

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 Robinson Township	County Ottawa
Fiscal Year End 3/31/07	Opinion Date 8/31/07	Date Audit Report Submitted to State 9/17/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

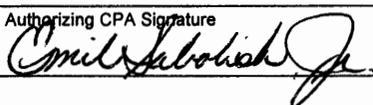
YES NO

Check each applicable box below. (See instructions for further detail.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC		Telephone Number 616-772-4615	
Street Address 205 East Main Street		City Zeeland	State Zip MI 49464
Authorizing CPA Signature 	Printed Name Emil Sabolish, Jr.	License Number 9304	

**ROBINSON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2007**

**KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan**

**Robinson Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

August 31, 2007

Township Board
Robinson Township, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Robinson 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 Robinson Township, Michigan'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 opinions.

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 Robinson 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, as identified 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 supplementary information. However, we did not audit the information and express no opinion on it.

Kiekover, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of Robinson Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Robinson Township exceeded its liabilities at the close of the most recent fiscal year by \$2,321,129 (*net assets*). Of this amount, \$553,613 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$184,573. This is reflected in a net increase in restricted net assets of \$82,955, while unrestricted net assets increased by \$26,499 and capital assets, net of related debt increased by \$75,119.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,033,674, an increase of \$91,240 in comparison with the prior year. Approximately 47.52% of this total amount, \$491,064, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$491,063 or 61% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$19,740 (21.3%) during the current fiscal year. This is the result of the Township making its required scheduled contractual obligation water system payments to Grand Haven Charter Township.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected state shared revenues, franchise fees and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The Township has no business-type activities.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Fire Operating Fund, and FEMA Mitigation Grants Fund, all of which are considered to be major funds.

The Township adopts an annual appropriated budget for its General Fund, Fire Operating Fund, and FEMA Mitigation Grants Fund. Budgetary comparison schedules have been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. Proprietary funds are used to report *business-type activities*. The Township has no business-type activities and therefore no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Township has no fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-14 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund, Fire Operating Fund and FEMA Mitigation Grants Fund found on pages 15-18 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Robinson Township, assets exceeded liabilities by \$2,321,129 at the close of the most recent fiscal year.

The largest portion of the Township's net assets (53%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, water and sewer systems and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (23.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$553,613) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets.

The following table shows, in a condensed format, the net assets of Robinson Township as of March 31, 2007 and 2006.

TABLE 1 - Robinson Township's Net Assets

	Governmental	
	Activities	
	2007	2006
Current and other assets	\$ 1,474,260	\$ 1,021,126
Capital assets	1,298,288	1,242,639
Total assets	<u>2,772,548</u>	<u>2,263,765</u>
Long-term debt outstanding	73,382	92,852
Other liabilities	378,037	34,357
Total liabilities	<u>451,419</u>	<u>127,209</u>
Net assets:		
Invested in capital assets, net of related debt	1,224,906	1,149,787
Restricted	542,610	459,655
Unrestricted	553,613	527,114
Total net assets	<u>\$ 2,321,129</u>	<u>\$ 2,136,556</u>

Change in Net Assets – As shown in Table 2 (changes in net assets) the Township’s total revenues were approximately \$1,598,000 for the current year, of which 32.1% was obtained from property taxes. Charges for services accounted for another 7.4% of the total, State shared revenues 24.9 %, operating grants and contributions 29.6%, and capital grants and contributions another 2.2%. The balance of the Township’s revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended March 31, 2007 was approximately \$1,413,000. Township expenses cover a wide range of services. For the current fiscal year, about 27.2% of the Township’s expenses related to general government services, 55.9% related to public safety, 8.4% related to public works, 4.3% related to community and economic development, and 3.8% recreation and culture.

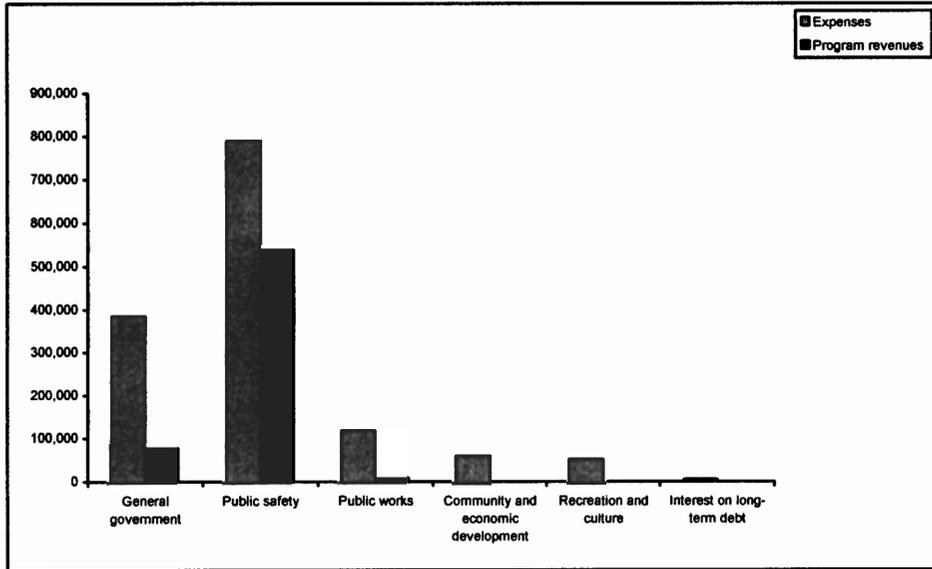
Net assets increased by \$184,573 for the Township’s governmental activities.

The following analysis highlights the changes in net assets for the years ended March 31, 2007 and 2006.

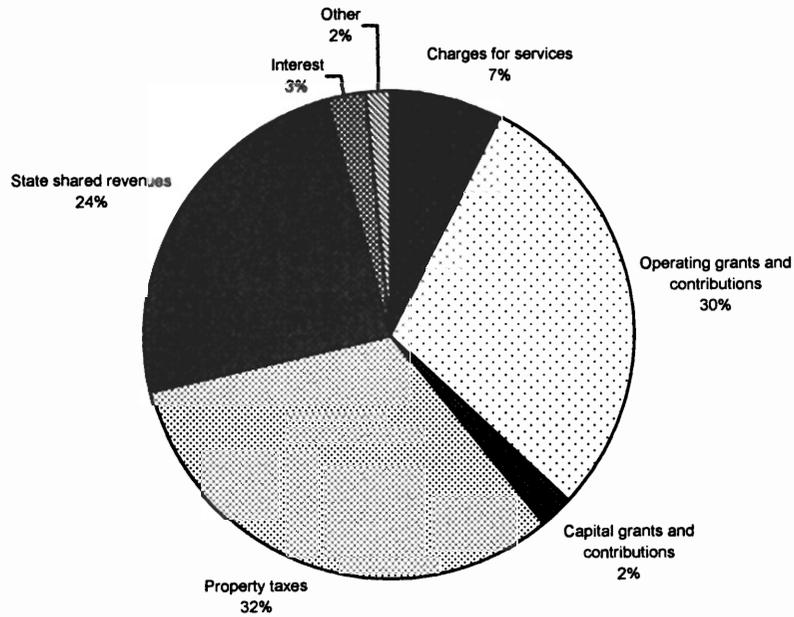
TABLE 2 - Robinson Township's Changes in Net Assets

	Governmental Activities	
	2007	2006
Program revenues		
Charges for services	\$ 117,932	\$ 137,546
Operating grants and contributions	472,124	-
Capital grants and contributions	34,925	9,748
General revenues		
Property taxes	513,476	483,308
State shared revenues	391,245	393,410
Interest	40,793	20,342
Other	<u>27,082</u>	<u>26,242</u>
Total revenues	<u>1,597,577</u>	<u>1,070,596</u>
Program expenses		
General government	384,849	480,316
Public safety	790,417	270,216
Public works	119,234	155,959
Community and economic development	60,501	67,050
Recreation and culture	52,992	52,202
Interest on long-term debt	<u>5,011</u>	<u>6,249</u>
Total expenses	<u>1,413,004</u>	<u>1,031,992</u>
Change in Net Assets	<u>\$ 184,573</u>	<u>\$ 38,604</u>

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 3, following 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, grants, contributions or capital projects. The Township's major funds for the year ended March 31, 2007 consist of the General Fund, Fire Operating Fund, and FEMA Mitigation Grants Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2007 decreased by \$27,735 or 3.6%, to \$808,583, compared to the prior year. Property tax revenues increased by \$14,269 or 7.0%. State shared revenues decreased by \$3,762 or 1.0%. Licenses and permits revenues decreased by \$23,128 or 20.1%. All other General Fund revenue sources increased by \$40,356, the biggest portion attributable to a \$28,325 siren grant received by the Township during the fiscal year.

General Fund expenditures decreased in fiscal year 2007 by \$93,066 or 10.4%, to \$800,299. The most significant increase occurred in the category of Public Safety due to increases in Building Inspection and Civil Defense costs. General Government expenditures decreased compared to the prior year due mainly to lower costs for Township Board. Public Works expenditures decreased compared to the prior year due mainly to lower costs for Flood services and Water system.

The March 31, 2007 fund balance of the General Fund is \$491,063 which is all unreserved. This is an increase of \$8,284 from the prior year. The \$491,063 unreserved fund balance is approximately 61% of fiscal year 2007 expenditures and operating transfers to other funds which amounted to \$800,299.

The Fire Operating Fund is used to account for special taxes levied, grants and other revenues restricted for fire department operating and capital acquisitions. Total Fire Operating Fund revenues and other sources increased by \$30,008 or 10.5% compared to the prior fiscal year. Property tax revenues increased by \$15,899 or 5.7%.

Fire Operating Fund expenditures increased in fiscal year 2007 by \$96,433 or 70.5%. This is mainly a result of significantly increased capital expenditures in fiscal year 2007.

The March 31, 2007 fund balance of the Fire Operating Fund is \$542,610 which is all reserved for fire operating purposes. This is an increase of \$82,955 from the prior year. The \$542,610 fund balance is approximately 232% of fiscal year 2007 expenditures which amounted to \$233,175.

The FEMA Mitigation Grants Fund was established in fiscal year 2007 to account for grant revenues and related expenditures of FEMA Pre-Disaster Mitigation Grants received by the Township. The Township recognized \$455,592 in grant revenues during the year and expended an equal amount on acquisition and demolition costs of properties located in flood prone areas within the Township.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budget amendments were made to reflect increased costs for legal fees classified to the Building Inspection activity and expenditures classified to the Flood Services activity. Total General Fund expenditures were \$117,372 below the final budget and \$17,599 more than the original budget. The General Fund's fund balance increased by \$8,284 compared to a final budgeted decrease of \$127,381.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2007 amounted to \$1,298,288 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and vehicles. The total increase in the Township's investment in capital assets for the current fiscal year was \$55,649 (4.5%) for governmental activities.

Major capital asset events during the current fiscal year included the following:

- \$37,200 expended for two way warning sirens
- \$20,670 expended for fire department equipment
- \$69,993 expended for down payment on fire department pumper truck

Additional information on the Township's capital assets can be found in note 3C on page 12 of this report.

Robinson Township's Capital Assets (net of depreciation)

	Governmental Activities	
	2007	2006
Land	\$ 165,189	\$ 165,189
Buildings and improvements	253,914	268,262
Land improvements	352,753	366,628
Machinery and equipment	171,478	138,167
Office furniture and equipment	14,995	13,595
Vehicles	339,959	290,798
Total	<u>\$ 1,298,288</u>	<u>\$ 1,242,639</u>

Long-term debt. At March 31, 2007, the Township had total installment debt outstanding of \$73,382.

Robinson Township's Outstanding Debt Contractual Obligations to Grand Haven Charter Township

	Governmental Activities	
	2007	2006
1989 Contract - 144th Main	\$ 11,801	\$ 15,168
1989 Contract - Transmission system	6,790	7,197
1989 Contract - Treatment plant allocation	11,818	14,301
1998 Contract amendment - 144th Main	42,973	56,186
Total	<u>\$ 73,382</u>	<u>\$ 92,852</u>

Total outstanding debt decreased by \$19,470 during the current year as a result of the Township making its required scheduled debt payments of \$19,470 while incurring no new debt during the year.

Additional information on the Township's long-term debt can be found in Note 3E on page 13 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2007 calls for a no change in the overall property tax rate except for any reductions required by Proposal A. The state-wide tax reform act limits the growth in taxable value on any property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result is that the total taxable value for the Township will grow less than inflation, before considering new property additions.

The Township continues to be challenged by a reduction in State Shared Revenues and has budgeted slightly lower revenues from this source in fiscal year 2007.

Requests for Information

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 any questions regarding this report or need additional information, we welcome you to contact the Township office.

Basic Financial Statements

Robinson Township, Michigan
STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,285,756
Receivables:	
Grants	16,532
Accounts	10,819
Special assessments	8,890
Due from other governments	126,070
Prepaid items	26,193
Capital assets	<u>1,298,288</u>
Total Assets	<u>2,772,548</u>
LIABILITIES	
Accounts payable	199,011
Accrued liabilities	3,523
Accrued payroll	7,070
Deposits	4,368
Deferred revenue	164,065
Noncurrent liabilities:	
Due within one year	20,727
Due in more than one year	<u>52,655</u>
Total Liabilities	<u>451,419</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,224,906
Restricted for fire operating	542,610
Unrestricted	<u>553,613</u>
Total Net assets	<u>\$ 2,321,129</u>

Robinson Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Function/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ 384,849	\$ 77,342	\$ -	\$ -	\$ (307,507)
Public safety	790,417	38,500	472,124	28,325	(251,468)
Public works	119,234	2,090	-	6,600	(110,544)
Community and economic development	60,501	-	-	-	(60,501)
Recreation and culture	52,992	-	-	-	(52,992)
Interest on long-term debt	5,011	-	-	-	(5,011)
Total Governmental Activities	\$ 1,413,004	\$ 117,932	\$ 472,124	\$ 34,925	(788,023)
 General revenues:					
					513,476
					391,245
					40,793
					27,082
					<u>972,596</u>
					 184,573
					 2,136,556
					 <u>\$ 2,321,129</u>

Robinson Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2007

	General	Fire Operating	FEMA Mitigation Grants	Total Governmental Funds
ASSETS				
Cash and investments	\$ 434,090	\$ 541,665	\$ 310,001	\$ 1,285,756
Receivables:				
Accounts	-	-	149	149
Special assessments	8,890	-	-	8,890
Due from other governments	76,145	19,945	-	96,090
Prepaid items	26,193	-	-	26,193
Total Assets	\$ 545,318	\$ 561,610	\$ 310,150	\$ 1,417,078
LIABILITIES				
Accounts payable	\$ 33,927	\$ 19,000	\$ 146,084	\$ 199,011
Accrued payroll	7,070	-	-	7,070
Deposits	4,368	-	-	4,368
Deferred revenue	8,890	-	164,065	172,955
Total Liabilities	54,255	19,000	310,149	383,404
FUND BALANCES				
Reserved for fire operating	-	542,610	-	542,610
Unreserved - reported in:				
General Fund	491,063	-	-	491,063
Special Revenue Funds	-	-	1	1
Total Fund Balances	491,063	542,610	1	1,033,674
Total Liabilities and Fund Balances	\$ 545,318	\$ 561,610	\$ 310,150	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds:	1,298,288
Franchise fees and grants receivable are not available to pay for current expenditures and are therefore not reported in the funds	27,202
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures and are therefore not reported in the funds	29,980
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures and are therefore deferred in the funds	8,890
Interest accrued on outstanding notes payable is not reported in the funds	(3,523)
Long term liabilities are not due and payable in the current period and are therefore not reported in the funds	(73,382)
Net Assets of Governmental Activities	\$ 2,321,129

Robinson Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2007

	General	Fire Operating	FEMA Mitigation Grants	Total Governmental Funds
Revenues:				
Taxes	\$ 218,730	\$ 294,746	\$ -	\$ 513,476
Licenses and permits	91,809	-	-	91,809
Federal grants	28,325	-	455,592	483,917
State shared revenues	389,760	-	-	389,760
Charges for services	10,304	-	-	10,304
Interest	22,818	17,975	-	40,793
Special assessments	3,656	-	-	3,656
Other	43,181	3,409	1	46,591
Total Revenues	<u>808,583</u>	<u>316,130</u>	<u>455,593</u>	<u>1,580,306</u>
Expenditures:				
Current:				
General government	340,107	-	-	340,107
Public safety	184,230	233,175	455,592	872,997
Public works	142,658	-	-	142,658
Community and economic development	60,501	-	-	60,501
Recreation and culture	38,392	-	-	38,392
Other	34,411	-	-	34,411
Total Expenditures	<u>800,299</u>	<u>233,175</u>	<u>455,592</u>	<u>1,489,066</u>
Net Change in Fund Balances	8,284	82,955	1	91,240
Fund Balances - April 1	<u>482,779</u>	<u>459,655</u>	<u>-</u>	<u>942,434</u>
Fund Balances - March 31	<u>\$ 491,063</u>	<u>\$ 542,610</u>	<u>\$ 1</u>	<u>\$ 1,033,674</u>

Robinson Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, 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 **\$ 91,240**

Amounts reported for the 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:

Current year capital outlays capitalized - general capital assets	133,858
Current year depreciation expense on capitalized assets	(78,209)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

State shared revenues	1,485
Special assessment revenues	(1,566)
Franchise fees	820
Grants	16,532

Repayments of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	19,470
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	943
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Change in net assets of governmental activities **\$ 184,573**

Robinson Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Robinson 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 accounting policies used by Robinson Township:

A. Reporting Entity

Robinson Township is governed by an elected five-member board of trustees. The accompanying financial statements present the township and its component units, entities for which the township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The township has no blended component units.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the township has no business-type activities) which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable (the township has no legally separate component units).

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 the governmental funds. The township's three individual governmental funds, which are considered major funds, are reported as separate columns in these 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. 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 generally are 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.

Those revenues susceptible to accrual (that is, when they become both measurable and available to finance expenditures of the fiscal period) are property taxes, grants, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The township reports the following major governmental funds:

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

Fire Operating (Special Revenue) Fund - The Fire Operating Fund accounts for resources of special taxes levied, grants, and other revenues that are restricted for fire department operating and capital acquisitions.

FEMA Mitigation Grants (Special Revenue) Fund - The FEMA Mitigation Grants Fund accounts for grant revenue and related expenditures of the township's FEMA Pre-Disaster Mitigation Grants.

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 the inter-fund 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.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Bank Deposits and Investments.

The township maintains separate cash accounts for each of its various funds as well maintaining a pooled cash account to facilitate the management of cash.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. 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."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

3. Inventories and Prepaid Items.

Inventories do not consist of material amounts. The cost of inventorable supplies has been recorded as an expenditure at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 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.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Land improvements	10-30
Machinery and equipment	5-15
Office furniture and equipment	3-10
Vehicles	5-25
Roads and sidewalks	15-25

6. *Compensated Absences.*

It is the township's policy to permit employees to accumulate earned but unused vacation pay benefits. If material, all vacation pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

7. *Long-Term Obligations.*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. *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.

E. Property Taxes

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

The township's 2006 ad valorem tax is levied and collectible on December 1, 2006 and it is the township's policy to recognize revenue from this levy in the year ended March 31, 2007, when proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable valuation of the township totaled \$186,327,675, on which taxes levied consisted of .90570 mills for general operating purposes and 1.5770 mills for fire operating purposes. This resulted in \$168,742 for general operating purposes and \$293,809 for fire operating purposes.

The above amounts are recognized in the General Fund and Fire Operating Fund as tax revenue.

F. Use of Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

For the General Fund and FEMA Mitigation Grants Fund the appropriated budget is prepared by function and activity. The legal level of budgetary control adopted by the governing body for the General Fund and FEMA Mitigation Grants Fund is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. For the Fire Operating Fund the appropriated budget is prepared on a line item basis. The legal level of budgetary control adopted by the governing body for the Fire Operating Fund is the line item level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations as compared to budget for the General Fund, FEMA Mitigation Grants Fund and Fire Operating Fund is included in the required supplemental information.

B. State Construction Code Act

The township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The township accounts for the activity of its building inspection department within its General Fund. Following is a summary of the cumulative deficit and activity for the year ended March 31, 2007:

Surplus (deficit) - April 1, 2006		\$ (90,028)
Charges for services	\$ 38,500	
Building inspection expenditures	<u>125,582</u>	<u>(87,082)</u>
Surplus (deficit) - March 31, 2007		<u>\$ (177,110)</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit 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 local unit 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 governing body has designated several banks for the deposit of township funds. The investment policy adopted by the township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

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

At year-end, the township's deposits and investments totaling \$1,285,756 were all reported in the Governmental Activities category.

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 1,279,860
Investments in bank governmental units investment pools	<u>5,896</u>
Total	<u>\$ 1,285,756</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$1,443,770 of which \$201,686 was covered by federal depository insurance and \$1,242,084 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The township has no investment policy that limits its investment choices beyond those required by state law. At year end the township had \$5,869 in permissible bank investment pools that are not separately rated.

B. Receivables

Receivables as of year-end for the township's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire Operating</u>	<u>FEMA Mitigation</u>	<u>Total</u>
Receivables:				
Accounts	\$ -	\$ -	149	\$ 149
Special assessments	8,890	-	-	8,890
Intergovernmental	<u>76,145</u>	<u>19,945</u>	<u>-</u>	<u>96,090</u>
Gross receivables	85,035	19,945	149	105,129
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 85,035</u>	<u>\$ 19,945</u>	<u>\$ 149</u>	<u>\$ 105,129</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Federal grants	\$ -	\$ 164,065
Special assessments	<u>8,890</u>	<u>-</u>
	<u>\$ 8,890</u>	<u>\$ 164,065</u>

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 165,189	\$ -	\$ -	\$ -	\$ 165,189
Capital Assets Being Depreciated					
Building and improvements	445,321	-	-	-	445,321
Land improvements	403,018	-	-	-	403,018
Machinery and equipment	253,804	57,870	-	-	311,674
Office furniture and equipment	56,552	5,995	-	-	62,547
Vehicles	529,725	69,993	-	-	599,718
Subtotal	<u>1,688,420</u>	<u>133,858</u>	<u>-</u>	<u>-</u>	<u>1,822,278</u>
Less Accumulated Depreciation for					
Buildings and improvements	(177,059)	(14,348)	-	-	(191,407)
Land improvements	(36,390)	(13,875)	-	-	(50,265)
Machinery and equipment	(115,637)	(24,559)	-	-	(140,196)
Office furniture and equipment	(42,957)	(4,595)	-	-	(47,552)
Vehicles	(238,927)	(20,832)	-	-	(259,759)
Subtotal	<u>(610,970)</u>	<u>(78,209)</u>	<u>-</u>	<u>-</u>	<u>(689,179)</u>
Net Capital Assets Being Depreciated	<u>1,077,450</u>	<u>55,649</u>	<u>-</u>	<u>-</u>	<u>1,133,099</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 1,242,639</u>	<u>\$ 55,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,288</u>

Depreciation expense was charged to programs of the township as follows:

Governmental Activities	
General government	\$ 14,348
Public safety	48,278
Public works	2,000
Recreation and culture	13,583
Total Governmental Activities	<u>\$ 78,209</u>

Construction Commitments-The township had no significant construction commitments as of March 31, 2007.

D. Interfund Receivables, Payables and Transfers

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

E. Long-Term Debt

The township has entered into agreements with Grand Haven Charter Township to pay for the construction of portions of water systems serving residents of Robinson Township. All Robinson Township residents accessing the system are billed by and are customers of the Grand Haven Township water system.

The agreements also require Grand Haven Charter Township to reimburse Robinson Township for the debt service portion of water rate charges paid by Robinson Township residents to Grand Haven Charter Township. Such reimbursements received by Robinson Township amounted to \$6,442 in the year ended March 31, 2007.

Contractual obligation activity under these agreements for the township can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Contractual Obligations due						
Grand Haven Charter Township:						
1989 Contract - 144th Main, interest rate of 8%, due 7-1-2009	\$ 44,961	\$ 15,168	\$ -	\$ (3,367)	\$ 11,801	\$ 3,635
1989 Contract - Transmission system, interest rate of 5%, due 7-1-2018	11,600	7,197	-	(407)	6,790	427
1989 Contract - Treatment Plant allocation, interest rate of 7.07%, due 7-1-2010	37,661	14,301	-	(2,483)	11,818	2,659
1998 Contract amendment - 144th Main, interest at 6%, due 7-1-2009	129,681	56,186	-	(13,213)	42,973	14,006
Total Governmental Activities		\$ 92,852	\$ -	\$ (19,470)	\$ 73,382	\$ 20,727

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ended March 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 20,727	\$ 4,697
2009	22,067	3,357
2010	21,880	1,928
2011	3,757	503
2012	518	248
2013-2017	3,009	822
2018-2019	1,424	107
Total	\$ 73,382	\$ 11,662

F. Restricted Assets

The township has no restricted assets at March 31, 2007.

NOTE 4. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance and workers compensation coverage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

In the normal course of its activities, the township has become party to various legal actions. The proceedings have not yet progressed to the point where an opinion can be reached as to the ultimate liability, if any, to the township. No liability has been provided for any of these matters in the March 31, 2007 financial statements.

C. Defined Contribution Pension Plan

The Township provides pension benefits to all employees meeting eligibility requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For non-elected eligible employees, the township contributes 8% of eligible earnings and plan participants are also required to contribute 8% of eligible earnings, as defined by the plan document. The township contributes 20% of eligible earnings for the elected trustees. The township contributed \$19,916 for the year ended March 31, 2007. Plan provisions and contribution requirements are established and may be amended by the Township Board.

Required Supplementary Information

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 209,000	\$ 209,000	\$ 218,730	\$ 9,730
Licenses and permits	115,840	115,840	91,809	(24,031)
Federal grants	-	28,850	28,325	(525)
State shared revenues	390,000	390,000	389,760	(240)
Charges for services	6,950	6,950	10,304	3,354
Interest	7,750	7,750	22,818	15,068
Special assessments	6,500	6,500	3,656	(2,844)
Other	25,400	25,400	43,181	17,781
Total Revenues	<u>761,440</u>	<u>790,290</u>	<u>808,583</u>	<u>18,293</u>
Expenditures:				
Current:				
General Government:				
Township Board	96,700	97,786	68,340	29,446
Supervisor	15,500	15,500	14,614	886
Elections	22,000	23,800	20,823	2,977
Assessor	45,000	45,000	42,126	2,874
Clerk	31,500	31,500	29,684	1,816
Board of Review	800	800	601	199
Treasurer	38,000	38,000	30,989	7,011
Township hall	150,000	150,000	113,952	36,048
Cemetery	15,000	15,000	14,072	928
Census	-	5,000	4,906	94
Total General Government	<u>414,500</u>	<u>422,386</u>	<u>340,107</u>	<u>82,279</u>
Public Safety:				
Sheriff	9,000	9,468	9,468	-
Liquor law enforcement	900	900	825	75
Fire department	10,800	10,800	10,787	13
Building inspection	58,000	121,000	125,582	(4,582)
Civil defense	-	38,150	37,568	582
Total Public Safety	<u>78,700</u>	<u>180,318</u>	<u>184,230</u>	<u>(3,912)</u>
Public Works:				
Public works-other	24,000	19,700	20,515	(815)
Flood services	-	20,000	22,263	(2,263)
Drains	3,000	3,000	2,786	214
Roads	61,600	61,600	61,600	-
Refuse collection/disposal	10,000	10,000	8,561	1,439
Water system	45,000	45,000	26,933	18,067
Total Public Works	<u>143,600</u>	<u>159,300</u>	<u>142,658</u>	<u>16,642</u>

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Community and Economic Development:				
Planning Commission	22,000	22,000	17,488	4,512
Zoning	35,000	38,500	37,961	539
Zoning Board of Appeals	4,400	5,700	5,052	648
Total Community and Economic Development	<u>61,400</u>	<u>66,200</u>	<u>60,501</u>	<u>5,699</u>
Recreation and Culture:				
Township park	30,000	30,000	26,425	3,575
Recreation program	10,500	11,967	11,967	-
Total Recreation and Culture	<u>40,500</u>	<u>41,967</u>	<u>38,392</u>	<u>3,575</u>
Other:				
Retirement contribution	35,000	35,000	26,829	8,171
Payroll taxes	9,000	9,000	6,565	2,435
Recreation and cultural services	-	3,500	1,017	2,483
Total other	<u>44,000</u>	<u>47,500</u>	<u>34,411</u>	<u>13,089</u>
Total Expenditures	<u>782,700</u>	<u>917,671</u>	<u>800,299</u>	<u>117,372</u>
Net Change in Fund Balances	(21,260)	(127,381)	8,284	135,665
Fund Balances - April 1	<u>482,779</u>	<u>482,779</u>	<u>482,779</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 461,519</u>	<u>\$ 355,398</u>	<u>\$ 491,063</u>	<u>\$ 135,665</u>

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE OPERATING FUND
Year Ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 276,000	\$ 276,000	\$ 294,746	\$ 18,746
Interest	2,500	2,500	17,975	15,475
Other	-	-	3,409	3,409
Total Revenues	<u>278,500</u>	<u>278,500</u>	<u>316,130</u>	<u>37,630</u>
Expenditures:				
Current:				
Public Safety:				
Salaries training	48,000	48,000	36,707	11,293
Fire fighter pension	22,000	22,000	14,477	7,523
Office supplies	4,000	4,000	1,951	2,049
Association dues	1,000	1,000	1,919	(919)
Medical supplies	2,000	2,000	214	1,786
Phone/pagers	10,000	10,000	6,106	3,894
Fuel	7,500	7,500	4,346	3,154
Insurance	27,000	27,000	19,628	7,372
Utilities	8,500	8,500	5,359	3,141
Maintenance/repairs	15,000	15,000	6,891	8,109
Maintenance/building and grounds	7,000	7,000	6,034	966
Maintenance/apparatus	20,000	20,000	10,052	9,948
Maintenance/radio	9,500	9,500	16,497	(6,997)
Compressor/air repair	5,000	5,000	4,176	824
Fire prevention	5,000	5,000	1,001	3,999
Hydrant rental	2,000	2,000	96	1,904
Miscellaneous	5,000	5,000	6,236	(1,236)
Training school/inspection	5,000	5,000	822	4,178
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>90,663</u>	<u>(15,663)</u>
Total expenditures	<u>278,500</u>	<u>278,500</u>	<u>233,175</u>	<u>45,325</u>
Net Change in Fund Balances	-	-	82,955	82,955
Fund Balances - April 1	<u>459,655</u>	<u>459,655</u>	<u>459,655</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 459,655</u>	<u>\$ 459,655</u>	<u>\$ 542,610</u>	<u>\$ 82,955</u>

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FEMA MITIGATION GRANTS FUND
Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 4,000,000	\$ 4,000,000	\$ 455,592	\$ (3,544,408)
Other	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	4,000,000	4,000,000	455,593	(3,544,407)
Expenditures:				
Current:				
Public Safety:				
Property acquisition	<u>4,000,000</u>	<u>4,000,000</u>	<u>455,592</u>	<u>3,544,408</u>
Net Change in Fund Balances	-	-	1	1
Fund Balances - April 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - March 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>



August 31, 2007

Township Board
Robinson Township, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Robinson 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 Robinson 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 that we consider 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. **Auditor Adjustments** - During the course of the 2007 audit several adjustments were proposed by the auditor to properly record amounts for accounts payable, accrued payroll, taxes receivable, state shared revenues receivable, pension expense, deposits, and accrued interest receivable.

A material weakness is a significant deficiency, or 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 entities internal control. We believe the following deficiencies to be material weaknesses.

1. **Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)** – Robinson Township lacks adequate controls to prepare year-end full disclosure financial statements, including the related footnotes and government-wide (GASB 34) statements. The Township has limited expertise in the preparation of year-end financial statements and relies on the auditors to draft the annual financial statements including related disclosures. Because of this lack of internal expertise and because the auditor cannot be part of the Township's control environment, there exists a likelihood that a misstatement that is more than inconsequential to the financial statements will not be prevented or detected by the Township's internal control.
2. **Fixed Asset Accounting** - The Township lacks controls and procedures to identify property and equipment acquired during the year that is subject to capitalization in accordance with the Township's fixed asset capitalization policy. It is necessary for the auditor to propose adjustments to properly reflect this activity.
3. **Mitigation Grant** – Auditor adjustments were necessary in the FEMA Mitigation Grant Fund to reflect the recognition of grant revenues and expenditures in the proper fiscal year (date of actual property closing).

This communication is intended solely for the information and use of management, the Board of Trustees, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC