

TOWNSHIP OF COLFAX
Oceana County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Colfax	County Oceana
Fiscal Year End March 31, 2007	Opinion Date January 7, 2008	Date Audit Report Submitted to State January 14, 2008	

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
<input checked="" type="checkbox"/> | NO
<input type="checkbox"/> | 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"/>	N/A		
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040		
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI	Zip 48707
Authorizing CPA Signature 		Printed Name Mark J. Campbell		License Number 1101007803

TOWNSHIP OF COLFAX
Oceana County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

January 7, 2008

To the Township Board
Township of Colfax
Oceana County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Colfax, Oceana County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Colfax'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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Colfax, Oceana County, 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 listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF COLFAX
Oceana County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Colfax covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$380,662.81 for governmental activities. Overall total capital assets increased by \$10,000.00

Overall revenues were \$164,101.26 from governmental activities. Governmental activities had a \$24,629.14 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

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

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund and the Current Tax Collection Fund.

TOWNSHIP OF COLFAX
Oceana County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remain strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant was fire protection which incurred expenses of \$63,599.19.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$10,000.00 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads and water, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk at 231-873-4348.

TOWNSHIP OF COLFAX
Oceana County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	206 199 95
Taxes receivable	12 646 07
Due from other units	<u>54 816 79</u>
Total Current Assets	<u>273 662 81</u>
NON-CURRENT ASSETS:	
Capital Assets	294 000 00
Less: Accumulated Depreciation	<u>(187 000 00)</u>
Total Non-current Assets	<u>107 000 00</u>
TOTAL ASSETS	<u><u>380 662 81</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	107 000 00
Unrestricted	<u>273 662 81</u>
Total Net Assets	<u>380 662 81</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>380 662 81</u></u>

See accompanying notes and accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Program Revenue</u>		<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	3 152 80	-	(3 152 80)
General government	34 375 35	9 828 04	(14 547 31)
Public safety	63 599 19	-	(63 599 19)
Public works	21 397 87	-	(21 397 87)
Culture and recreation	8 401 51	-	(8 401 51)
Other	8 545 40	-	(8 545 40)
Total Governmental Activities	<u>139 472 12</u>	<u>9 828 04</u>	<u>10 000 00</u> <u>(119 644 08)</u>
General Revenues:			
Property taxes			82 357 02
State revenue sharing			41 645 04
Interest			9 129 60
Miscellaneous			11 141 56
Total General Revenues			<u>144 273 22</u>
Change in net assets			24 629 14
Net assets, beginning of year			<u>356 033 67</u>
Net Assets, End of Year			<u>380 662 81</u>

See accompanying notes and accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>
<u>Assets</u>	
Cash in bank	157 373 39
Taxes receivable	12 646 07
Due from other funds	48 856 56
Due from other units	<u>54 816 79</u>
Total Assets	<u><u>273 662 81</u></u>
<u>Liabilities and Fund Equity</u>	
Liabilities	<u>-</u>
Total liabilities	<u>-</u>
Fund equity:	
Fund balances:	
Unreserved:	
Undesignated	<u>273 662 81</u>
Total fund equity	<u>273 662 81</u>
Total Liabilities and Fund Equity	<u><u>273 662 81</u></u>

See accompanying notes and accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	273 662 81
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	294 000 00
Accumulated depreciation	<u>(187 000 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>380 662 81</u>

See accompanying notes and accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>
Revenues:	
Property taxes	82 357 02
State grant	10 000 00
State revenue sharing	41 645 04
Charges for services – PTAF	9 828 04
Interest	9 129 60
Miscellaneous	<u>11 141 56</u>
Total revenues	<u>164 101 26</u>
Expenditures:	
Legislative:	
Township Board	3 152 80
General government:	
Supervisor	5 836 62
Elections	2 146 58
Assessor	8 813 69
Clerk	6 366 09
Board of Review	764 50
Treasurer	8 269 37
Building and grounds	622 00
Cemetery	556 50
Public safety:	
Fire protection	63 599 19
Public works:	
Highways and streets	21 397 87
Culture and recreation:	
Beach	401 51
Other:	
Insurance	4 745 00
Retirement	3 800 40
Capital outlay	<u>10 000 00</u>
Total expenditures	<u>140 472 12</u>
Excess of revenues over expenditures	23 629 14
Fund balance, April 1	<u>250 033 67</u>
Fund Balance, March 31	<u><u>273 662 81</u></u>

See accompanying notes and accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 23 629 14

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

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(9 000 00)
Capital Outlay	<u>10 000 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 24 629 14

See accompanying notes and accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Colfax, Oceana County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Colfax. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary 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. All the Township's government-wide activities are considered governmental activities.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

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. 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. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF COLFAX
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

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

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 3.9137 mills, and the taxable value was \$26,743,905.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF COLFAX
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	30-50 years
---------------------------------------	-------------

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

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 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.

TOWNSHIP OF COLFAX
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; 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 obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date 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. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

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

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>252 029 75</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	129 530 74
Uninsured and Uncollateralized	<u>101 060 31</u>
Total Deposits	<u>230 591 05</u>

The Township of Colfax did not have any investments as of March 31, 2007.

TOWNSHIP OF COLFAX
Oceana County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
<u>Governmental Activities:</u>				
Land and improvements	242 000 00	-	-	242 000 00
Buildings	42 000 00	-	-	42 000 00
Equipment	<u>-</u>	<u>10 000 00</u>	<u>-</u>	<u>10 000 00</u>
Total	284 000 00	10 000 00	-	294 000 00
Accumulated Depreciation	<u>(178 000 00)</u>	<u>(9 000 00)</u>	<u>-</u>	<u>(187 000 00)</u>
Net Capital Assets	<u><u>106 000 00</u></u>	<u><u>1 000 00</u></u>	<u><u>-</u></u>	<u><u>107 000 00</u></u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all elected and appointed officials. The Township contributes amounts based on each employee's annual salary to the plan. Pension expense for the year ended March 31, 2007, was \$3,800.40.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

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

Note 8 – Building Permits

The Township of Colfax does not issue building permits. Building permits are issued by the County of Oceana.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u><u>48 856 56</u></u>	Current Tax Collection	<u><u>48 856 56</u></u>

TOWNSHIP OF COLFAX
Oceana County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	84 811 15	84 811 15	82 357 02	(2 454 13)
State grant	10 000 00	10 000 00	10 000 00	-
State revenue sharing	33 859 75	33 859 75	41 645 04	7 785 29
Charges for services:				
Property tax administration	6 871 78	6 871 78	9 828 04	2 956 26
Interest	1 956 24	1 956 24	9 129 60	7 173 36
Miscellaneous	1 201 94	1 201 94	11 141 56	9 939 62
Total revenues	138 700 86	138 700 86	164 101 26	25 400 40
Expenditures:				
Legislative:				
Township Board	4 300 00	5 100 00	3 152 80	(1 947 20)
General government:				
Supervisor	6 180 00	6 180 00	5 836 62	(343 38)
Elections	2 000 00	2 150 00	2 146 58	(3 42)
Assessor	8 000 00	8 900 00	8 813 69	(86 31)
Clerk	7 180 00	7 180 00	6 366 09	(813 91)
Board of Review	700 00	820 00	764 50	(55 50)
Treasurer	7 180 00	8 280 00	8 269 37	(10 63)
Building and grounds	5 000 00	1 930 00	622 00	(1 308 00)
Cemetery	3 000 00	3 000 00	556 50	(2 443 50)
Public safety:				
Fire protection	63 599 19	63 599 19	63 599 19	-
Public works:				
Highways and streets	65 000 00	65 000 00	21 397 87	(43 602 13)
Culture and recreation:				
Beach	1 500 00	1 500 00	401 51	(1 098 49)
Other:				
Insurance	5 000 00	5 000 00	4 745 00	(255 00)
Retirement	4 000 00	4 000 00	3 800 40	(199 60)
Capital outlay	10 000 00	10 000 00	10 000 00	-
Contingency	1 061 67	1 061 67	-	(1 061 67)
Total expenditures	193 700 86	193 700 86	140 472 12	(53 228 74)
Excess of revenues over expenditures	(55 000 00)	(55 000 00)	23 629 14	78 629 14
Fund balance, April 1	55 000 00	55 000 00	250 033 67	195 033 67
Fund Balance, March 31	-	-	273 662 81	273 662 81

See accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Township Board:	
Salaries	1 800 00
Payroll taxes	488 65
Memberships and dues	404 32
Miscellaneous	459 83
	<u>3 152 80</u>
Supervisor:	
Salary	4 800 00
Salary - deputy	180 00
Miscellaneous	856 62
	<u>5 836 62</u>
Elections:	
Wages	968 00
Miscellaneous	1 178 58
	<u>2 146 58</u>
Assessor:	
Salary	7 500 00
Office supplies	1 313 69
	<u>8 813 69</u>
Clerk:	
Salary	6 000 00
Salary – deputy	180 00
Miscellaneous	186 09
	<u>6 366 09</u>
Board of Review:	
Wages	739 50
Printing and publishing	25 00
	<u>764 50</u>
Treasurer:	
Salary	6 000 00
Salary – deputy	180 00
Office supplies	2 089 37
	<u>8 269 37</u>
Building and grounds:	
Utilities	622 00
	<u>622 00</u>
Cemetery:	
Contracted services	550 00
Supplies	6 50
	<u>556 50</u>
Fire protection:	
Contracted services	63 599 19
	<u>63 599 19</u>
Highways and streets:	
Contracted services	21 397 87
	<u>21 397 87</u>
Beach:	
Operating supplies	401 51
	<u>401 51</u>
Insurance	4 745 00
	<u>4 745 00</u>
Retirement	3 800 40
	<u>3 800 40</u>
Capital outlay	10 000 00
	<u>10 000 00</u>
Total Expenditures	<u>140 472 12</u>

See accountant's report.

TOWNSHIP OF COLFAX
Oceana County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2007

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
<u>Assets</u>				
Cash in Bank	<u>116 676 73</u>	<u>717 893 50</u>	<u>739 883 87</u>	<u>94 686 36</u>
<u>Liabilities</u>				
Due to other funds	116 676 73	80 847 98	148 668 15	48 856 56
Due to others	<u>-</u>	<u>637 045 52</u>	<u>591 215 72</u>	<u>45 829 80</u>
Total Liabilities	<u>116 676 73</u>	<u>717 893 50</u>	<u>739 883 87</u>	<u>94 686 36</u>

See accountant's report.

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

January 7, 2008

To the Township Board
Township of Colfax
Oceana County, Michigan

We have audited the financial statements of the Township of Colfax for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Colfax in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Colfax
Oceana County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

RECEIPT ACTIVITY

Over the past two years the Township has employed three treasurers. During this period of fluctuation the Township has failed to properly record receipt activity.

We recommend that the current treasurer record all incoming transactions in a prenumbered receipt book. On a monthly basis, receipt copies should be given to the clerk to be recorded within the receipt journal and ultimately in the general ledger.

UNIFORM CHART OF ACCOUNTS

The Township is not utilizing the mandatory uniform chart of accounts.

We recommend that the Township utilize the mandatory uniform chart of accounts.

CURRENT TAX COLLECTION DISTRIBUTION

The Township has not disbursed current tax collection monies on a timely basis.

We recommend that the Township disburse current tax collection monies on a timely basis.

To the Township Board
Township of Colfax
Oceana County, Michigan

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY (cont.)

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants