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LOCAL AUDIT & FINANCE DIV.

TOWNSHIP OF LINCOLN
Isabella County, Michigan
37-100

GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98). Formerly L-3147

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☒ Township ☐ Village ☐ Other	Township of Lincoln	Isabella

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2004	August 18, 2004	August 18, 2004

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

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We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.

☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).

☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☒ yes ☐ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)			
Campbell, Kusterer & Co., P.C.			
Street Address	**City**	**State**	**Zip**
512 N. Lincoln, Suite 100, P.O. Box 686	Bay City	MI	48707
Accountant Signature			
Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF LINCOLN
Isabella County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 18, 2004

To the Township Board
Township of Lincoln
Isabella County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Lincoln, Isabella County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Lincoln's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Lincoln, Isabella County, Michigan, as of March 31, 2004, and the results of its operations for the year ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the general purpose financial statements of the Township of Lincoln, Isabella County, Michigan. 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 general purpose financial statements taken as a whole.

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

TOWNSHIP OF LINCOLN
Isabella County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

EXHIBIT A

	Governmental Fund Type	Fiduciary Fund Type	Account Group	Total (Memorandum Only)
	General	Agency	General Fixed Assets	
Assets				
Cash in bank	238 732 58	3 346 52	-	242 079 10
Due from other funds	3 346 52	-	-	3 346 52
Land and improvements	-	-	34 582 20	34 582 20
Building and improvements	-	-	278 185 17	278 185 17
Equipment	-	-	24 175 05	24 175 05
Total Assets	242 079 10	3 346 52	336 942 42	582 368 04
Liabilities and Fund Equity				
Liabilities:				
Due to other funds	-	3 346 52	-	3 346 52
Total liabilities	-	3 346 52	-	3 346 52
Fund equity:				
Investment in general fixed assets	-		336 942 42	336 942 42
Fund balances:				
Unreserved:				
Undesignated	242 079 10	-	-	242 079 10
Total fund equity	242 079 10	-	336 942 42	579 021 52
Total Liabilities and Fund Equity	242 079 10	3 346 52	336 942 42	582 368 04

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

TOWNSHIP OF LINCOLN
Isabella County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B

Year Ended March 31, 2004

	Governmental Fund Type General
Revenues:	
Property taxes	36 294 79
State revenue sharing	137 536 00
Charges for services- cemetery	3 880 00
Interest	3 622 12
Miscellaneous	4 762 36
Total revenues	186 095 27
Expenditures:	
Legislative:	
Township Board	2 894 16
General government:	
Supervisor	5 499 96
Assessor	11 569 56
Clerk	7 359 58
Board of Review	969 30
Treasurer	8 872 60
Building and grounds	14 273 59
Cemetery	800 00
Unallocated	1 513 62
Public safety:	
Fire protection	45 323 47
Public works:	
Highways and streets	10 291 56
Drains at large	1 499 01
Other:	
Insurance	3 577 00
Pension and payroll taxes	2 627 27
Capital outlay	26 604 60
Total expenditures	143 675 28
Excess of revenues over expenditures	42 419 99
Fund balance, April 1	199 659 11
Fund Balance, March 31	242 079 10

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

TOWNSHIP OF LINCOLN
Isabella County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

EXHIBIT C
Page 1

Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	35 000 00	36 294 79	1 294 79
State revenue sharing	137 536 00	137 536 00	-
Charges for services – cemetery	4 000 00	3 880 00	(120 00)
Interest	4 500 00	3 622 12	(877 88)
Miscellaneous	6 500 00	4 762 36	(1 737 64)
Total revenues	187 536 00	186 095 27	(1 440 73)
Expenditures:			
Legislative:			
Township Board	3 000 00	2 894 16	(105 84)
General government:			
Supervisor	5 500 00	5 499 96	(04)
Elections	1 000 00	-	(1 000 00)
Assessor	16 000 00	11 569 56	(4 430 44)
Clerk	9 000 00	7 359 58	(1 640 42)
Board of Review	1 070 00	969 30	(100 70)
Treasurer	10 850 00	8 872 60	(1 977 40)
Building and grounds	16 500 00	14 273 59	(2 226 41)
Cemetery	1 000 00	800 00	(200 00)
Unallocated	3 500 00	1 513 62	(1 986 38)
Public safety:			
Fire protection	45 400 00	45 323 47	(76 53)
Public works:			
Highways and streets	22 830 00	10 291 56	(12 538 44)
Drains at large	3 500 00	1 499 01	(2 000 99)
Other:			
Insurance	5 500 00	3 577 00	(1 923 00)
Pension and payroll taxes	4 000 00	2 627 27	(1 372 73)
Contingency	94 288 30	-	(395 40)
Capital outlay	27 000 00	26 604 60	(94 288 30)

