

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 GILFORD TOWNSHIP	County TUSCOLA
Fiscal Year End 3-31-07	Opinion Date 6-4-07	Date Audit Report Submitted to State 6-14-07	

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	n/a	
Certified Public Accountant (Firm Name) ANDERSON, TUCKEY, BERNHART & ADRIAN		Telephone Number 989-673-3137	
Street Address 715 E. FRANK ST		City CARO	State Zip MI 48723
Authorizing CPA Signature <i>Gary R. Anderson CPA</i>		Printed Name GARY R. ANDERSON	License Number 1101005446

GILFORD TOWNSHIP
Tuscola County, Michigan

Annual Financial Statements
and Auditor's Report
March 31, 2007

GILFORD TOWNSHIP
Tuscola County, Michigan

Annual Financial Statements
and Auditor's Report

March 31, 2007

TOWNSHIP BOARD

Supervisor.....	James Stockmeyer
Treasurer.....	Ruth Ann Kaijala
Clerk.....	Ruth Spencer
Trustee.....	Nancy Keyes
Trustee.....	Kent Houghtaling

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June 4, 2007

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Gilford Township
Tuscola County, Michigan

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Gilford as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statement required by accounting principals generally accepted in the United States of America. These financial statements are the responsibility of the Township of Gilford's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township has not maintained a record of its general fixed assets and, accordingly, a statement of general fixed assets, required by U.S. generally accepted accounting principles is not included in the financial report.

Management has not presented government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township of Gilford's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Gilford as of March 31, 2007, or changes in its financial position or cash flows where applicable, for the year then ended.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of Gilford Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GENERAL PURPOSE FINANCIAL STATEMENTS

GILFORD TOWNSHIP
 Combined Balance Sheet - All Fund Types
 March 31, 2007

	<u>GOVERNMENTAL FUND TYPE</u>		<u>FIDUCIARY FUND TYPE</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>AGENCY FUND</u>
<u>ASSETS</u>			
Cash in Bank - Chemical	\$ 81,272	\$ 72,941	\$ 4,242
Taxes Receivable			51,649
Due from other funds	6,987	11,456	
Property, Plant, & Equipment- at cost			
Amount to be provided for payment of general long-term debt			
<u>TOTAL ASSETS</u>	<u>\$ 88,259</u>	<u>\$ 84,397</u>	<u>\$ 55,891</u>
<u>LIABILITIES & FUND BALANCE</u>			
Due to other funds	\$ 2,116	\$ 145	\$ 16,182
Due to other governmental units			39,709
Note Payable- Long Term			
Total Liabilities	<u>2,116</u>	<u>145</u>	<u>55,891</u>
Fund Balance:			
Investment in General Fixed Assets			
Undesignated	<u>\$ 86,143</u>	<u>\$ 84,252</u>	
Total Fund Balance	<u>86,143</u>	<u>84,252</u>	<u>-</u>
<u>TOTAL LIABILITIES & FUND BALANCE</u>	<u>\$ 88,259</u>	<u>\$ 84,397</u>	<u>\$ 55,891</u>

The accompanying notes are an integral part of the financial statements.

ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	MARCH 31,	
		2007	2006
		\$ 158,455	\$ 233,229
		51,649	42,505
		18,443	14,520
\$ 209,627		209,627	-
	\$ 140,000	140,000	-
\$ 209,627	\$ 140,000	\$ 228,547	\$ 290,254
		\$ 18,443	\$ 14,520
		39,709	33,157
	\$ 140,000	140,000	-
-	140,000	58,152	47,677
209,627		209,627	0
		170,395	242,577
209,627	-	170,395	242,577
\$ 209,627	\$ 140,000	\$ 228,547	\$ 290,254

GILFORD TOWNSHIP
 Combined Statement of Revenues, Expenditures And
 Changes In Fund Balance - All Governmental Fund Types
 For The Year Ended March 31, 2007

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
REVENUES:		
Taxes	\$ 47,371	\$ 127,986
Intergovernmental	56,837	3,618
Licenses and permits	180	
Charges for services	-	
Interest	9,713	2,839
Miscellaneous	258	
	<hr/>	<hr/>
TOTAL REVENUES	<u>114,360</u>	<u>134,442</u>
EXPENDITURES:		
Legislative	13,149	
General Government	32,050	
Public Works	67,673	105,651
Recreation and Cultural	2,076	
Public Safety	-	28,264
Payroll Taxes	2,493	
Capital Outlay	209,627	
	<hr/>	<hr/>
TOTAL EXPENDITURES	327,068	133,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/> (212,708)	<hr/> 527
OTHER FINANCING SOURCES (USES) Proceeds from Loan	<hr/> 140,000	<hr/> -
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<hr/> (72,708)	<hr/> 527
FUND BALANCE - BEGINNING OF YEAR	<hr/> 158,852	<hr/> 83,725
FUND BALANCE - END OF YEAR	<hr/> <u>\$ 86,143</u>	<hr/> <u>\$ 84,252</u>

The accompanying notes are an integral part of the financial statements.

**TOTALS
(MEMORANDUM ONLY)
FOR THE YEAR ENDED MARCH 31,
2007 2006**

	2007		2006
\$	175,357	\$	180,488
	60,455		59,945
	180		40
	-		-
	12,552		12,057
	258		2,111
	248,802		254,641
	13,149		13,186
	32,050		31,550
	173,324		155,928
	2,076		2,030
	28,264		32,314
	2,493		1,184
	209,627		2,900
	460,983		239,092
	(212,181)		15,548
	140,000		-
	(72,181)		15,548
	242,577		227,029
\$	170,395	\$	242,577

GILFORD TOWNSHIP
 Combined Statement of Revenues, Expenditures
 And Changes In Fund Balance - Budget (GAAP Basis) And Actual
 General And Special Revenue Fund Types
 For The Year Ended March 31, 2007

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES:			
Taxes	\$ 70,500	\$ 47,371	\$ (23,129)
Intergovernmental	58,800	56,837	(1,963)
Licenses and permits	400	180	(220)
Charges for services	-	-	-
Interest	2,300	9,713	7,413
Miscellaneous	3,000	258	(2,742)
	<u>135,000</u>	<u>114,360</u>	<u>(20,640)</u>
TOTAL REVENUES			
EXPENDITURES:			
Legislative	17,640	13,149	4,491
General government	34,060	32,050	2,010
Public Works	100,600	67,673	32,927
Recreation and Culture	3,000	2,076	924
Public Safety	-	-	-
Payroll Taxes	2,500	2,493	7
Capital Outlay	235,000	209,627	25,373
	<u>392,800</u>	<u>327,068</u>	<u>65,732</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(257,800)</u>	<u>(212,708)</u>	<u>45,092</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Loan	140,000	140,000	-
	<u>140,000</u>	<u>140,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(117,800)</u>	<u>(72,708)</u>	<u>45,092</u>
FUND BALANCE - BEGINNING OF YEAR	<u>158,852</u>	<u>158,852</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 41,052</u>	<u>\$ 86,143</u>	<u>\$ 45,092</u>

The accompanying notes are an integral part of the financial statements.

<u>SPECIAL REVENUE FUNDS</u>			<u>TOTALS</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
\$ 129,420	\$ 127,986	\$ (1,434)	\$ 199,920	\$ 175,357	\$ (24,563)
3,000	3,618		61,800	60,455	(1,345)
			400	180	(220)
			-	-	-
171	2,839	2,668	2,471	12,552	10,081
			3,000	258	(2,742)
<u>132,591</u>	<u>134,442</u>	<u>1,234</u>	<u>267,591</u>	<u>248,802</u>	<u>(18,789)</u>
			17,640	13,149	4,491
			34,060	32,050	2,010
105,000	105,651	(651)	205,600	173,324	32,275
			3,000	2,076	924
28,264	28,264	-	28,264	28,264	0
			2,500	2,493	7
			235,000	209,627	25,373
<u>133,264</u>	<u>133,915</u>	<u>(651)</u>	<u>526,064</u>	<u>460,983</u>	<u>65,081</u>
<u>(673)</u>	<u>527</u>	<u>1,200</u>	<u>(258,473)</u>	<u>(212,181)</u>	<u>46,292</u>
			140,000	140,000	0
<u>(673)</u>	<u>527</u>	<u>1,200</u>	<u>(118,473)</u>	<u>(72,181)</u>	<u>46,292</u>
83,725	83,725	-	242,577	242,577	-
<u>\$ 83,052</u>	<u>\$ 84,252</u>	<u>\$ 1,200</u>	<u>\$ 124,104</u>	<u>\$ 170,395</u>	<u>\$ 46,292</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Gilford became a Township prior to 1859 and is located in Tuscola County. The Township is operated under a Township Board consisting of five members. The Township provides various services to approximately 800 residents.

The accounting policies of Gilford Township conform to U.S. generally accepted accounting principles applicable to governmental units except for the Township not adopting the GASB #34 reporting format. The following is a summary of more significant policies:

THE REPORTING ENTITY:

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" for determining the various governmental organizations to be included in the reporting entity. The Township is the primary government which has oversight responsibility and control over all activities. The Township receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Township is not included in any other governmental "reporting entity" as defined in GASB pronouncements since the Township Board members are a publicly elected governing body that has separate legal standing and is fiscally independent of other governmental entities. As such, the Board has decision-making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Township does not include any other component units within its general purpose financial statements.

FUND ACCOUNTING:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

GOVERNMENTAL FUNDS - are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other funds.

PROPRIETARY FUNDS - are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise fund) or to other departments or agencies primarily within the government (internal service fund).

FIDUCIARY FUNDS - are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

FUND ACCOUNTING, (Continued):

ACCOUNT GROUPS – are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

BASIS OF PRESENTATION:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

BASIS OF ACCOUNTING:

The modified accrual basis of accounting is followed in the governmental fund types. The modified accrual basis of accounting is defined as the basis of accounting under which expenditures other than accrued interest on general long term obligations are recorded at the time liabilities are incurred and revenues are recognized when available or measurable. Modifications in such method from the accrual basis are as follows:

1. Property taxes and other revenues that are measurable but not available for use to financial operations are recorded as deferred revenue. Other revenue is recorded when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on February 14 after which they are added to the County tax rolls.

2. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

CASH AND EQUIVALENTS:

Michigan Compiled Laws, Section 129.91, authorizes Gilford Township to deposit and invest in the account 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; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies 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 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 several local banks for the deposit of Township funds.

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

RECEIVABLES:

Receivables have been recognized for all significant amounts due the Township. Valuation reserves have not been provided in that collection thereof is not considered doubtful and any uncollected amounts would be immaterial.

COMPARATIVE DATA:

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW:

Total columns on the combined statements - overview are captioned **Memorandum Only** to indicate that they are presented only to facilitate financial analysis.

FIXED ASSETS:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds.

ESTIMATES:

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

NOTE 2 - PENSION PLAN:

The Township pays no employee benefits.

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

NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 4 - CASH AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds.

DEPOSITS:

At year-end, the carrying amount of the Township's deposits was \$158,455 and the bank balance was \$156,306 of which \$102,093 was covered by federal depository insurance.

INVESTMENTS:

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterpart's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2007, the Township had no Category 1, 2 or 3 investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

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

NOTE 4 - CASH AND INVESTMENTS, (Continued):

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2007 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>
General Fund Deposits	\$ 81,272
Special Revenue Fund Deposits	72,941
Agency Fund Deposits	<u>4,242</u>
 TOTAL	 <u>\$158,455</u>

NOTE 5 – RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6 – PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1 and December 1. Taxes are levied on July 1 and December 1 and are due in September of the current year and February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year, which includes the December 1 levy date. A levy of 3.66410 mills was applied to \$34,741,025 taxable value for the 2006 tax year. In addition, the Township collected the State Education Tax and a portion of the County tax which was levied July 1st and due September 15th. Also, the Township collected special assessments for refuse pickup in the amount of \$41,375 and ambulance services in the amount of \$6,740.

NOTE 7 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2007 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 6,987	\$ 2,116
Special Revenue Fund	11,456	145
Agency Fund	<u> </u>	<u>16,182</u>
 TOTAL	 <u>\$18,443</u>	 <u>\$18,443</u>

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

NOTE 8 – NEW TOWNSHIP HALL:

The Township Board approved the construction of a new Township Hall. Building expenditures incurred as of March 31, 2007 totaled \$209,627. Construction of the new hall is expected to be completed during 2007.

NOTE 9 - GASB 34:

The Township chose not to adopt GASB 34, which is required by the Generally Accepted Accounting Principals (GAAP). This departure from GAAP is also noted in the audit report letter.

NOTE 10 – INVESTMENT IN GENERAL FIXED ASSETS:

The general fixed assets of the Township consist of the following:

	<u>BALANCE</u> <u>APRIL 1,</u> <u>2006</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2007</u>
Building	\$ 0	\$209,627	_____	\$209,627
Total	<u>\$ 0</u>	<u>\$209,627</u>	<u>NONE</u>	<u>\$209,627</u>

NOTE 11 – TOWNSHIP HALL NOTE PAYABLE:

The Township borrowed \$140,000 to construct a new township hall. The loan interest rate is 6.00%. The loan was signed on September 14, 2006. An annual payment of \$19,026 will be due on September 30, 2007 and continue annually through 2016. The estimated payment schedule is as follows:

	<u>Principal</u>	<u>Interest</u>
2007	\$ 10,000	\$ 9,026
2008	11,008	8,018
2009	11,687	7,339
2010	12,408	6,618
2011	13,173	5,853
2012	13,985	5,041
2013	14,848	4,178
2014	15,764	3,262
2015	16,736	2,290
2016	<u>20,391</u>	<u>1,258</u>
Total	<u>\$140,000</u>	<u>\$52,883</u>

ADDITIONAL INFORMATION

GILFORD TOWNSHIP
 General Fund
 Schedule of Revenues, Expenditures And
 Change In Fund Balance
 Budget (GAAP Basis) And Actual
 For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes:			
Property taxes	\$ 70,500	\$47,371	\$ (23,129)
Intergovernmental:			
State Shared Revenue	58,800	56,837	(1,963)
Licenses and permits	400	180	(220)
Charges for services	0	-	-
Interest	2,300	9,713	7,413
Miscellaneous	<u>3,000</u>	<u>258</u>	<u>(2,742)</u>
TOTAL REVENUES	<u>135,000</u>	<u>114,360</u>	<u>(20,640)</u>
EXPENDITURES:			
Legislative:			
Township Board			
Salaries	2,040	2,040	-
Professional services	3,600	2,960	640
Insurance	5,000	4,383	617
Other Expenses	<u>7,000</u>	<u>3,766</u>	<u>3,234</u>
Total Legislative	<u>17,640</u>	<u>13,149</u>	<u>4,491</u>
General Government:			
Supervisor	<u>6,000</u>	<u>6,000</u>	<u>-</u>

(Continued)

GILFORD TOWNSHIP
 General Fund
 Schedule of Revenues, Expenditures And
 Change In Fund Balance
 Budget (GAAP Basis) And Actual
 For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Clerk's Staff			
Salary	\$ 6,540	\$ 6,540	\$ -
Office Supplies and Printing	0	-	-
Total Clerk's Staff	<u>6,540</u>	<u>6,540</u>	<u>-</u>
Assessor	<u>7,020</u>	<u>7,020</u>	<u>-</u>
Treasurer			
Salary	7,500	7,500	-
Office Supplies and Printing	<u>4,000</u>	<u>3,288</u>	<u>713</u>
Total Treasurer	<u>11,500</u>	<u>10,788</u>	<u>713</u>
Elections	<u>3,000</u>	<u>1,703</u>	<u>1,297</u>
Total General Government	<u>34,060</u>	<u>32,050</u>	<u>2,010</u>
Public Works:			
Zoning and Board of Review			
Salaries	<u>4,300</u>	<u>3,375</u>	<u>925</u>
Road Expense	<u>90,800</u>	<u>59,911</u>	<u>30,889</u>
Road Construction- ROW	<u>-</u>	<u>-</u>	<u>-</u>
Drain at Large	<u>-</u>	<u>-</u>	<u>-</u>
Cemetery Operations			
Contracted services	<u>5,500</u>	<u>4,387</u>	<u>1,113</u>
Total Public Works	<u>100,600</u>	<u>67,673</u>	<u>32,927</u>

(Continued)

GILFORD TOWNSHIP
 General Fund
 Schedule of Revenues, Expenditures And
 Change In Fund Balance
 Budget (GAAP Basis) And Actual
 For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Recreation and Cultural:			
Township Hall:			
Street lights	\$ 2,000	\$ 1,751	\$ 249
Hall	<u>1,000</u>	<u>325</u>	<u>675</u>
Total Recreation and Cultural	<u>3,000</u>	<u>2,076</u>	<u>924</u>
Public Safety:			
Ambulance	<u>-</u>	<u>-</u>	<u>-</u>
Payroll Taxes	<u>2,500</u>	<u>2,493</u>	<u>7</u>
Capital Outlay:			
Township Hall	<u>235,000</u>	<u>209,627</u>	<u>25,373</u>
TOTAL EXPENDITURES	<u>392,800</u>	<u>327,068</u>	<u>65,732</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(257,800)	(212,708)	45,092
OTHER FINANCING SOURCES (USES)			
Proceeds from Loan	<u>140,000</u>	<u>140,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(117,800)</u>	<u>(72,708)</u>	<u>45,092</u>
FUND BALANCE - BEGINNING OF YEAR	<u>158,852</u>	<u>158,852</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 41,052</u>	<u>\$ 86,143</u>	<u>\$ 45,092</u>

See the accompanying notes

GILFORD TOWNSHIP
Special Revenue Funds
Combining Balance Sheet
March 31, 2007

	AMBULANCE FUND	FIRE FUND
<u>ASSETS</u>		
Cash in Bank	\$ 59	\$ 35,382
Due from other funds	640	1,027
TOTAL ASSETS	\$ 699	\$ 36,409
 <u>LIABILITIES & FUND BALANCE</u>		
Liabilities:		
Accounts Payable		
Due to other funds	\$ 20	-
Total Liabilities	20	-
Fund Balance:		
Undesignated	679	\$ 36,409
Total Fund Balance	679	36,409
TOTAL LIABILITIES & FUND BALANCE	\$ 699	\$ 36,409

See the accompanying notes

<u>DRAIN FUND</u>	<u>GARBAGE FUND</u>	<u>METRO FUND</u>	<u>TOTALS</u>
-	\$ 37,501	\$ -	\$ 72,941
<u>\$ 5,790</u>	<u>4,000</u>	<u>-</u>	<u>11,456</u>
<u>\$ 5,790</u>	<u>\$ 41,501</u>	<u>\$ -</u>	<u>\$ 84,397</u>
-	\$ 125	-	\$ 145
<u>-</u>	<u>125</u>	<u>-</u>	<u>145</u>
<u>\$ 5,790</u>	<u>41,376</u>	<u>-</u>	<u>84,252</u>
<u>5,790</u>	<u>41,376</u>	<u>-</u>	<u>84,252</u>
<u>\$ 5,790</u>	<u>\$ 41,501</u>	<u>\$ -</u>	<u>\$ 84,397</u>

GILFORD TOWNSHIP
Special Revenue Funds
Combining Schedule Of Revenues, Expenditures
And Changes In Fund Balances
For the Year Ended March 31, 2007

	AMBULANCE FUND	FIRE FUND
REVENUES:		
Property taxes	\$ 6,740	\$ 17,361
Intergovernmental		
Interest Income	37	1,293
TOTAL REVENUE	6,777	18,655
EXPENDITURES:		
Public Safety	6,664	21,600
Public Works		
TOTAL EXPENDITURES	6,664	21,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	113	(2,945)
OTHER FINANCING SOURCES (USES) Transfer from general fund		
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	113	(2,945)
FUND BALANCE - BEGINNING OF YEAR	566	39,354
FUND BALANCE - END OF YEAR	\$ 679	\$ 36,409

See the accompanying notes.

<u>DRAIN FUND</u>	<u>GARBAGE FUND</u>	<u>METRO FUND</u>	<u>TOTALS</u>
\$ 62,509	\$ 41,375		\$ 127,986
149	1,286	\$ 3,618	3,618
<u>62,658</u>	<u>42,661</u>	<u>74</u>	<u>2,839</u>
		3,691	134,442
59,299	42,661	3,691	28,264
<u>59,299</u>	<u>42,661</u>	<u>3,691</u>	<u>105,651</u>
3,359	0	-	133,915
<u>3,359</u>	<u>0</u>	<u>-</u>	<u>527</u>
-			-
<u>3,359</u>	<u>0</u>	<u>-</u>	<u>527</u>
2,430	41,375	-	83,725
<u>2,430</u>	<u>41,375</u>	<u>-</u>	<u>83,725</u>
<u>\$ 5,790</u>	<u>\$ 41,376</u>	<u>\$ -</u>	<u>\$ 84,252</u>

GILFORD TOWNSHIP
 Ambulance Fund
 Schedule Of Revenues, Expenditures
 And Changes In Fund Balances - Budget (GAAP Basis) & Actual
 For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Property taxes	\$ 6,760	\$ 6,740	\$ (20)
Interest income	<u>1</u>	<u>37</u>	<u>36</u>
TOTAL REVENUE	<u>6,761</u>	<u>6,777</u>	<u>16</u>
EXPENDITURES:			
Public Safety			
Ambulance service	<u>6,664</u>	<u>6,664</u>	<u>-</u>
TOTAL EXPENDITURES	6,664	6,664	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>97</u>	<u>113</u>	<u>16</u>
FUND BALANCE - BEGINNING OF YEAR	<u>566</u>	<u>566</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 663</u>	<u>\$ 679</u>	<u>\$ 16</u>

See the accompanying notes.

GILFORD TOWNSHIP
 Fire Fund
 Schedule Of Revenues, Expenditures
 And Changes In Fund Balances - Budget (GAAP Basis) and Actual
 For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Property taxes	\$ 16,700	\$17,361	\$ 661
Interest Income	170	1,293	1,123
TOTAL REVENUE	<u>16,870</u>	<u>18,655</u>	<u>1,785</u>
EXPENDITURES:			
Public Safety			
Fire protection	<u>21,600</u>	<u>21,600</u>	<u>-</u>
TOTAL EXPENDITURES	21,600	21,600	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(4,730)</u>	<u>(2,945)</u>	<u>1,785</u>
FUND BALANCE -BEGINNING OF YEAR	<u>39,354</u>	<u>39,354</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 34,624</u>	<u>\$ 36,409</u>	<u>\$ 1,785</u>

See the accompanying notes.

GILFORD TOWNSHIP
 Drain Fund
 Schedule Of Revenues, Expenditures
 And Changes In Fund Balances - Budget (GAAP Basis) and Actual
 For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Property taxes	\$ 60,660	\$ 62,509	\$ 1,849
Interest income		149	149
TOTAL REVENUE	<u>60,660</u>	<u>62,658</u>	<u>1,998</u>
EXPENDITURES:			
Public Works			
Drain-at-large	<u>62,000</u>	<u>59,299</u>	<u>2,701</u>
TOTAL EXPENDITURES	<u>62,000</u>	<u>59,299</u>	<u>2,701</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,340)</u>	<u>3,359</u>	<u>4,699</u>
OTHER FINANCING SOURCES (USES)			
Transfer from general fund			-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	<u>(1,340)</u>	<u>3,359</u>	<u>4,699</u>
FUND BALANCE - BEGINNING OF YEAR	<u>2,430</u>	<u>2,430</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,090</u>	<u>\$ 5,790</u>	<u>\$ 4,699</u>

See the accompanying notes

GILFORD TOWNSHIP
Garbage Fund
Schedule Of Revenues, Expenditures
And Changes In Fund Balances - Budget (GAAP Basis) and Actual
For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Property taxes	\$ 45,300	\$ 41,375	\$ (3,925)
Interest income	-	1,286	1,286
TOTAL REVENUE	<u>45,300</u>	<u>42,661</u>	<u>(2,639)</u>
EXPENDITURES:			
Public Works			
Sanitation	<u>43,000</u>	<u>42,661</u>	<u>339</u>
TOTAL EXPENDITURES	43,000	42,661	339
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>2,300</u>	<u>0</u>	<u>(2,300)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>41,375</u>	<u>41,375</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 43,675</u>	<u>\$ 41,376</u>	<u>\$ (2,300)</u>

See the accompanying notes

GILFORD TOWNSHIP
Metro Fund
Schedule Of Revenues, Expenditures
And Changes In Fund Balances - Budget (GAAP Basis) and Actual
For The Year Ended March 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
State revenue sharing- ROW	\$ 3,000	\$ 3,618	\$ 618
Interest income	-	74	74
TOTAL REVENUE	<u>3,000</u>	<u>3,691</u>	<u>691</u>
EXPENDITURES:			
Road Expense	-	3,691	(3,691)
TOTAL EXPENDITURES	-	3,691	(3,691)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (3,000)</u>

See the accompanying notes

GILFORD TOWNSHIP
Schedule of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Fiscal Year Ended March 31, 2007

CURRENT TAX COLLECTION FUND

	<u>BALANCE MARCH 31, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE MARCH 31, 2007</u>
<u>ASSETS</u>				
Cash	\$ 5,172		\$ 930	\$ 4,242
Taxes receivable	42,505	\$ 1,177,674	1,168,530	51,649
TOTAL ASSETS	<u>\$ 47,677</u>	<u>\$ 1,177,674</u>	<u>\$ 1,169,460</u>	<u>\$ 55,891</u>
 <u>LIABILITIES</u>				
Due to Fire Fund	\$ 966	\$ 17,300	\$ 17,361	\$ 1,027
Due to Ambulance Fund	540	6,640	6,740	640
Due to Drain Fund	2,430	61,266	62,509	3,673
Due to Garbage Fund	3,645	41,020	41,375	4,000
Due to General Fund	6,939	47,468	47,371	6,842
Due to other taxing units	33,157	995,766	1,002,318	39,709
TOTAL LIABILITIES	<u>\$ 47,677</u>	<u>\$ 1,169,460</u>	<u>\$ 1,177,674</u>	<u>\$ 55,891</u>

See the accompanying notes.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

June 4, 2007

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

To the Board of Gilford Township:

In planning and performing our audit of the financial statements of Gilford 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 Gilford 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 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.

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 entity's internal control. We believe that the following deficiencies constitute material weaknesses:

After considering the qualifications of the accounting personnel of Gilford Township, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

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

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants

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