

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF INDIANFIELDS	County TUSCOCA
Fiscal Year End 3-31-07	Opinion Date 6-4-07	Date Audit Report Submitted to State 7-18-07	

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, BERNHARDT & 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

**TOWNSHIP OF INDIANFIELDS,
TUSCOLA COUNTY
Caro, Michigan**

**REPORT ON FINANCIAL STATEMENTS
(with additional information)
Year Ended March 31, 2007**

Township of Indianfields, Tuscola County

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June 4, 2007

INDEPENDENT AUDITOR'S REPORT

Township of Indianfields
Tuscola County
Caro, Michigan 48723

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Indianfields as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Indianfields management. Our responsibility is to express an opinion 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 general-purpose 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.

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 Indianfields governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, 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 Indianfields 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 general-purpose financial statements of Indianfields Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose 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

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
COMBINED BALANCE SHEET -
ALL FUND TYPES & ACCOUNTS GROUPS
 March 31, 2007

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE
	GENERAL	CAPITAL PROJECTS	SPECIAL REVENUE (CEMETERY)	ENTERPRISE (SEWER)
<u>ASSETS</u>				
Cash on hand & in bank	\$ 206,772	\$ 86,448	\$ 51,052	\$ 199,243
Certificates of deposit				50,000
Special assessments - current				5,700
Special assessments - deferred				41,522
Taxes receivable	9,942			
Due from other funds	76,411		86,375	460
Due from Village of Caro				6,000
Fixed assets				1,032,271
Restricted Assets:				
Replacement & Reserve accounts				78,037
Certificates of deposit				
Investments				
Due from other funds				
TOTAL ASSETS	<u>\$ 293,125</u>	<u>\$ 86,448</u>	<u>\$ 137,427</u>	<u>\$ 1,413,233</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Accounts payable	\$ -		-	\$ 4,621
Due to other funds	32,451		\$ 50,812	-
Due to other Governmental units				
Revenue bonds payable - current				17,010
Revenue bonds payable - long-term				80,640
Deferred revenues	76,760			47,221
TOTAL LIABILITIES	<u>109,211</u>		<u>50,812</u>	<u>149,492</u>
FUND EQUITY:				
Contributed capital				807,326
Contributions from customers				28,955
Reserved for specific purpose				
Undesignated	183,914	\$ 86,448	86,615	427,460
Investment in general fixed assets				
TOTAL FUND EQUITY	<u>183,914</u>	<u>86,448</u>	<u>86,615</u>	<u>1,263,741</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 293,125</u>	<u>\$ 86,448</u>	<u>\$ 137,427</u>	<u>\$ 1,413,233</u>

The accompanying notes are an integral part of the financial statements

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS (MEMORANDUM ONLY)	
		REPORTING ENTITY	
		2007	2006
\$ 76,044		\$ 619,559	\$ 629,621
		50,000	10,000
		5,700	5,700
		41,522	47,221
492,125		502,067	513,590
		163,246	151,113
		6,000	6,000
	\$ 1,215,296	2,247,567	2,235,699
		78,037	67,301
349,403		349,403	343,243
1,200		1,200	1,200
83,263		83,263	81,561
\$ 1,002,035	\$ 1,215,296	\$ 4,147,564	\$ 4,092,249
\$ -		\$ 4,621	\$ 4,621
163,246		246,509	232,674
491,298		491,298	509,300
		17,010	14,490
		80,640	97,650
		123,981	122,732
654,544		964,059	981,467
		807,326	829,095
		28,955	28,955
347,491		347,491	347,491
		784,437	695,239
	\$ 1,215,296	1,215,296	1,210,002
347,491	1,215,296	3,183,505	3,110,782
\$ 1,002,035	\$ 1,215,296	\$ 4,147,564	\$ 4,092,249

