

WHITEFORD TOWNSHIP

MONROE COUNTY

STATE OF MICHIGAN

FINANCIAL STATEMENTS AND AUDITORS' REPORT

Fiscal Year Ended June 30, 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 WHITEFORD TOWNSHIP	County MONROE
Fiscal Year End JUNE 30, 2007	Opinion Date September 24, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

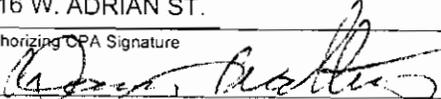
We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) DAVID W. WALTERS, P.C., CPA	Telephone Number 517-486-4371		
Street Address 116 W. ADRIAN ST.	City BLISSFIELD	State MI	Zip 49228
Authorizing CPA Signature 	Printed Name DAVID WALTERS	License Number 1101013521	

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Board of Trustees
Whiteford Township
Monroe County, Michigan

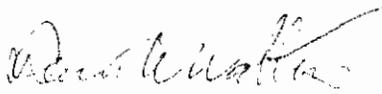
We have audited the financial statements of Whiteford Township, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 opinion.

As described in Note 1, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of Whiteford Township, as of June 30, 2007 and the revenues received and expenditures paid for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of Whiteford Township and for filing with the State of Michigan. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


David W. Walters, PC

September 24, 2007

Whiteford Township
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 2007

	Governmental Fund Types		
	General	Special Assessment	Debt Services
Assets			
Cash in bank	\$ 459,630		278,611
Due from other funds	673,169	502	
Land			
Building			
Equipment			
Vehicles			
Amount to be provided for retirement of general long-term debt			
Deferred interest			
Total Assets	\$ 1,132,799	502	278,611
Liabilities and Fund Balance			
Liabilities			
Notes and lease payable (Note 4)	\$		
Due other funds			278,611
Due other governmental agencies			
Deposits	7,935		
Restricted gifts			
Total Liabilities	7,935		278,611
Fund Balance			
Investment in general fixed assets Reserved		502	
Unreserved:			
Designated	398,376		
Undesignated	726,488		
Total Liabilities and Fund Balance	\$ 1,132,799	502	278,611

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

<u>Special Revenue</u>	<u>Building & Site</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total</u>
		<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long Term Debt</u>	<u>(Memorandum Only)</u>
395,419	168,000	61,868			1,363,528
					673,671
			189,849		189,849
			1,427,288		1,427,288
			460,373		460,373
			838,301		838,301
				534,244	534,244
				9,310	9,310
<u>395,419</u>	<u>168,000</u>	<u>61,868</u>	<u>2,915,811</u>	<u>543,554</u>	<u>5,496,564</u>
390,532		4,528		543,554	543,554
		57,340			673,671
					57,340
4,887					7,935
					4,887
<u>395,419</u>		<u>61,868</u>		<u>543,554</u>	<u>1,287,387</u>
			2,915,811		2,915,811
					502
	168,000				398,376
					894,488
<u>395,419</u>	<u>168,000</u>	<u>61,868</u>	<u>2,915,811</u>	<u>543,554</u>	<u>5,496,564</u>

Whiteford Township
 Combined Statement of Revenue Received, Expenditures Paid and Changes in Fund Balance
 All Fund Types and Account Groups
 Year Ended June 30, 2007

	Governmental Fund Types		
	General	Special Assessment	Special Revenue
Revenues Received			
Taxes	\$ 175,880	2,072	377,930
Licenses & permits	88,407		
State revenue sharing	300,686		
Interest and penalties	30,236		8,587
Cemetery fees	21,875		
Services & other	79,403		0
Sand & stone removal fees	93,851		
Collection fees	61,496		
Total revenues received	851,834	2,072	386,517
Expenditures Paid			
General government	308,603		
Zoning and planning	4,843		
Health & welfare	112,197		
Recreation	30,128		
Cemetery	15,472		
Drains at large	0		
Road maintenance			484,491
Public safety	26,335	2,072	76,777
Legislative	22,075		
Debt service interest (Note 4)			
Principal retirement			
Total expenditures paid	519,653	2,072	561,268
Excess Revenues (Expenditures)	332,181	0	(174,751)
Other Financed Sources (Uses)			
Transfers from other funds (Note 2 & 3)			174,751
Transfers to other funds (Note 3)	(114,351)		
Excess of Revenues and Other Sources over/under Expenditures & Other Uses	217,830	0	0
Fund Balance - July 1, 2006	907,034	502	0
Fund Balance - June 30, 2007	\$ 1,124,864	502	0

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

		<u>Groups</u>	<u>Total</u>
<u>Debt Service</u>	<u>Building & Site</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
			555,882
			88,407
			300,686
7,007			45,830
			21,875
			79,403
			93,851
			<u>61,496</u>
<u>7,007</u>			<u>1,247,430</u>
			308,603
			4,843
			112,197
			30,128
			15,472
			0
			484,491
			105,184
24,943			22,075
<u>132,719</u>			<u>24,943</u>
			<u>132,719</u>
<u>157,662</u>			<u>1,240,655</u>
(150,655)			6,775
		7,809	182,560
(68,209)			(182,560)
			<u>6,775</u>
(218,864)		7,809	
<u>218,864</u>	<u>168,000</u>	<u>2,908,002</u>	<u>4,202,402</u>
<u>0</u>	<u>168,000</u>	<u>2,915,811</u>	<u>4,209,177</u>

Whiteford Township
 Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances
 Budget and Actual - General and Special Revenue Funds
 Year Ended June 30, 2007

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues Received			
Property taxes	\$ 179,000	175,880	(3,120)
Licenses and permits	52,000	88,407	36,407
State revenue sharing	300,000	300,686	686
Interest and penalties	5,100	30,236	25,136
Cemetery fees	30,000	21,875	(8,125)
Services and other	57,000	79,403	22,403
Sand & stone removal	100,000	93,851	(6,149)
Collection fees	58,000	61,496	3,496
Total Revenues Received	\$ 781,100	851,834	70,734

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

<u>Special Revenue Funds</u>			<u>Debt Retirement</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
384,200	377,930	(6,270)			
	8,587	8,587		7,007	7,007
	0	0			
<u>384,200</u>	<u>386,517</u>	<u>2,317</u>	<u>0</u>	<u>7,007</u>	<u>7,007</u>

Whiteford Township
 Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances
 Budget and Actual - General and Special Revenue Funds
 Year Ended June 30, 2007

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues Received	\$ 781,100	851,834	70,734
Expenditures Paid			
Operating	148,000	146,060	1,940
Supervisor	42,900	42,105	795
Clerk	32,600	32,192	408
Treasurer	39,000	38,800	200
Board of Review	1,500	903	597
Zoning and planning	5,000	4,843	157
Legislative	28,600	22,075	6,525
Assessing	48,000	45,071	2,929
Professional	60,000	59,095	905
Cemetery	15,500	15,472	28
Building inspection	43,900	43,678	222
Street lights	9,000	8,773	227
Repairs & maintenance	4,500	4,123	377
Drains at large	2,000	0	2,000
Recreation	30,500	30,128	372
Fire protection	6,000	3,771	2,229
Law enforcement	23,000	22,564	436
Road Maintenance			
Debt Service Principal			
Debt Service Interest			
	540,000	519,653	20,347
Excess Revenues - (Expenditures)	241,100	332,181	91,081
Transfers from other funds			
Transfers to other funds (Note 3)	(114,351)	(114,351)	
Excess Revenues and Other Sources over/ under Expenditures and Other Uses	126,749	217,830	91,081
Fund Balance - July 1, 2006	907,034	907,034	0
Fund Balance - June 30, 2007	\$ <u>1,033,783</u>	<u>1,124,864</u>	<u>91,081</u>

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

<u>Special Revenue Funds</u>			<u>Debt Retirement</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>384,200</u>	<u>386,517</u>	<u>2,317</u>	<u>0</u>	<u>7,007</u>	<u>7,007</u>
77,000	76,777	223			
490,000	484,491	5,509	133,190	132,719	471
			<u>26,000</u>	<u>24,943</u>	<u>1,057</u>
<u>567,000</u>	<u>561,268</u>	<u>5,732</u>	<u>159,190</u>	<u>157,662</u>	<u>1,528</u>
(182,800)	(174,751)	8,049	(159,190)	(150,655)	8,535
174,751	174,751		0	0	
			<u>(68,209)</u>	<u>(68,209)</u>	
(8,049)	0	8,049	(227,399)	(218,864)	8,535
<u>0</u>	<u>0</u>	<u>0</u>	<u>218,864</u>	<u>218,864</u>	<u>0</u>
<u>(8,049)</u>	<u>0</u>	<u>8,049</u>	<u>(8,535)</u>	<u>0</u>	<u>8,535</u>

Whiteford Township
 Combined Statement of Changes in Assets and Liabilities
 All Agency Funds
 Year Ended June 30, 2007

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
 Assets				
Cash in bank	<u>\$ 48,188</u>	<u>5,058,983</u>	<u>5,045,303</u>	<u>\$ 61,868</u>
 Liabilities				
Due - Other Funds	3,504	559,902	558,878	4,528
Due - County & State	44,684	2,603,070	2,616,684	31,070
Due - Schools	<u>0</u>	<u>1,896,011</u>	<u>1,869,741</u>	<u>26,270</u>
	<u>\$ 48,188</u>	<u>5,058,983</u>	<u>5,045,303</u>	<u>\$ 61,868</u>

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

Whiteford Township
Notes to Financial Statements
June 30, 2007

1) **Summary of Significant Accounting Policies**

Basis of Accounting

The cash basis of accounting is followed by all funds.

Basis of Presentation: Fund Accounting

The accounts of Whiteford Township are organized on the basis of funds and account groups, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. Whiteford Township uses the following generic fund types in its activities.

Governmental Fund Types

General Fund

The general operating fund of the Township accounts for all financial resources that are not required to be accounted for in the specific revenue funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest and related costs.

Building & Site Funds

The Building & Site Fund is used to account for financial resources designated for future property acquisitions.

Whiteford Township
Notes to Financial Statements (Continued)
June 30, 2007

Fiduciary Fund Type

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for other funds and/or other governments. These include Expendable Trust and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

General Fixed Assets

General fixed assets purchased are recorded as expenditures in the (applicable fund) at time of purchase. Such assets are capitalized at cost or estimated cost in the general fixed assets group of accounts except for certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

Cash Deposits

At June 30, 2007 the carrying amount of the Township's cash deposits were \$ 1,390,144 all of which were in bank certificates of deposit and operating accounts. \$ 200,000 of these funds were covered by federal deposit insurance and Michigan law does not require collateralization of governmental deposits.

Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

Whiteford Township
Notes to Financial Statements (Continued)
June 30, 2007

2) **Changes in Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	<u>Balance 6/30/06</u>	<u>Additions</u>	<u>Deletions/ Retirements</u>	<u>Balance 6/30/2007</u>
Land	\$ 189,849			\$ 189,849
Building	1,423,988	3,300		1,427,288
Equipment	455,864	4,509		460,373
Vehicles	<u>838,301</u>			<u>838,301</u>
Total General				
Fixed Asset	<u>\$ 2,908,002</u>	<u>7,809</u>	<u>0</u>	<u>\$ 2,915,811</u>
Additions to General				
Fixed Assets:				
From General Fund		<u>\$ 7,809</u>		

3) **Interfund Receivables, Payables, and Operating Transfers**

Individual fund interfund receivables and payables.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 673,169	
Special Assessment	502	
Special Revenue Fund		\$ 669,143
Trust and Agency Fund		<u>4,528</u>
	<u>\$ 673,671</u>	<u>\$ 673,671</u>

Total interfund net operating transfers for the fiscal year ended June 30, 2007 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$ 114,351
Special Revenue Fund - Road Fund/Fire Fund	\$ 174,751	
Debt Retirement		68,209
General Fixed Asset Account Group	<u>7,809</u>	
	<u>\$ 182,560</u>	<u>\$ 182,560</u>

Whiteford Township
Notes to Financial Statements (Continued)
June 30, 2007

4) **Notes Payable & Commitment**

The township has entered into \$ 703,930 of contracts for certain road improvements to be funded through a county road commission bonding. The township has contractually effectuated unsecured notes with the county road commission to pay interest semiannually and principal annually on these notes.

Fiscal Year Ending	Principal Due	Interest Rate Per Annum
6/30/2008	65,000	3.50%
6/30/2009	65,000	3.63%
6/30/2010	65,000	3.88%
6/30/2011	65,000	4.00%
6/30/2012	65,000	4.00%
6/30/2013	<u>65,000</u>	4.00%
Total	<u>390,000</u>	

Finance Lease - dated September 28, 2004, \$271,492 original amount, annual installments of \$76,776.87 including interest at 5.12% per annum, due March 15, secured by 2004 American LaFrance Pumper Fire Truck.

Debt matures as follows: Deferred Interest Portion

March-08	70,613	6,164
March-09	<u>73,631</u>	<u>3,146</u>
Total Lease Payments	<u>144,244</u>	<u>9,310</u>
Total Notes/Lease Payable	<u>534,244</u>	<u>543,554</u> with interest

5) **Commitments & Subsequent Events**

The township has entered into \$ 703,930 of future road and maintenance contracts. In August 2004 the township voters approved a 1 mil road maintenance & improvements levy and a 1 mil fire protection levy for the fiscal years through the year 2008. For the year 2007 of such levy, 1 mil raises approximately \$ 191,337. As stated in note 4 above, to provide additional funds for these commitments, the township has entered into \$ 390,000 of unsecured notes to the county road commission payable over ten years.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of
Whiteford Township

We have audited the general purpose financial statements of Whiteford Township, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 24, 2007.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Whiteford Township, is the responsibility of the Township's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Whiteford Township complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Township has not complied, in all material respects, with those provisions.

This report is intended for the information of the Township Board, management, and the Department of Treasury. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

David W. Walters, PC

September 24, 2007



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Board of Trustees
Whiteford Township
Monroe County, Michigan

We have audited the general purpose financial statements of Whiteford Township for the year ended June 30, 2007, and have issued our report thereon dated September 24, 2007.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Whiteford Township, for the year ended June 30, 2007, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The Township officials are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We did not find any matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in

the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

In addition to the above comment concerning internal control we also have the following comment:

1. Cash deposited at one financial institution in excess of \$100,000 on demand deposits and \$100,000 in savings and C.D.'s will not be covered by FDIC insurance, therefore, additional or full coverage could be retained through investing Township funds in additional institutions.

This report is intended solely for the information and use of the Whiteford Township Board, management, and others within the administration. If any questions arise concerning our recommendations or the implementation thereof, we would be pleased to assist in what ever capacity you may require.

We sincerely thank the Whiteford Township officials for their excellent assistance and cooperation in the conduct of the audit. Thank you for the opportunity to provide these services to the Whiteford Township.



David W. Walters, PC

September 24, 2007