

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 Wilcox Township	County Newaygo
Fiscal Year End 3/31/07	Opinion Date 9/25/07	Date Audit Report Submitted to State 11/20/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

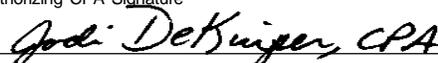
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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 checked="" type="checkbox"/>	Internal Control
Certified Public Accountant (Firm Name) Hendon & Slate, P.C.	Telephone Number 231-924-6890	
Street Address 711 W. Main St.	City Fremont	State Zip MI 49412
Authorizing CPA Signature 	Printed Name Jodi DeKuiper	License Number 1101021180

**WILCOX TOWNSHIP
NEWAYGO COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2007**

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WILCOX TOWNSHIP

Board Members

	<u>Position</u>
Thomas Canning	Supervisor
Teressa Hamilton	Clerk
Melinda Shepard	Treasurer
Keith Derks	Trustee
Ronald Fowler	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Wilcox Township
White Cloud, MI 49349

Independent Auditor's Report

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

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

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

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 24 through 26, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Grand Rapids, MI 49546
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Fax (616) 453-9352

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Muskegon, MI 49444
Phone (231) 798-1040
Fax (231-798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

September 25, 2007

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilcox Township, Michigan's basic financial statements. The individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hendon & Slate

Hendon & Slate, P.C.

Certified Public Accountants

September 25, 2007

WILCOX TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2005</u>	<u>2007</u>	<u>2005</u>	<u>2007</u>	<u>2005</u>
Current Assets	\$ 218,395	\$ 198,984	\$ 16,867	\$ 25,506	\$ 235,262	\$ 224,490
Capital Assets	<u>8,217</u>	<u>9,674</u>	<u>13,683</u>	<u>14,819</u>	<u>21,900</u>	<u>24,493</u>
Total Assets	<u>\$ 226,612</u>	<u>\$ 208,658</u>	<u>\$ 30,550</u>	<u>\$ 40,325</u>	<u>\$ 257,162</u>	<u>\$ 248,983</u>
Current Liabilities	\$ 10,935	\$ 5,918	\$ 643	\$ 930	\$ 11,578	\$ 6,848
Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 10,935</u>	<u>\$ 5,918</u>	<u>\$ 643</u>	<u>\$ 930</u>	<u>\$ 11,578</u>	<u>\$ 6,848</u>
Net Assets						
Invested in Capital Assets-						
Net of Debt	\$ 8,217	\$ 9,671	\$ 13,683	\$ 14,819	\$ 21,900	\$ 24,490
Restricted	5,000	5,000	-	-	5,000	5,000
Unrestricted	<u>202,460</u>	<u>188,066</u>	<u>16,224</u>	<u>24,576</u>	<u>218,684</u>	<u>212,642</u>
Total Net Assets	<u>\$ 215,677</u>	<u>\$ 202,737</u>	<u>\$ 29,907</u>	<u>\$ 39,395</u>	<u>\$ 245,584</u>	<u>\$ 242,132</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operating, increased by \$5,540, or approximately 2.64% for the governmental activities.

Management's Discussion and Analysis (Continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2005</u>	<u>2007</u>	<u>2005</u>	<u>2007</u>	<u>2005</u>
Program Revenues						
Charges for Services	\$ 300	\$ 50	\$ 15,524	\$ 16,008	\$ 15,824	\$ 16,058
General Revenues						
Property Taxes	61,385	53,518	-	-	61,385	53,518
State Shared Revenue	85,037	87,430	-	-	85,037	87,430
Interest and Royalties	10,452	6,721	-	-	10,452	6,721
Miscellaneous	11,360	5,396	-	-	11,360	5,396
Total Revenues	<u>\$ 168,534</u>	<u>\$ 153,115</u>	<u>\$ 15,524</u>	<u>\$ 16,008</u>	<u>\$ 184,058</u>	<u>\$ 169,123</u>
Program Expenses						
General Government	75,185	80,786	-	-	75,185	80,786
Public Safety	52,630	36,789	-	-	52,630	36,789
Public Works	25,740	44,509	-	-	25,740	44,509
Other Functions	9,289	9,095	-	-	9,289	9,095
Transfer Station	-	-	18,968	24,137	18,968	24,137
Total Expenses	<u>162,844</u>	<u>171,179</u>	<u>18,968</u>	<u>24,137</u>	<u>181,812</u>	<u>195,316</u>
Excess(Deficiency)						
Before Transfers	5,690	(18,064)	(3,444)	(8,129)	2,246	(26,193)
Transfers	-	(20,000)	-	20,000	-	-
Change in Net Assets	<u>\$ 5,690</u>	<u>\$ (38,064)</u>	<u>\$ (3,444)</u>	<u>\$ 11,871</u>	<u>\$ 2,246</u>	<u>\$ (26,193)</u>

Governmental Activities

The Township remains in stable financial condition although State Revenue Sharing has decreased approximately 15% over the past 3 years, which has been partially offset by small increases in property tax revenues.

The Township has hired a Planning and Zoning consultant to assist the Planning Commission in updating the Master Land Use Plan, revising and updating the Zoning Ordinance, coordinating mapping, training, and other general planning and zoning matters.

The Township continues to cost share with the Newaygo County Road Commission for dust control, culvert replacement, and other road projects.

Business-Type Activities

The Township continues to operate a Transfer Station, which is accounted for in the Township's Enterprise Fund. Although business volume and activity at the Transfer Station remains significantly lower than expectations it is still viewed as a vital service to the community.

Management's Discussion and Analysis (Continued)

The Township's Fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, the Fire Fund, the Public Improvement Fund, and the Enterprise Fund.

The General Fund pays for most of the Township's governmental services. About 56% of the General Fund expenditures are made up of general government, amounting to \$73,332. Another 20% was for public safety, and 16% for public works. The general government expenditures were about 50% for payroll, 20% for road work, with the remaining 30% for other expenses.

General Fund Budgetary Highlights

Over the course of the year, the Township Board made amendments to the budget to take into account events during the year. There were no material overexpenditures as reported in the Notes to the Financial Statements.

Capital Asset and Debt Administration

At the end of March 2007, the Township had over \$50,000 invested in capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Newaygo County Road Commission (along with the responsibility to maintain them).

Economic Factors and Future Year Plans

The Township Supervisor did attend a public hearing in March of 2007 with the Newaygo County Board of Commissioners in which Life E.M.S Ambulance Service informed the audience of the potential for a financial subsidy request if the Company continued to experience lower than expected volumes in Newaygo County.

The Newaygo County Road Commission continues to promote Township road millages as a source of additional funds. The Wilcox Township Board has no plans to initiate a road millage request.

The White Cloud Area Fire District in which Wilcox Township is a member continues to have discussion's regarding a new fire station and the funding thereof.

Contacting the Township's Management

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

WILCOX TOWNSHIP

Government Wide Statement of Net Assets Saturday, March 31, 2007

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash	\$ 16,867	\$ 201,305	\$ 218,172
Accounts Receivable - Fiduciary Funds	-	156	156
Taxes Receivable	-	9,192	9,192
Prepaid Insurance	-	2,742	2,742
Restricted Cash	-	5,000	5,000
Property and Equipment	17,812	35,188	53,000
Accumulated Depreciation	<u>(4,129)</u>	<u>(26,971)</u>	<u>(31,100)</u>
 Total Assets	 <u>\$ 30,550</u>	 <u>\$ 226,612</u>	 <u>\$ 257,162</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 643	\$ 9,456	\$ 10,099
Withheld/Accrued Payroll Taxes	<u>-</u>	<u>1,479</u>	<u>1,479</u>
 Total Liabilities	 <u>643</u>	 <u>10,935</u>	 <u>11,578</u>
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	13,683	8,217	21,900
Restricted Net Assets	-	5,000	5,000
Unrestricted Net Assets	<u>16,224</u>	<u>202,460</u>	<u>218,684</u>
 Total Net Assets	 <u>\$ 29,907</u>	 <u>\$ 215,677</u>	 <u>\$ 245,584</u>

The Notes to the Financial Statements are an integral part of this statement

WILCOX TOWNSHIP

Government Wide Statement of Activities For the Fiscal Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Net (Expenses) Revenue and Changes in Net Assets</u> Governmental Activities	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government					
Governmental Activities					
General Government	75,185	150	(75,035)	-	(75,035)
Public Safety	52,630	150	(52,480)	-	(52,480)
Public Works	25,740	-	(25,740)	-	(25,740)
Other Functions	9,289	-	(9,289)	-	(9,289)
Total Governmental Activities	162,844	300	(162,544)	-	(162,544)
Business-Type Activities					
Transfer Station	18,968	15,524	-	(3,444)	(3,444)
Total Primary Government	<u>\$ 181,812</u>	<u>\$ 15,824</u>	<u>\$ (162,544)</u>	<u>\$ (3,444)</u>	<u>\$ (165,988)</u>
General Revenues					
Property Taxes - Levied for General Purpose			29,938	-	29,938
Property Taxes - Levied for Public Safety			31,447	-	31,447
State Revenues			85,037	-	85,037
Interest and Royalty Income			10,452	-	10,452
Refunds and Reimbursements			10,921	-	10,921
Miscellaneous			439	-	439
Total General Revenues & Transfers			168,234	-	168,234
Changes in Net Assets			5,690	(3,444)	2,246
Net Assets - April 1, 2006			209,987	33,351	243,337
Net Assets - March 31, 2007			<u>\$ 215,677</u>	<u>\$ 29,907</u>	<u>\$ 245,584</u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Governmental Fund Balance Sheet
March 31, 2007

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Public Improvement Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 161,273	\$ -	\$ 40,032	\$ 5,000	\$ 206,305
Taxes Receivable	4,056	5,136	-	-	9,192
Due from Other Funds	<u>812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812</u>
Total Assets	<u><u>\$ 166,141</u></u>	<u><u>\$ 5,136</u></u>	<u><u>\$ 40,032</u></u>	<u><u>\$ 5,000</u></u>	<u><u>216,309</u></u>
LIABILITIES					
Accounts Payable	\$ 4,320	\$ 5,136	\$ -	\$ -	\$ 9,456
Withheld and Accrued Payroll Taxes	<u>1,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,479</u>
Total Liabilities	5,799	5,136	-	-	10,935
FUND BALANCES					
Reserved - Budget Stabilization	-	-	-	5,000	5,000
Unreserved	<u>160,342</u>	<u>-</u>	<u>40,032</u>	<u>-</u>	<u>200,374</u>
Total Fund Balance	<u>160,342</u>	<u>-</u>	<u>40,032</u>	<u>5,000</u>	<u>205,374</u>
Total Liabilities and Fund Balance	<u><u>\$ 166,141</u></u>	<u><u>\$ 5,136</u></u>	<u><u>\$ 40,032</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 216,309</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Assets
March 31, 2007

Total Governmental Fund Balances	\$ 205,374
Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:	
Prepaid Insurance reflects amounts that will be used in a future period.	2,742
The effect of interfund activity has been eliminated from the government-wide financial statements.	(656)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:	
Governmental Capital Asset	35,188
Governmental Accumulated Depreciation	<u>(26,971)</u>
Total Net Assets - Governmental Activities:	<u><u>\$ 215,677</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Governmental Fund Statement of Revenue, Expenditures,
and Changes in Fund Balance
For the Year Ended March 31, 2007

	General Fund	Fire Fund	Public Improvement Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues					
Property Taxes	\$ 29,938	\$ 31,447	-	-	\$ 61,385
State Revenues	85,037	-	-	-	85,037
Licenses & Permits	150	-	-	-	150
Interest and Royalties	10,452	-	-	-	10,452
Refunds and Reimbursements	10,921	-	-	-	10,921
Miscellaneous	439	-	-	-	439
Total Revenues	136,937	31,447	-	-	168,384
Expenditures					
Current					
General Government	73,332	-	-	-	73,332
Public Safety	21,183	31,447	-	-	52,630
Public Works	25,740	-	-	-	25,740
Other Functions	9,289	-	-	-	9,289
Capital Outlay	2,377	-	-	-	2,377
Total Expenditures	131,921	31,447	-	-	163,368
Excess Revenue Over (Under) Expenditures	5,016	-	-	-	5,016
Fund Balance - April 1	155,326	-	40,032	5,000	200,358
Fund Balance - March 31	<u>\$ 160,342</u>	<u>\$ -</u>	<u>\$ 40,032</u>	<u>\$ 5,000</u>	<u>\$ 205,374</u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 5,016

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

Prepaid Insurance reflects amounts that will be used in a future period:

Current Year Prepaid Insurance:	\$ 2,742	
Prior Year Prepaid Insurance:	<u>(2,688)</u>	54

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:

Capital outlay reported in governmental fund statements	2,377	
Depreciation expense reported in the statement of activities	<u>(1,907)</u>	<u>470</u>

Changes in Net Assets - Governmental Activities \$ 5,540

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Proprietary Fund Statement of Net Assets
March 31, 2007

	<u>Transfer Station Enterprise Fund</u>
ASSETS	
Current Assets	
Cash	\$ 16,867
Noncurrent Assets	
Net Capital Assets	<u>13,683</u>
Total Assets	30,550
LIABILITIES	
Current Liabilities	
Accounts Payable	643
Due to Other Funds	<u>656</u>
Total Liabilities	<u>1,299</u>
NET ASSETS	
Invested in Capital Assets	
- Net of Debt	13,683
Unrestricted	<u>15,568</u>
Total Net Assets	<u><u>\$ 29,251</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Proprietary Fund Settlement of Revenue, Expenses, and Changes in Net Assets
For the Year Ended March 31, 2007

	<u>Transfer Station Enterprise Fund</u>
Operating Revenues	
Fees	\$ 15,524
Operating Expenses	
Payroll Expenses	5,417
Professional & Contracted Services	11,513
Utilities and Telephone	617
Transportation	31
Repairs and Maintenance	822
Depreciation	<u>568</u>
Total Operating Expenses	<u>18,968</u>
Operating Income (Loss)	<u>(3,444)</u>
Changes in Net Assets	(3,444)
Total Net Assets - Beginning	<u>32,695</u>
Total Net Assets - Ending	<u><u>\$ 29,251</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Proprietary Fund Statement of Cash Flows
For the Year Ended March 31, 2007

	Transfer Station Enterprise Fund
Cash Flows From Operating Activities	
Receipts from Customers	\$ 15,524
Payments for Employees	(5,028)
Payments to Suppliers	(13,392)
	<hr/>
Net Cash Provided (Used) by Operating Activities	(2,896)
Cash Flows From Noncapital Financial Activities	-
Cash Flows From Capital and Related Financing Activities	-
Cash Flows From Investing Activities	-
Net Increase (Decrease) in Cash	(2,896)
Cash Balance - Beginning of Year	19,763
	<hr/>
Cash Balance - End of Year	<u>\$ 16,867</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (3,444)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	568
Change in Assets and Liabilities	
Decrease in Accounts Payable	(435)
Increase (Decrease) in Due To Other Funds	415
	<hr/>
Net Cash Provided by Operating Activities	<u>\$ (2,896)</u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

Fiduciary Fund - Statement of Net Assets
March 31, 2007

	<u>Trust and Agency</u>
ASSETS	
Cash	\$ 156
LIABILITIES	
Due to Other Funds	<u>156</u>
NET ASSETS	
Unreserved	<u><u>\$ -</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WILCOX TOWNSHIP

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

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wilcox Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Wilcox Township.

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2007 delinquent taxes of \$9,192 were received in June 2007, thus taxes receivable has been recorded.

The 2006 taxable valuation of the Township totaled \$22,119,291 on which ad valorem taxes levied consisted of .7794 mills for general operating and 1.4277 mills for fire operating raising \$17,172 for operating, \$31,459 for fire operational. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

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

The Fire fund accounts for the resources of property tax revenue and charges for services that are restricted for fire protection purposes.

The Public Improvement Fund accounts for monies appropriated for acquiring, constructing, extending, altering, repairing, or equipping public improvements or public buildings.

The government reports the following major proprietary funds:

The Enterprise Fund accounts for the activities of the government's transfer station operations.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated entirely to the general fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Restricted Assets - Cash in the Budget Stabilization Fund is restricted. The corpus may only be spent when appropriated by a two-thirds vote of the Township board members for the following purposes:

1. To cover a General Fund deficit;
2. To prevent a reduction in Township services or a reduction in the number of Township employees due to revenue shortfalls;
3. To cover expenses arising from a natural disaster.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, infrastructure asset costs incurred prior to April 1, 2004 are not included in the financial statements.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
General Equipment	5 to 10 years

Salvage value is estimated at 10% of cost.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur expenditures which were materially in excess of the amounts appropriated.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated three banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in certificates of deposit, savings accounts, deposit accounts of a financial institutions, and mutual funds investment pools under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

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

The Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business- Type Activities	Fiduciary Funds	Total Primary Government
Cash and Cash Equivalents	\$ 201,305	\$ 16,867	\$ 156	\$ 218,327
Restricted Cash	5,000	-	-	-
Total	<u>\$ 206,305</u>	<u>\$ 16,867</u>	<u>\$ 156</u>	<u>\$ 218,327</u>

Notes to the Financial Statements (continued)

The bank balance of the Township’s deposits is \$251,394, of which the entire amount is covered by federal depository insurance.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

Depositories actively used by the Township during the year are detailed as follows:

1. Chemical Bank
2. Independent Bank
3. Choice One Bank

NOTE D RECEIVABLES

Receivables as of year-end for the Township’s individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General Fund	Fire Fund	Public Improvement Fund	Enterprise Fund	Non-Major Funds	Total
Taxes Receivable	4,056	5,136	-	-	-	\$ 9,192
Fiduciary Funds	156	-	-	-	-	156
Other Gross Receivables	-	-	-	-	-	-
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Receivables	<u>\$ 4,212</u>	<u>\$5,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,348</u>

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated				
Land	\$ 1,400	\$ -	\$ -	\$ 1,400
Capital Assets Being Depreciated				
Buildings	6,616	-	-	6,616
General Equipment	24,795	2,377	-	27,172
Subtotal	31,411	2,377	-	33,788

Notes to the Financial Statements (continued)

Less Accumulated Depreciation for				
Buildings	5,567	145	-	5,712
General Equipment	19,497	1,762	-	21,259
	<u>25,064</u>	<u>1,907</u>	<u>-</u>	<u>26,971</u>
Net Capital Assets being depreciated	<u>6,347</u>	<u>470</u>	<u>-</u>	<u>6,817</u>
Total Governmental Activities Capital Assets - Net of Depreciation	<u>\$ 7,747</u>	<u>\$ 470</u>	<u>\$ -</u>	<u>\$ 8,217</u>

Business-Type Activities

Capital Assets Being Depreciated				
Buildings	17,812	-	-	17,812
Less Accumulated Depreciation for				
Buildings	3,561	568	-	4,129
	<u>14,251</u>	<u>(568)</u>	<u>-</u>	<u>13,683</u>
Net Capital Assets being depreciated	<u>14,251</u>	<u>(568)</u>	<u>-</u>	<u>13,683</u>
Total Business-Type Activities Capital Assets - Net of Depreciation	<u>\$ 14,251</u>	<u>\$ (568)</u>	<u>\$ -</u>	<u>\$ 13,683</u>

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

Governmental Activities	
General Government	<u>\$ 1,907</u>
Business-Type Activities	
Transfer Station-Enterprise	<u>\$ 568</u>

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund (Due From)		Payable Fund (Due To)	
General Fund	\$ 812	Enterprise Fund	\$ 656
		Trust & Agency Fund	156
	<u>\$ 812</u>		<u>\$ 812</u>

These balances are the result of various immaterial transactions and are expected to be repaid within one year.

There were no interfund transfers during the year ended March 31, 2007.

Notes to the Financial Statements (continued)

NOTE G RESTRICTED ASSETS

The entire fund balance of the Budget Stabilization Fund is restricted. As all interest earned is required to be returned to the General Fund, the original \$5,000 restriction will remain until appropriated by two-thirds vote of the Board.

NOTE H RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

WILCOX TOWNSHIP

Required Supplementary Information
 Budgetary Comparison Schedule
 For the General Fund
 For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 152,607	\$ 152,607	\$ 155,326	\$ 2,719
Resources (Inflows)				
Property Taxes	29,000	29,000	29,938	938
State Shared Revenue	85,000	85,000	85,037	37
Charges for Services	-	-	150	150
Interest and Royalties	3,500	3,500	10,452	6,952
Refunds and Reimbursements	9,850	9,850	10,921	1,071
Miscellaneous	-	-	439	439
Amounts Available for Appropriation	<u>279,957</u>	<u>279,957</u>	292,263	12,306
Charges to Appropriations (Outflows)				
General Government	86,620	86,620	73,332	13,288
Public Safety	25,375	25,375	21,183	4,192
Public Works	26,500	26,500	25,740	760
Capital Outlay	4,000	4,000	2,377	1,623
Operating Transfers Out	10,000	10,000	-	10,000
Other	19,550	19,550	9,289	10,261
-	-	-	-	-
Total Charges to Appropriation	<u>172,045</u>	<u>172,045</u>	<u>131,921</u>	<u>40,124</u>
Budgetary Fund Balance-March 31	<u>\$ 107,912</u>	<u>\$ 107,912</u>	<u>\$ 160,342</u>	<u>\$ 52,430</u>

WILCOX TOWNSHIP

Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fire Special Revenue Fund
 For the Year Ended March 31, 2007

	Budgeted Amounts		<u>Actual</u>	Variance to <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Year Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Property Taxes	<u>26,277</u>	<u>26,277</u>	<u>31,447</u>	<u>5,170</u>
Amounts Available for Appropriation	26,277	26,277	31,447	5,170
Charges to Appropriations (Outflows)				
Public Safety				
Fire Protection	<u>31,372</u>	<u>31,372</u>	<u>31,447</u>	<u>(75)</u>
Total Charges to Appropriation	<u>31,372</u>	<u>31,372</u>	<u>31,447</u>	<u>(75)</u>
Budgetary Fund Balance				
March 31, 2007	<u><u>\$ (5,095)</u></u>	<u><u>\$ (5,095)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,095</u></u>

WILCOX TOWNSHIP

Required Supplementary Information
 Budgetary Comparison Schedule
 For the Public Improvement Special Revenue Fund
 For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance to Final Budget
	Original	Final		
Beginning Year Fund Balance	\$ 40,032	\$ 40,032	\$ 40,032	\$ -
Resources (Inflows)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts Available for Appropriation	40,032	40,032	40,032	-
Charges to Appropriations (Outflows)				
Public Works				
Roads	<u>30,800</u>	<u>30,800</u>	<u>-</u>	<u>30,800</u>
Total Charges to Appropriation	<u>30,800</u>	<u>30,800</u>	<u>-</u>	<u>30,800</u>
Budgetary Fund Balance				
March 31, 2007	<u><u>\$ 9,232</u></u>	<u><u>\$ 9,232</u></u>	<u><u>\$ 40,032</u></u>	<u><u>\$ 30,800</u></u>

WILCOX TOWNSHIP

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

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 29,000	\$ 29,938	\$ 938
State Revenues	85,000	85,037	37
Licenses and Permits	-	150	150
Interest and Royalties	3,500	10,452	6,952
Refunds and Reimbursements	9,850	10,921	1,071
Miscellaneous	-	439	439
Total Revenues	<u>127,350</u>	<u>136,937</u>	<u>9,587</u>
Expenditures			
General Government			
Township Board			
Salaries and Wages		3,010	
Supplies		28	
Legal		2,476	
Contracted Services		209	
Printing and Publishing		268	
Membership and Dues		486	
Miscellaneous		<u>3,779</u>	
	14,200	10,256	3,944
Supervisor			
Salaries and Wages		8,680	
Office Supplies		160	
Education		<u>80</u>	
	11,140	8,920	2,220
Elections			
Salaries and Wages		2,364	
Supplies		304	
Contracted Services		770	
Printing and Publishing		68	
Education		440	
Miscellaneous		<u>182</u>	
	9,200	4,128	5,072
Land Divisions	-	500	(500)

Statement of Revenue, Expenditures and Changes in Fund
 Balance, - Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Clerk			
Salaries and Wages		12,732	
Supplies		250	
Transportation		45	
Education		<u>80</u>	
	15,600	13,107	2,493
Treasurer			
Salaries and Wages		11,561	
Supplies		533	
Contracted Services		2,768	
Education		<u>325</u>	
	15,655	15,187	468
Assessor			
Salaries and Wages		12,600	
Supplies		110	
Printing and Publishing		397	
Membership and Fees		<u>435</u>	
	13,800	13,542	258
Township Hall			
Supplies		75	
Contracted Services		1,048	
Repairs and Maintenance		1,971	
Utilities		1,628	
Telephone		<u>1,156</u>	
	5,125	5,878	(753)
Board of Review			
Salaries and Wages		1,110	
Transportation		42	
Printing and Publishing		300	
Education		291	
Miscellaneous		<u>71</u>	
	<u>1,900</u>	<u>1,814</u>	<u>86</u>
Total General Government	<u>86,620</u>	<u>73,332</u>	<u>13,288</u>
Public Safety			
Fire District	-	59	(59)
Zoning Administrator			
Salaries and Wages		5,000	
Office Supplies		<u>122</u>	
Total Public Safety	5,600	5,122	478

Statement of Revenue, Expenditures and Changes in Fund
Balance, - Budget and Actual - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Planning Commission			
Salaries and Wages		2,717	
Supplies		5	
Contracted Services		10,523	
Transportation		852	
Printing and Publishing		619	
Education		<u>105</u>	
Total Public Safety	18,375	14,821	3,554
Zoning Board of Appeals			
Salaries and Wages		868	
Printing and Publishing		143	
Education		<u>170</u>	
Total Public Safety	<u>1,400</u>	<u>1,181</u>	<u>219</u>
Total Public Safety	25,375	21,183	4,192
Public Works			
Roads	26,000	25,740	260
Dry Hydrants	<u>500</u>	<u>-</u>	<u>500</u>
Total Public Works	26,500	25,740	760
Other Functions			
Payroll Taxes	3,800	4,558	(758)
Insurance	5,750	4,700	1,050
Miscellaneous	<u>-</u>	<u>31</u>	<u>(31)</u>
Total Other Functions	9,550	9,289	261
Contingencies	10,000	-	10,000
Capital Outlay	<u>4,000</u>	<u>2,377</u>	<u>1,623</u>
Total Expenditures	<u>162,045</u>	<u>131,921</u>	<u>30,124</u>
Excess Revenues Over (Under) Expenditures	(34,695)	5,016	39,711
Other Financing Sources (Uses)			
Operating Transfers Out	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(44,695)	5,016	49,711
Fund Balance - Beginning of Year	<u>152,607</u>	<u>155,326</u>	<u>2,719</u>
Fund Balance - End of Year	<u>\$ 107,912</u>	<u>\$ 160,342</u>	<u>\$ 52,430</u>

WILCOX TOWNSHIP

Statement Of Revenues, Expenses and Changes in
Net Assets - Budget and Actual - Enterprise Fund
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Revenues			
Fees	\$ 16,000	\$ 15,524	\$ (476)
Operating Expenses			
Public Works			
Wages	5,935	5,028	907
Payroll Taxes	400	389	11
Contracted Services	20,000	11,513	8,487
Utilities	1,000	617	383
Transportation	-	31	(31)
Repairs and Maintenance	1,300	822	478
Miscellaneous	150	-	150
Depreciation	-	568	(568)
Total Expenditures	<u>28,785</u>	<u>18,968</u>	<u>9,817</u>
Change in Net Assets	<u>\$ (12,785)</u>	(3,444)	<u>\$ (10,293)</u>
Net Assets - April 1, 2006		<u>32,695</u>	
Net Assets - March 31, 2007		<u>\$ 29,251</u>	

WILCOX TOWNSHIP

Statement of Changes in Assets and Liabilities - Tax Collection Fund
For the Year Ended March 31, 2007

	<u>Balance</u> <u>3/31/2006</u>	<u>Additions</u>	<u>Disbursements</u>	<u>Balance</u> <u>3/31/2007</u>
ASSETS				
Cash	<u>\$ 23,645</u>	<u>\$ 800,609</u>	<u>\$ 824,098</u>	<u>\$ 156</u>
LIABILITIES				
Due to Other Funds	\$ 23,645	\$ 50,687	\$ 74,176	\$ 156
Due to Other Units	<u>-</u>	<u>749,922</u>	<u>749,922</u>	<u>-</u>
Total Liabilities	<u>\$ 23,645</u>	<u>\$ 800,609</u>	<u>\$ 824,098</u>	<u>\$ 156</u>

WILCOX TOWNSHIP

Schedule of Cash and Investments
March 31, 2007

General Fund	\$ 161,273
Fire Fund	-
Budget Stabilization Fund	5,000
Public Improvements Fund	40,032
Enterprise Fund	16,867
Trust and Agency	<u>156</u>
Total Cash and Investments (All Funds)	<u><u>\$ 223,327</u></u>

Change Accounts	\$ 190
Independent Bank - Checking	71,555
-Tax Account	156
Choice One Bank	
Certificates of Deposit	5,079
Certificates of Deposit	73,999
Chemical Bank	
Certificates of Deposit	44,553
Certificates of Deposit	<u>27,795</u>
Total Cash and Investments	<u><u>\$ 223,327</u></u>

Major Funds	\$ 218,171
Non-Major Funds	5,000
Trust and Agency Fund	<u>156</u>
	<u><u>\$ 223,327</u></u>

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Teresa Hamilton, Clerk
Wilcox Township
White Cloud, Mi

Dear Ms. Hamilton

As a result of our recent examination of the books and records of your Township for the fiscal year ended March 31, 2007, enclosed please find:

Eight (8) copies of the audit report.

Eight (8) copies of our letter of comments and recommendations.

Eight (8) copies of our letter on internal control (SAS 112).

One (1) copy of our Report to the State Treasurer on Auditing Procedures.

Two (2) copies of the F-65.

Should any questions arise on the enclosed materials please call upon us.

Respectfully submitted,

Jodi DeKuiper, CPA

Jodi DeKuiper, CPA
Hendon & Slate, P.C.

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3986 Lake Michigan Dr. NW
Grand Rapids, MI 49546
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Fax (616) 453-9352

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Fax (231) 924-4088
Toll Free (800) 924-6891

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4538 Dowling Street
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1550 N. Industrial Park Drive
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www.hscompanies.com

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

September 25, 2007

Wilcox Township Board
Newaygo County, Michigan

Dear Board Members:

We would like to thank you for the opportunity to provide our auditing services. It was again a pleasure working with the members of Wilcox Township during the audit engagement.

A recent change in auditing standards (SAS 112 – *Communicating Internal Control Related Matters Identified in an Audit*) now requires that we provide a new letter, which we have included, that focuses on the internal controls over financial reporting.

In addition to the letter referenced above, we also reviewed the Township's accounting procedures as of and for the year ended March 31, 2007, and offer the following comments and recommendations:

PRIOR COMMENTS

We previously commented on the following aspects of the Township's books and records and are pleased to see the following recommendations were adopted:

- **Public Improvement Fund** – The wording has been changed from Capital Projects Fund
- **Fire Fund** – We are happy to see the records of the Township now include the Fire Fund transactions.
- **Payroll Tax Filings** – During the audit we found that the 941 reports of the Township did reconcile with the W-3 report that was filed with the IRS and these numbers also reconciled with the payroll records in Quickbooks.

We did find some areas that still need improvement

- **Books and Records** – We found the Quickbooks data that was given to our office to perform the audit had not been updated from prior audits. These discrepancies again caused difficulty in performing the audit and reconciling general ledger numbers. We ask that all balances be updated to reflect the audited numbers as of March 31, 2007. Our office would be happy to assist in this area if needed.
- **Cash** – We encountered many problems during the audit in reconciling the cash records of the treasurer with those of the clerk. We again stress the need for the clerk and treasurer to reconcile their balances monthly to ensure that all transactions have been recorded and accurate information can be provided to the board. We also

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again ask both the clerk and treasurer to record interest earned from the certificate of deposits at a minimum of quarterly .

- **Tax Account** – Although this area was improved over last year, we still noted at least one tax disbursement that was not made timely. As a reminder, all monies collected by the 1st and 15th of the month, must be remitted by the 10th business day following the 1st and 15th.

CURRENT RECOMMENDATIONS

- **Books and Records** – As the Township is now recording all funds on one company in Quickbooks, we ask that additional care is taken when recording transactions to ensure that the correct class (or fund) is assigned to all transactions.
- **Tax Accounting** - We are enclosing a copy of the Uniform Accounting Procedures Manual, Chapter 4, Current Tax Collections. This manual has been updated since the copy provided, however, the previous version of the Manual provided detail which is not included in the current copy. Please review the recommended procedures for property tax accounting and determine what areas in the Township's current policies can be changed to more closely follow the State's recommendations. This will also assist the Township in addressing some of the findings on the internal control letter accompanying this letter.
- **Policies** – We recommend that the Township Board review the current policies in place and up-date any as necessary. We are enclosing some sample policies which were obtained from the Michigan Township Association web-site.

We appreciate the courtesy extended to us during the course of the audit including the prompt attention to our inquiries. If you have any question regarding that above matters, please let me know.

Respectfully submitted,

Jodi DeKuiper, CPA

Jodi DeKuiper, CPA
Hendon & Slate, P.C.

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

September 25, 2007

Board Members
Wilcox Township
Newaygo County, MI

Dear Board Members:

In planning and performing our audit of the financial statements of Wilcox Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Wilcox Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

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Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program as required by SAS 99 (sample enclosed).

Controls over Non-Routine and Non-Systematic Transactions

The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Controls over Tax Remittances

The Township does not have controls in place whereby tax collections were remitted on a timely basis in accordance with State requirements.

Controls over Financial Statement Preparation

The Township currently does not utilize personnel with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

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

Controls over Tax Remittances

The Township's controls do not ensure remittance of tax collections in accordance with State requirements.

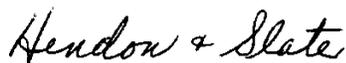
Controls over Financial Statement Preparation

Wilcox Township's internal controls would not prevent or detect a material misstatement in the financial statements.

This communication is intended solely for the information and use of management, and the board of director's of Wilcox Township and others within the department, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the courtesy extended to us during the audit. We look forward to a continued relationship with Wilcox Township. If you have any questions regarding the audit report, this letter or any other communications, please do not hesitate to call.

Respectfully submitted,



Hendon & Slate, P.C.
Fremont, MI