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2007

	<u>GENERAL</u>	<u>CEMETERY FUND</u>	<u>CAPITAL PROJECTS</u>
REVENUES:			
Taxes	\$ 360,661		
Intergovernmental revenue	209,575		
Charges for services	17,117	\$ 40,922	
Interest and rents	13,022		\$ 1,170
Miscellaneous revenues	2,554	10,750	-
	<u>602,929</u>	<u>51,672</u>	<u>1,170</u>
TOTAL REVENUES			
EXPENDITURES:			
Legislative	43,337		
General government	183,819	108,326	-
Public safety	27,300		
Public works	183,219		
Recreation & cultural	46,032		
	<u>483,707</u>	<u>108,326</u>	<u>-</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	119,222	(56,654)	1,170
OTHER FINANCING SOURCES (USES):			
Operating Transfers	(95,647)	103,509	-
Loan Proceeds - net of payments	-		
	<u>(95,647)</u>	<u>103,509</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES):			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USED)	<u>23,575</u>	<u>46,855</u>	<u>1,170</u>
FUND BALANCE - BEGINNING OF YEAR	<u>160,339</u>	<u>39,760</u>	<u>85,278</u>
FUND BALANCE - END OF YEAR	<u>\$ 183,914</u>	<u>\$ 86,615</u>	<u>\$ 86,448</u>

The accompanying notes are an integral part of the financial statements

**TOTAL
(MEMORANDUM ONLY)**

2007	2006
\$ 360,661	\$ 346,352
209,575	207,253
58,039	52,245
14,192	1,716
13,304	85,768
655,771	693,334
43,337	35,316
292,145	279,008
27,300	36,252
183,219	210,144
46,032	49,773
592,033	610,493
63,738	82,841
7,862	(10,152)
-	(5,240)
7,862	(15,392)
71,600	67,449
285,377	217,928
\$ 356,977	\$ 285,377

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2007

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES:			
Taxes	\$ 350,600	\$ 360,661	\$ 10,061
Intergovernmental revenue	208,000	209,575	1,575
Charges for services	7,000	17,117	10,117
Interest and rents	6,800	13,022	6,222
Miscellaneous revenue	7,600	2,554	(5,046)
TOTAL REVENUES	580,000	602,929	22,929
EXPENDITURES:			
Legislative	29,702	43,337	(13,635)
General government	182,052	183,819	(1,767)
Public safety	36,700	27,300	9,400
Public works	203,403	183,219	20,184
Recreation & cultural	47,733	46,032	1,701
TOTAL EXPENDITURES	499,590	483,707	15,883
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	80,410	119,222	38,812
OTHER FINANCING SOURCES (USES):			
Operating transfers	-	(95,647)	(95,647)
Loan payments	-	-	-
TOTAL OTHER FINANCING SOURCES	-	(95,647)	(95,647)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES & OTHER FINANCING SOURCES (USES)	80,410	23,575	(56,835)
FUND BALANCE - BEGINNING OF YEAR	160,339	160,339	-
FUND BALANCE - END OF YEAR	\$ 240,749	\$ 183,914	\$ (56,835)

The accompanying notes are an integral part of the financial statements

CEMETERY FUND			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
			\$ 350,600	\$ 360,661	\$ 10,061
			208,000	209,575	1,575
\$ 40,000	\$ 40,922	\$ 922	47,000	58,039	11,039
			6,800	13,022	6,222
-	10,750	10,750	7,600	13,304	5,704
40,000	51,672	11,672	620,000	654,601	34,601
			29,702	43,337	(13,635)
107,140	108,326	(1,186)	289,192	292,145	(2,953)
			36,700	27,300	9,400
			203,403	183,219	20,184
			47,733	46,032	1,701
107,140	108,326	(1,186)	606,730	592,033	14,697
(67,140)	(56,654)	10,486	13,270	62,568	49,298
60,640	103,509	42,869	60,640	7,862	(52,778)
			-	-	-
60,640	103,509	42,869	60,640	7,862	(52,778)
(6,500)	46,855	53,355	73,910	70,430	(3,480)
39,760	39,760	-	200,099	200,099	-
\$ 33,260	\$ 86,615	\$ 53,355	\$ 274,009	\$ 270,529	\$ (3,480)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND
NONEXPENDABLE TRUST FUND
YEAR ENDED MARCH 31, 2007

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>
	<u>SEWER FUND</u>	<u>PERPETUAL CARE FUND</u>
OPERATING REVENUE:		
Charges for services	\$ 33,175	
Sale of cemetery lots		\$ -
Special assessments	<u>5,700</u>	
TOTAL OPERATING REVENUE	38,875	-
OPERATING AND MAINTENANCE EXPENSE	<u>38,812</u>	
OPERATING INCOME (LOSS)	63	-
NON-OPERATING REVENUE:		
Interest earned	<u>17,535</u>	<u>7,862</u>
NET INCOME	17,598	7,862
OTHER FINANCING SOURCES (USES):		
Operating transfers - In	-	-
Operating transfers - Out		(7,862)
RETAINED EARNINGS/FUND BALANCE - BEGINNING OF YEAR	<u>409,862</u>	<u>347,491</u>
RETAINED EARNINGS/FUND BALANCE - END OF YEAR	<u>\$ 427,460</u>	<u>\$ 347,491</u>

The accompanying notes are an integral part of the financial statements

TOTALS
(MEMORANDUM ONLY)

REPORTING ENTITY	
2007	2006
\$ 33,175	\$ 37,793
-	-
5,700	5,700
38,875	43,493
38,812	39,013
63	4,480
25,397	22,512
25,460	26,992
-	17,875
(7,862)	(7,723)
757,353	720,209
<u>\$ 774,951</u>	<u>\$ 757,353</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
YEAR ENDED MARCH 31, 2007

	<u>SEWER FUND</u>	<u>PERPETUAL CARE FUND</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
			<u>YEAR ENDED MARCH 31, 2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 46,097	\$ 14,022	\$ 60,119	\$ 58,780
Cash paid to suppliers	(35,124)		(35,124)	(35,011)
Interest received	17,535		17,535	14,789
Interest paid	(3,687)		(3,687)	(4,004)
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	<u>24,821</u>	<u>14,022</u>	<u>38,843</u>	<u>34,554</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Construction in progress	(35,596)		(35,596)	(1,337)
NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITIES	<u>(35,596)</u>	<u>-</u>	<u>(35,596)</u>	<u>(1,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in bond payable	(14,490)		(14,490)	(12,600)
Increase (decrease) in transfers		(7,862)	(7,862)	10,152
			-	
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	<u>(14,490)</u>	<u>(7,862)</u>	<u>(22,352)</u>	<u>(2,448)</u>
INCREASE (DECREASE) IN CASH	(25,265)	6,160	(19,105)	30,769
CASH AT BEGINNING OF THE YEAR	<u>352,545</u>	<u>344,443</u>	<u>696,988</u>	<u>666,219</u>
CASH AT END OF YEAR	<u>\$ 327,280</u>	<u>\$ 350,603</u>	<u>\$ 677,883</u>	<u>\$ 696,988</u>

The accompanying notes are an integral part of the financial statements

**RECONCILIATION OF NET INCOME TO NET CASH FLOWS
PROVIDED BY (USED) IN OPERATING ACTIVITIES**

	SEWER FUND	PERPETUAL CARE FUND	TOTALS (MEMORANDUM ONLY)	
			YEAR ENDED MARCH 31, 2007	2006
NET INCOME	\$ 17,598	\$ 7,862	\$ 25,460	\$ 26,992
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:				
Amortization and depreciation	7,013		7,013	7,013
(Increase) Decrease:				
Due from village	-		-	-
Special assess. & sewer connection receivable	5,700		5,700	5,700
Due from other funds	(30)	(1,702)	(1,732)	(7,411)
Bond discount	239		239	239
Increase (Decrease):				
Accounts payable	-		-	-
Deferred revenue	(5,700)		(5,700)	(5,700)
Due to other funds	-	7,862	7,862	7,723
Total adjustments	7,222	6,160	13,382	7,564
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 24,820</u>	<u>\$ 14,022</u>	<u>\$ 38,842</u>	<u>\$ 34,556</u>

Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES:

The Township of Indianfields, Michigan was organized in 1852 and covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 7,000 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the Township of Indianfields have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Indianfields contain all the funds and account groups controlled by the Township Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

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 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.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

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

BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increased (i.e. revenues) and decreases (i.e. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used to revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

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

CASH AND INVESTMENTS:

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

RECEIVABLES:

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

RESTRICTED ASSETS:

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

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, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

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

LONG-TERM OBLIGATIONS:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

COMPARATIVE DATA:

Comparative 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 (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

DEFERRED REVENUE:

The General Fund collects a special assessment levy for refuse collection. The levy covers a period from December 1 through November 30. That portion of the levy applicable to the period from April 1 through November 30 is recorded as deferred revenue.

The Sewer Fund assessed several parcels of property for the cost of sewer line construction and connections to be repaid over a period not to exceed fifteen years. The portion of the assessments not due within twelve months is recorded as deferred revenue.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

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

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 - TUSCOLA COUNTY SANITARY SEWER SYSTEM:

On May 8, 1984 the Township entered into a contract with the Village of Caro and Almer Township for the acquisition, improvement, enlargement and extension of the local sanitary sewer system. The 20% local share of construction costs has been financed by the issuance of County Revenue Bonds. Indianfields Township's portion of the local share is \$333,000. The bonds were refinanced in 1992 and again in October, 2002.

During 2002, Tuscola County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued \$1,240,000 general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,140. The Township's share of this bond is 12.6%.

The Township expects to repay its share plus interest, as well as operate and maintain the system, by charging an initial connection fee and monthly fees to users of the system.

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

(PRINCIPAL ONLY)
Year Ending March 31,

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$17,010	\$ 3,253	\$ 20,263
2009	16,380	2,742	19,122
2010	16,380	2,235	18,615
2011	15,750	1,694	17,444
2012	15,120	1,159	16,279
2013	<u>17,010</u>	<u>629</u>	<u>17,639</u>
TOTAL	<u>\$97,650</u>	<u>\$11,712</u>	<u>\$109,362</u>

On November 22, 2006 Indianfields Township and the Village of Caro entered into an agreement to transfer full ownership, management, operations, control, and maintenance of the Treatment Plant and System to the Village of Caro. The Village of Caro will enter into contracts with Tuscola County to construct improvements to the Treatment Plant at an estimated cost of \$7,700,000. In return, the Township has the right to use 8.3% of the capacity of the Treatment Plant and System. The Township will be responsible for its share of the outstanding 2002 bonds. The transfer of ownership and control is expected to be completed during the 2007-2008 fiscal year. Per the agreement, \$50,000 was deposited into a maintenance reserve fund for the System to be held by the Village. The Village will be responsible for billing and collecting from the Township customers.

If the customer fails to pay within thirty days, the Township will become liable to the Village. The Township has agreed to install water meters on all sewer customers at the Townships' expense.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>MARCH 31,</u> <u>2006</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2007</u>
GENERAL GOVERNMENT:				
Legislative	\$ 32,254			\$ 32,254
Office	44,073	\$2,228		46,301
Elections	39,792			39,792
Township Hall	26,648			26,648
Recreation	263,788			263,788
Cemetery	802,128	4,385		806,513
Construction in Progress	<u>1,337</u>	<u> </u>	\$(1,337)	<u> </u>
TOTAL GENERAL FIXED ASSETS	<u>\$1,210,020</u>	<u>\$6,613</u>	<u>\$(1,337)</u>	<u>\$1,215,296</u>

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 \$1,098,199 and the bank balance was \$1,100,553, \$609,867 of which 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 counter-part'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 counterparty, or by its trust department or its agent but not in the Township's name. At March 31, 2007, the Township had no Category 2 or 3 investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

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

	<u>CASH</u> <u>AND CASH</u> <u>EQUIVALENTS</u>	<u>INVESTMENTS</u>	<u>RESTRICTED</u> <u>ASSETS</u>
General Fund:			
Deposits	\$206,772		
Other Funds:			
Deposits	<u>462,787</u>	<u>NONE</u>	<u>\$428,640</u>
TOTAL	<u>\$669,559</u>	<u>NONE</u>	<u>\$428,640</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 5 - FIXED ASSETS:

Summaries of proprietary fund type fixed assets that are stated at cost as of March 31, 2007 are as follows:

Construction in Progress	\$ 36,933
Sewer Lines	453,397
Building & equipment	1,061,241
Loan closing costs	8,757
Bond discount	<u>907</u>
	1,561,235
Less accumulated depreciation & amortization	<u>528,964</u>
TOTAL	<u>\$1,032,271</u>

Depreciation is calculated using the straight-line method over a 50-year life. Depreciation expense for the year ended March 31, 2007 amounted to \$28,013. Depreciation expense of \$6,244 charged to operations was based on the Township's percentage contribution to the total cost of the project. The remaining depreciation expense of \$21,769 was charged against contributed capital.

NOTE 6 - PENSION PLAN:

DEFINED BENEFIT PLAN:

On March 21, 1994, the Township of Indianfields elected to place all of its eligible employees into the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the state of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the state of Michigan. The Township has no fiduciary responsibility for the plan.

Only the Township's full-time employees and elected officials are eligible to participate in the plan. As of March 31, 2007, the Township had nine employees who were covered under the plan; six of them are current employees.

The plan provides for vesting of benefits after six years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the plan are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1.5% of the member's final average compensation (5-year average). The retirement allowance is reduced ½% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses the entry age normal actuarial cost method. Benefit provisions and contribution obligations have been established by the contract.

PENSION BENEFIT OBLIGATION:

The Pension Benefit Obligation (PBO) which is the actuarial present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going-concern basis, the funding status of the PERS to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The pension benefit obligation is determined as part of an actuarial valuation.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 6 - PENSION PLAN, (Continued):

PENSION BENEFIT OBLIGATION, Continued:

The significant actuarial assumptions that are expected to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering a) the nature and mix of current and expected investments; and b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over 30 years for positive and 10 years for negative balances.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE:

COMPUTED EMPLOYER COMPARATIVE SCHEDULE

<u>CALENDAR YEAR</u>	<u>CONTRIBUTION RATES AS PERCENT OF COVERED PAYROLL</u>	<u>COVERED PAYROLL</u>	<u>DOLLAR CONTRIBUTION FOR FISCAL YEAR</u>	
			<u>COMPUTED</u>	<u>ACTUAL</u>
2006	16.71%	\$94,147	\$15,732	\$18,935
2005	16.78%	\$91,996	\$15,437	\$15,499

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

GASB 25 And GASB 27 Information

The following information has been prepared to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1997.

All entries and the annual employer contribution amount were based on the actuarial methods and assumptions used in December 31, 2006 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

GASB 25 Information (as of 12/31/2006)

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$155,956
Terminated employees (vested former members) not yet receiving benefits	40,065
Non-vested terminated employees (pending refunds of accumulated member contributions)	0
Current Employees-	
Accumulated employee contributions including allocated investment income	0
Employer financed	<u>76,122</u>
Total Actuarial Accrued Liability	\$272,143
Net Assets Available for Benefits at Actuarial Value	<u>55,544</u>
(Market Value is \$52,206)	
Unfunded (Overfunded) Actuarial Accrued Liability	\$216,599

GASB 27 Information (as of 12/31/2006)

Fiscal Year Beginning	April 1, 2008
Annual Required Contribution (ARC)	\$18,216*
Amortization Factor Used – Underfunded Liabilities (30 years)	0.054719

*Based on valuation payroll. For divisions that are open to new hires the actual required contribution will be based on current monthly payroll (during the fiscal year beginning April 1, 2008) times the computed employer contribution rate(s) shown in Tables 15 & 16. The ARC shown here is the sum of the ARC's calculated separately for each division.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

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

1. On or prior to March 31 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 taxpayer 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 8 - 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>
Governmental Fund Types:		
General Fund	\$ 76,411	\$ 32,451
Capital Projects Fund		
Enterprise Fund:		
Sewer fund	460	
Trust and agency:		
Current Tax Collection Fund		76,871
Perpetual Care Fund	83,263	86,375
Cemetery Fund	<u>86,375</u>	<u>50,812</u>
 TOTAL	 <u>\$246,509</u>	 <u>\$246,509</u>

NOTE 9 - CONTRIBUTED CAPITAL:

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use or still in construction within the Township. In order to more accurately reflect the equity remaining in these contributions, certain contributions are being amortized to retained earnings over 50 years. Amortization expense for the year totaled \$21,769.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 10 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in 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 that includes the December 1 levy date. The Township levied 2.6222 mills on a taxable value of \$132,748,774.

NOTE 11 - 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. The Township did not have any losses in the three prior fiscal years.

NOTE 12- TRANSFERS:

The general fund transferred \$95,647 to the cemetery fund during the current fiscal year for operating purposes. The perpetual care fund transferred \$7,862 to the cemetery fund for operating purposes.

NOTE 13 – GASB 34:

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

NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2007 the township incurred expenditures in certain budgetary accounts, where the actual expenditures exceeded the appropriations as follows:

<u>LINE ITEMS</u>	<u>TOTAL APPROPRIATION</u>	<u>TOTAL EXPENDITURES</u>	<u>UNFAVORABLE BUDGET VARIANCE</u>
General Fund – Legislative	\$ 29,702	\$ 43,337	\$13,635
General Fund – General Government	\$182,052	\$183,819	\$ 1,767
General Fund – Operating transfers out	\$ 0	\$ 95,647	\$95,647
Cemetery Fund – General Government	\$107,140	\$108,326	\$ 1,186

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes:			
Current property tax	\$ 319,500	\$ 324,060	\$ 4,560
Tax collection fees	30,000	35,540	5,540
Trailer fees	1,100	1,061	(39)
Total Taxes	<u>350,600</u>	<u>360,661</u>	<u>10,061</u>
Intergovernmental Revenue:			
State shared revenue	201,500	202,714	1,214
State shared revenue - metro	6,500	6,861	361
Total Intergovernmental Revenues	<u>208,000</u>	<u>209,575</u>	<u>1,575</u>
Charges For Services			
Land division fees	500	1,900	1,400
Permits	-	-	-
Fire calls	5,500	13,750	8,250
State fire protection	1,000	1,467	467
Total Charges for Services	<u>7,000</u>	<u>17,117</u>	<u>10,117</u>
Interest and Rents			
Rental income	800	625	(175)
Interest income	6,000	12,397	6,397
Total Interest and Rents	<u>6,800</u>	<u>13,022</u>	<u>6,222</u>
Miscellaneous Revenues:			
Other	7,600	2,554	(5,046)
TOTAL REVENUES	<u>\$ 580,000</u>	<u>\$ 602,929</u>	<u>\$ 22,929</u>

See the accompanying notes.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
EXPENDITURES:			
Legislative:			
Salaries - board	\$ 8,482	\$ 8,482	\$ -
Salaries - clerical	18,720	21,009	(2,289)
Memberships & dues	2,500	13,846	(11,346)
Capital outlay	-	-	-
Blight enforcement officer	-	-	-
	29,702	43,337	(13,635)
Total Legislative	29,702	43,337	(13,635)
General Government:			
Executive:			
Salaries - supervisor	16,638	16,638	-
Assessor-contracted services	25,144	25,021	123
Office supplies	-	943	(943)
Professional services	13,000	14,866	(1,866)
Travel	500	449	51
	55,282	57,917	(2,635)
Total Executive	55,282	57,917	(2,635)
Elections:			
Office supplies	500	1,888	(1,388)
Election fees and equipment	9,500	9,226	274
	10,000	11,114	(1,114)
Total Elections	10,000	11,114	(1,114)
Clerk:			
Salaries - clerk	16,638	16,638	-
Office supplies	-	179	(179)
Salaries - Deputy clerk	2,122	2,131	(9)
Equipment	2,100	2,228	(128)
	20,860	21,176	(316)
Total Clerk	20,860	21,176	(316)

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Treasurer:			
Salaries - treasurer	\$ 16,638	\$ 16,638	\$ -
Office supplies	-	150	(150)
Tax roll preparation	6,000	8,712	(2,712)
Salaries - deputy	2,122	2,122	-
Dues	50	-	50
	<u>24,810</u>	<u>27,622</u>	<u>(2,812)</u>
Total Treasurer			
Board of Review:			
Salaries	2,500	3,088	(588)
Travel	-	-	-
	<u>2,500</u>	<u>3,088</u>	<u>(588)</u>
Total Board of Review			
Other Expenditures:			
Employer share- FICA	17,000	7,849	9,151
Retirement	16,500	18,935	(2,435)
Life insurance	600	534	66
Hospitalization	13,000	14,486	(1,486)
Unemployment	1,500	738	762
Workers compensation	6,500	5,910	590
Interest Expense	-	1,110	(1,110)
Public official bond	-	-	-
Liability, property & auto	13,500	13,340	160
	<u>68,600</u>	<u>62,902</u>	<u>5,698</u>
Total Other Expenditures			
Total General Government			
	<u>182,052</u>	<u>183,819</u>	<u>(1,767)</u>
Public Safety:			
Fire Department:			
Contracted services	34,600	25,919	8,681
Township Police	2,100	1,381	719
Thumb Narcotic Unit	-	-	-
	<u>36,700</u>	<u>27,300</u>	<u>9,400</u>
Total Public Safety			

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Public works:			
Sanitation:			
Contracted services	\$ 108,000	\$ 107,702	\$ 298
Street Lighting	2,500	2,291	209
Airport Authority	-	-	-
Metro Act Expenses	6,500	0	6,500
Highways and Streets	75,903	67,040	8,863
Caro Transit	-	-	-
Zoning Board:			
Salaries & fees	10,500	6,186	4,314
Total Zoning Board	10,500	6,186	4,314
Total Public Works	203,403	183,219	20,184
Recreation and Cultural:			
Township Hall:			
Equipment	-	643	(643)
Telephone	3,000	3,493	(493)
Printing & publishing	5,000	2,642	2,358
Repairs & supplies	1,000	3,112	(2,112)
Office supplies	3,000	4,589	(1,589)
Postage	4,000	5,532	(1,532)
Total Township Hall	16,000	20,011	(4,011)
Parks & Recreation:			
Salaries	12,500	11,981	519
Operating supplies	2,000	2,059	(59)
Equipment & land improvements	7,200	2,167	5,033
Repairs & maintenance supplies	500	365	135
Equipment repairs	3,333	3,000	333
Utilities	2,300	1,448	852
Building repairs	2,500	380	2,120
Vehicle repairs	500	191	309
Office supplies	150	25	125
Contracted Services	-	3,738	(3,738)
Telephone	750	667	83
Printing	-	-	-
Total Parks & Recreation	31,733	26,021	5,712

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
GENERAL FUND
STATEMENT 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):			
Total Recreation and Cultural	<u>\$ 47,733</u>	<u>\$ 46,032</u>	<u>\$ 1,701</u>
TOTAL EXPENDITURES	499,590	483,707	15,883
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>80,410</u>	<u>119,222</u>	<u>38,812</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers - in	-	-	-
Loan Payments	-	-	-
Operating transfers - out	<u>-</u>	<u>(95,647)</u>	<u>(95,647)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(95,647)</u>	<u>(95,647)</u>
EXCESS OF REVENUES AND OTHER EXPENDITURES	<u>80,410</u>	<u>23,575</u>	<u>(56,835)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>160,339</u>	<u>160,339</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 240,749</u></u>	<u><u>\$ 183,914</u></u>	<u><u>\$ (56,835)</u></u>

See the accompanying notes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Charges for Services:			
Cremation openings	\$ 1,500	\$ 3,000	\$ 1,500
Foundations	3,500	2,046	(1,454)
Grave openings	25,000	26,925	1,925
Lot Sales & Upkeep	10,000	8,951	(1,049)
	<hr/>	<hr/>	<hr/>
Total Charges for Services	40,000	40,922	922
Miscellaneous Revenues:			
Interest	-	-	-
Sales - other	-	10,750	10,750
Donations Received	-	-	-
	<hr/>	<hr/>	<hr/>
Total Miscellaneous Revenues	-	10,750	10,750
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	40,000	51,672	11,672
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Salaries & wages	63,000	62,775	225
Taxes - F.I.C.A.	5,000	4,767	233
Employee benefits	-	-	-
Office supplies	500	552	(52)
Operating supplies	5,000	6,197	(1,197)
Taxes - unemployment	100	-	100
Telephone	1,840	1,883	(43)
Insurance & bonds	900	-	900
Utilities	6,000	6,923	(923)
Land improvements	10,000	10,926	(926)
Miscellaneous	1,600	1,066	534
Capital outlay	3,700	3,684	16
Repairs & maintenance	9,500	9,553	(53)
Pension	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	107,140	108,326	(1,186)
	<hr/>	<hr/>	<hr/>

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
(Continued)			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (67,140)	\$ (56,654)	\$ 10,486
OTHER FINANCING SOURCES:			
Operating transfers in:	60,640	103,509	42,869
Operating transfers (out):	-	-	-
TOTAL OTHER FINANCING SOURCES	60,640	103,509	42,869
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(6,500)	46,855	53,355
FUND BALANCE - BEGINNING OF YEAR	39,760	39,760	-
FUND BALANCE - END OF YEAR	\$ 33,260	\$ 86,615	\$ 53,355

See the accompanying notes.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
FIDUCIARY FUND TYPES
COMBINING BALANCE SHEET
 March 31, 2007

	NONEXPENDABLE TRUST FUND	AGENCY FUND
	PERPETUAL CARE FUND	CURRENT TAX COLLECTION FUND
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash		\$ 76,044
Taxes receivable	-	492,125
	-	568,169
TOTAL CURRENT ASSETS	-	568,169
RESTRICTED ASSETS:		
Certificate of deposit	\$ 349,403	
Investment	1,200	
Due from Other Funds	83,263	-
	433,866	-
TOTAL RESTRICTED ASSETS	433,866	-
TOTAL ASSETS	\$ 433,866	\$ 568,169
 <u>LIABILITIES AND FUND EQUITY</u>		
CURRENT LIABILITIES:		
Accounts Payable		-
Due to general fund		\$ 60,305
Due to cemetery fund	\$ 86,375	
Due to library		29,306
Due to county		120,245
Due to schools		290,066
Due to sewer fund		460
Due to refuse fund		16,106
Due to State of Michigan		32,022
Due to Caro Transit Authority		19,659
	86,375	568,169
TOTAL CURRENT LIABILITIES	86,375	568,169
FUND EQUITY:		
FUND BALANCE		
Reserved for specific purpose	347,491	-
	347,491	-
TOTAL LIABILITIES & FUND EQUITY	\$ 433,866	\$ 568,169

See the accompanying notes.

TOTALS	
MARCH 31,	
2007	2006
\$ 76,044	\$ 69,331
<u>492,125</u>	<u>512,569</u>
<u>568,169</u>	<u>581,900</u>
349,403	343,243
1,200	1,200
<u>83,263</u>	<u>81,561</u>
<u>433,866</u>	<u>426,004</u>
<u>\$ 1,002,035</u>	<u>\$ 1,007,904</u>
-	-
\$ 60,305	\$ 58,375
86,375	78,513
29,306	27,140
120,245	134,554
290,066	291,255
460	431
16,106	13,794
32,022	38,250
<u>19,659</u>	<u>18,101</u>
<u>654,544</u>	<u>660,413</u>
<u>347,491</u>	<u>347,491</u>
<u>\$ 1,002,035</u>	<u>\$ 1,007,904</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 March 31, 2007

	BALANCE APRIL 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2007
<u>ASSETS:</u>				
Cash	\$ 69,331	\$ 6,713		\$ 76,044
Taxes - receivable	512,569	3,666,323	\$ 3,686,767	492,125
TOTAL ASSETS	\$ 581,900	\$ 3,673,036	\$ 3,686,767	\$ 568,169
 <u>LIABILITIES:</u>				
Amounts payable	-			-
Due to general fund	\$ 58,375	\$ 253,355	\$ 255,285	\$ 60,305
Due to library	27,140	197,781	199,947	29,306
Due to county	134,554	828,692	814,383	120,245
Due to schools	291,255	2,111,503	2,110,314	290,066
Due to sewer fund	431	11,028	11,057	460
Due to Caro Transit Authority	18,101	133,903	135,461	19,659
Due to State of Michigan	38,250	38,250	32,022	32,022
Due to Refuse Fund	13,794	112,255	114,567	16,106
TOTAL LIABILITIES	\$ 581,900	\$ 3,686,767	\$ 3,673,036	\$ 568,169

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

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

June 4, 2007

To the Board of Indianfields Township:

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

During the course of our audit, we noted that the Township Clerk and the Township Treasurer did not periodically reconcile the financial activity of the Township throughout the year. Michigan Compiled Law statutorily requires the Township Clerk to maintain custody of all Township records, maintained general ledger, prepare warrants for Township checks, and prepare financial statements. Michigan Compiled Law statutorily requires the Township Treasurer to collect property taxes, keep an account of Township receipts and expenditures, issue Township checks, deposit Township revenues in approved depositories, and invest Township funds in approved investment vehicles. Because fulfilling the financial accounting responsibilities for the offices of Clerk and Treasurer are interdependent, we suggest that the Clerk and Treasurer reconcile their respective accountings of Township revenues and expenditures periodically throughout the year, preferably monthly. Reconciling the records of these two officials will assure greater accuracy of the financial reporting and strengthen the internal controls of the Township. In addition, the Township should reconcile its accounting records to the bank statements every month. This procedure was not being done during the last fiscal year.

During our audit it was noted that the Township had not recorded the electronic transactions for MERS payments. We recommend the Township record all electronic transactions each month.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 4, 2007 on the financial statements of Indianfields Township. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

We found that not all timesheets had approvals on them. We recommend that all timesheets be approved by the appropriate personnel. Also, if there are any discrepancies in hours on the timecard and what was actually paid, we recommend that the reconciling items be documented on the timesheets.

This communication is intended solely for the information and use of management, Indianfields 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