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

TOWNSHIP OF LINCOLN
Isabella County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

EXHIBIT C
Page 2

Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Over (Under) Budget
Total expenditures	269 938 30	143 675 28	(126 263 02)
Excess (deficiency)of revenues over expenditures	(82 402 30)	42 419 99	124 822 29
Fund balance, April 1	104 042 83	199 659 11	95 616 28
Fund Balance, March 31	21 640 53	242 079 10	220 438 57

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

TOWNSHIP OF LINCOLN
Isabella County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

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

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

General Fund

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

Fiduciary Fund

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

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

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

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was .9650 mills, and the taxable value was $37,616,504.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at market.

Receivables

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

Inventories

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

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements.

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.

2. The proposed budgets include expenditures as well as the methods of financing them.

3. Public hearings are held to obtain taxpayer comments.

4. The budgets are adopted at the activity level by a majority vote of the Township Board.

5. The budgets are adopted on the modified accrual basis of accounting.

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.

7. The adopted budgets are used as a management control device during the year for all budgetary funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.

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

Encumbrances

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

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

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

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

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

Note 2 – Deposits and Investments (continued)

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

	Carrying Amounts
Total Deposits	242 079 10

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

	Bank Balances
Insured (FDIC)	207 934 78
Uninsured and Uncollateralized	64 070 30
Total Deposits	272 005 08

The Township of Lincoln did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Land and improvements	32 367 20	2 215 00	-	34 582 20
Buildings and improvements	254 317 17	23 868 00	-	278 185 17
Equipment	23 653 45	521 60	-	24 175 05
Totals	310 337 82	26 604 60	-	336 942 42

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables as of March 31, 2004, are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	3 346 52	Current Tax Collection	3 346 52

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township has a defined contribution pension plan that is offered to all elected officials. The Township contributed a percentage of each covered employee's wages to the plan. The pension expense for the fiscal year ended March 31, 2004, was $1,641.11.

Note 7 – Risk Management

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

Note 8 – Building Permits

The Township of Lincoln does not issue building permits. Building permits are issued by the County of Isabella.

Note 9 – Total Columns on Combined Statements--Overview

The total columns on the combined financial 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, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF LINCOLN
Isabella County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	2 894 16
Supervisor:	
Salary	5 499 96
Assessor:	
Wages	10 840 31
Supplies	729 25
	11 569 56
Clerk:	
Salary	6 999 96
Supplies	359 62
	7 359 58
Board of Review:	
Wages	900 00
Supplies	69 30
	969 30
Treasurer:	
Salary	6 499 92
Supplies	2 372 68
	8 872 60
Building and grounds:	
Wages	1 300 00
Repairs and maintenance	6 870 00
Miscellaneous	6 103 59
	14 273 59
Cemetery:	
Contracted services	800 00
Unallocated:	
Dues	794 17
Printing and publishing	719 45
	1 513 62
Fire protection:	
Contracted services	45 323 47
Highways and streets – repairs and maintenance	10 291 56
Drains at large	1 499 01

TOWNSHIP OF LINCOLN
Isabella County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Insurance	3 577 00
Pension and payroll taxes	2 627 27
Capital outlay	26 604 60
Total Expenditures	143 675 28

TOWNSHIP OF LINCOLN
Isabella County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT E

	Balance 4/1/03	Additions	Deductions	Balance 3/31/04
Assets				
Cash in Bank	264 94	851 793 39	848 711 81	3 346 52
Liabilities				
Due to other funds	135 73	36 407 24	33 196 45	3 346 52
Due to others	129 21	815 386 15	815 515 36	-
Total Liabilities	264 94	851 793 39	848 711 81	3 346 52

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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SEP 15 2004
LOCAL AUDIT & FINANCE DIV.

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 18, 2004

To the Township Board
Township of Lincoln
Isabella County, Michigan

We have audited the financial statements of the Township of Lincoln, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

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

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

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

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

To the Township Board
Township of Lincoln
Isabella County, Michigan

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

OTHER COMMUNICATIONS

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

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

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Lincoln will begin with the year ended March 31, 2004, and

To the Township Board
Township of Lincoln
Isabella County, Michigan

GASB 34 IMPLEMENTATION (continued)

will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

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

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

INVESTMENT POLICY

The Township Board has not adopted an investment policy which is required by State law. We recommend that the Township Board adopt an investment policy as soon as possible.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

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

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants