funds account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an agency fund.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual -Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual -The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Township reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Township receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the

government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Property, Plant and Equipment - Capital expenditures within the operating funds are charged against operations during the year of purchase.

Other Financing Sources (Uses) - The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out).

Budgets - Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. In the body of the financial statements, the Township's actual and budgeted expenditures for the period have been shown as adopted by function on a modified accrual basis. Budget vs. actual results were monitored through the year and the budgets were amended prior to fiscal year end.

Cash & Cash Equivalents – Cash equivalents are short-term investments that are readily convertible into cash or have a maturity date of 90 days or less from the date of purchase. Investments represent certificates of deposit with a maturity of over 90 days and are recorded at cost, which approximates market.

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

NOTE C - GENERAL LONG-TERM DEBT

The following is a summary of the Township's debt transactions for the year ended June 30, 2007.

	<u>Contracts Payable</u>	<u>Total</u>
<u>Payable at June 30, 2006</u>	\$ 319,632	\$ 319,632
Debt Redeemed:		
Monroe County		
Road Commission	(24,000)	(24,000)
FMIO, Inc. Property	<u>(21,766)</u>	<u>(21,766)</u>
<u>Payable at June 30, 2007</u>	<u>\$273,866</u>	<u>\$273,866</u>

The FMIO, Inc. Property contract has a 15 year maturity date with interest at 5.95%. Interest on the Monroe County Road Commission debt varies between 3.00% and 4.00%, with annual principal and interest payments through 2013. Total annual requirements to amortize long-term debt outstanding as of June 30, 2007 including interest payments of \$41,714 are as follows:

Year Ending <u>June 30,</u>	
2008	\$ 59,828
2009	58,988
2010	58,148
2011	57,308
2012	56,468
2013 and thereafter	24,840

NOTE D - RECOGNITION OF TAX REVENUE

The Township property tax is levied each December 1, on the state equalized valuation of property located in the Township as of the preceding December 31. The Township's 2006 ad valorem tax is levied and collectible on December 1, 2006, and according to generally accepted accounting principles, revenues from the current tax levy are recognized in the current year when the proceeds of this levy are budgeted and made available for the financing of Township operations.

The 2006 taxable valuation of Summerfield Township amounted to \$112,368,962, on which ad valorem taxes of .8743 mill were levied for Township operating purposes and 2.9392 mills were levied for special revenue purposes.

NOTE E - INVESTMENTS

Interest Rate Risk

Is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Township's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in bank certificates of deposit.

Concentration of Credit Risk

Is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. Cumulatively, portfolios of the Township may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Township portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities and 2a7-like investment pools are excluded from these restrictions.

Credit Risk

Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the Township's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs). The Township has no such investments in such issues.

Custodial Credit Risk for Deposits

Is the risk that in the event of a bank failure, the Townships's deposits may not be returned or the Township will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2007, the Township had \$955,629 of its deposit balances uninsured and uncollateralized.

Custodial Credit Risk for Investments

Is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township is not subject to this risk, as it has no such investments

Foreign Currency Risk

Is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Township is not authorized to invest in investments that would be subject to this type of risk.

NOTE F - PENSION PLAN

The Township maintains a defined contribution pension plan for its officers and employees. Substantially all employee groups are covered, and 100% vesting is immediate. Contributions are based on a percentage of salary earned. The Township's current year covered payroll and its total current year payroll for all employees amounted to \$135,031.

Contributions for the year ending June 30, 2007 totaled \$7,640.

NOTE G - INTERFUND PAYABLES/RECEIVABLES

As of June 30, 2007, The Township's interfund payables/receivables were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 187,428	\$ 374
Agency Fund		129,889
Special Revenue Fund	5,250	62,415
Total	\$ <u>192,678</u>	\$ <u>192,678</u>

NOTE H – RISK MANAGEMENT

The Township is exposed to various risks of loss in conducting its operations, from property and casualty theft and damage to various tort and liability claims. The Township purchases

commercial insurance coverage to cover potential claims, and management believes this coverage is sufficient to protect it from any significant adverse financial impact.

NOTE I – BUILDING FUND

Michigan Department of Treasury Local Audit Letter 2000-6 states that local units can retain compliance with P.A. 245 of 1999, Statewide Construction Code Act, by accounting for building department revenues in the General Fund only as long as the local unit’s fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity with creating a separate fund. Summerfield Township complies with these provisions, and therefore, the building department activity is recorded in the General Fund.

Building department revenues and expenditures for the year ended June 30, 2007, are as follows:

Revenues	\$19,819
Expenditures	\$19,146

The expenditures listed above include only direct costs for the building department; an allocation for occupancy, insurance and other indirect costs is not included. It is management’s opinion that, were the indirect costs included, building department revenues would not recover the full cost of the activity.

NOTE J – CHANGES IN CAPITAL ASSETS

Summary of capital asset transactions:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Balance June 30, 2007</u>
Land, Buildings & Equipment	\$2,252,895	\$ 20,283	\$2,273,178
Less: Accumulated Depreciation	(547,844)	(62,410)	(610,254)
Net Value	<u>\$1,705,051</u>	<u>\$(42,127)</u>	<u>\$1,662,924</u>

Additions consisted of fire equipment.

Depreciation expense for the year in the amount of \$62,410 was recorded on the statement of activities as unallocated depreciation.

SUMMERFIELD TOWNSHIP, MONROE COUNTY
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 98,904	\$ 98,201	\$ 96,165	\$ (2,036)
Licenses & permits	24,000	24,000	19,819	(4,181)
State grants	229,000	222,600	224,415	1,815
Charges for services	87,000	46,000	45,572	(428)
Interest	12,000	12,000	15,324	3,324
Other	20,000	20,000	29,658	9,658
Total Revenues	470,904	422,801	430,953	8,152
Expenditures				
Legislative				
Township board	8,500	8,500	4,300	4,200
General government				
Supervisor	21,500	23,000	21,736	1,264
Treasurer	17,500	18,500	19,586	(1,086)
Clerk	22,500	23,500	23,235	265
Assessing	26,000	28,500	27,945	555
Legal and audit	17,800	15,300	13,337	1,963
Building and grounds	51,000	51,000	45,072	5,928
Cemetery	45,000	50,000	31,603	18,397
Elections	4,000	4,000	3,862	138
Public safety				
Building inspector	21,000	21,000	19,146	1,854
Planning commission	25,000	25,000	20,892	4,108
Board of appeals	2,500	2,500	450	2,050
Public works				
Roads and drains	104,000	100,000	98,235	1,765
Recreation and culture				
Library	9,250	10,500	10,383	117
Recreation	4,500	4,700	5,092	(392)
Pension expense	12,000	8,500	7,640	860
Debt service	60,668	60,668	57,934	2,734
Other	7,500	12,000	14,909	(2,909)
Total Expenditures	460,218	467,168	425,357	41,811
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	10,686	(44,367)	5,596	49,963
Fund equity - beginning of year	598,011	598,011	598,011	-
Fund equity - end of year	<u>\$ 608,697</u>	<u>\$ 553,644</u>	<u>\$ 603,607</u>	<u>\$ 49,963</u>

SUMMERFIELD TOWNSHIP, MONROE COUNTY
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - ROAD FUND
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 110,830	\$ 110,040	\$ 110,627	\$ 587
Interest	1,000	700	1,346	646
Total Revenues	111,830	110,740	111,973	1,233
Expenditures				
Public works				
Roads and drains	100,000	130,000	20,296	109,704
Total Expenditures	100,000	130,000	20,296	109,704
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	11,830	(19,260)	91,677	110,937
Fund equity - beginning of year	35,607	35,607	35,607	-
Fund equity - end of year	\$ 47,437	\$ 16,347	\$ 127,284	\$ 110,937

SUMMERFIELD TOWNSHIP, MONROE COUNTY
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - FIRE FUND
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 209,413	\$ 220,100	\$ 221,273	\$ 1,173
Charges for services		40,000	40,124	124
Interest	2,000	4,500	14,343	9,843
Total Revenues	211,413	264,600	275,740	11,140
Expenditures				
Public safety				
Fire department operations	152,250	135,000	99,553	35,447
Fire department equipment	20,000	40,000	28,061	11,939
Total Expenditures	172,250	175,000	127,614	47,386
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	39,163	89,600	148,126	58,526
Fund equity - beginning of year	341,599	341,599	341,599	-
Fund equity - end of year	<u>\$ 380,762</u>	<u>\$ 431,199</u>	<u>\$ 489,725</u>	<u>\$ 58,526</u>

SUMMERFIELD TOWNSHIP
NONMAJOR FUND BALANCE SHEET
JUNE 30, 2007

Assets	<u>Cemetary Improvement Fund</u>	<u>Total (Memorandum Only) June 30, 2007</u>
Cash and cash equivalents	\$ <u>52,058</u>	\$ <u>52,058</u>
Total Assets	\$ <u><u>52,058</u></u>	\$ <u><u>52,058</u></u>
Liabilities & Fund Equity		
Fund Equity: Unreserved	\$ <u>52,058</u>	\$ <u>52,058</u>
Total Liabilities & Fund Equity	\$ <u><u>52,058</u></u>	\$ <u><u>52,058</u></u>

SUMMERFIELD TOWNSHIP
NONMAJOR FUND STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	Cemetery Improvement Fund		Total (Memorandum Only) June 30, 2007
Revenues:			
Lot sales	\$ 11,700	\$	11,700
Interest	772		772
Total Revenues	12,472		12,472
Expenditures	5,361		5,361
Excess of revenues over/ under expenditures	7,111		7,111
Fund equity - beginning of year	44,947		44,947
Fund equity - end of year	\$ 52,058	\$	52,058

SUMMERFIELD TOWNSHIP, MONROE COUNTY
 OTHER SUPPLEMENTAL INFORMATION
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
Assets				
Cash and Cash Equivalents	\$ <u>129,311</u>	\$ <u>2,953,835</u>	\$ <u>2,953,257</u>	\$ <u>129,889</u>
Liabilities				
Due to:				
Other funds	\$ 129,311	\$ 435,543	\$ 434,965	\$ 129,889
Other governmental units	-	<u>2,518,292</u>	<u>2,518,292</u>	-
	\$ <u>129,311</u>	\$ <u>2,953,835</u>	\$ <u>2,953,257</u>	\$ <u>129,889</u>



Certified Public Accountants
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

August 10, 2007

To the Township Board
Summerfield Township

We have audited the financial statements of Summerfield Township as of and for the year ended June 30, 2007, and have issued our report thereon dated August 10, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended for the information of the members of the board of Summerfield Township.

Taylor & Morgan CPAs, P.C.
TAYLOR & MORGAN, P.C.
Certified Public Accountants



Certified Public Accountants

October 15, 2007

To the Board of Trustees of
Summerfield Township

We have audited the basic financial statements of Summerfield Township (the Township) for the year ended June 30, 2007, and have issued our report thereon dated August 10, 2007. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under Generally Accepted Audited Standards

As stated in our engagement letter dated August 10, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. 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 made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and accordingly do not express such an opinion.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Summerfield Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and do not provide assurance on the internal control over financial reporting.

Our consideration of the internal control over the financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Summerfield Township are described in Note 1 to the financial statements. We noted no transactions entered into by Summerfield Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Summerfield Township's financial reporting process.

Disagreements with Management

For purposes 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 our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on a certain situation. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Summerfield Township's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

Management Comments and Recommendations

Bank Reconciliations

The Township treasurer performs monthly bank reconciliations on Quickbooks software, an important internal control procedure. However, there are several uncleared deposits on various accounts, which actually represent duplicate entries that need to be cleared. We recommend the treasurer clear these transactions, and we will be happy to be of assistance if needed.

Fire Fund Transfer

An additional amount needs to be transferred to the General Fund to reimburse it for Fire Fund expenditures incurred between January and June 2007. A transfer was made in July 2007; however the transfer did not equal the total amount of fire-related expenditures for that period.

This information is intended solely for the use of the Board of Trustees of Summerfield Township and its management and should not be used for any other purpose.

Taylor & Morgan, CPAs, P.C.

Taylor & Morgan, P.C., CPAs
Flint, MI