HUDSON TOWNSHIP

LENAWEE COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

MARCH 31, 2005

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☑ Township ☐ Village ☐ Other	HUDSON TOWNSHIP	LENAWEE

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/05	9/29/05	9/30/05

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.

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 in 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 the 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.	✔		
Reports on individual federal financial assistance programs (program audits).			✔
Single Audit Reports (ASLGU).			✔

Certified Public Accountant (Firm Name)			
PHILIP R. RUBLEY, CPA			
Street Address	City	State	ZIP
133 W. MAIN ST.	MORENCI	MI	49256
Accountant Signature		Date	
		9/29/05	

HUDSON TOWNSHIP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2005

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Using This Annual Report

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities are both new and provide information about the activities of Hudson Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Overview Of The Financial Statements

The Township's basic financial statements are comprised of three components:

A) Government-wide financial statements.

B) Fund financial statements.

C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The Township maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds. The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township has one fund to account for sewer activity - Posey Lake Sanitary Drain.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement, of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, recreation and culture and community development.

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

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

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

Other Information

The Township has reported under required supplementation information, information about the General Fund which is a Major Type Fund.

The Township As A Whole

The Township's net assets for the year ended March 31, 2005 were even over the prior year, and management feels that even though the economic conditions have been slightly depressed, that the Township will be able to maintain revenues close to costs in the future years.

The governmental activities reflect net assets of $207,310.

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

HUDSON TOWNSHIP NET ASSETS

	Governmental Activities 2005	Business-Type Activities 2005
Revenue		
Program Revenue:		
Charges for Services	$ 35,025	$ 22,832
General Revenue:		
Property Taxes	198,123	---
Grants and Contributions Not Restricted To Specific Program	95,424	---
Interest and Rentals Earnings	1,463	516
Total Revenue	330,035	23,348
Expenses		
General Government	75,155	---
Public Safety	89,915	---
Public Works	82,070	55,687
Community and Economic Development	1,452	---
Recreation and Culture	4,683	---
Interest on Long-Term Debt	---	25,267
Other Functions	19,119	---
Total Expenses	272,394	80,954
Increase In Net Assets	57,641	(57,606)
Net Assets Beginning of Year	149,669	713,405
Net Assets End of Year	$207,310	$ 655,799

HUDSON TOWNSHIP NET ASSETS

	Governmental Activities 2005	Business-Type Activities 2005
Current and Other Assets	$198,841	$ 367,408
Capital Assets	8,469	704,900
Total Assets	$207,310	$1,072,308
Long-Term Liabilities Outstanding	$ ---	$ 410,400
Other Liabilities	---	6,109
Total Liabilities	---	416,509
Net Assets		
Invested in Capital Assets, Net of Related Debt	8,469	294,500
Unrestricted	198,841	361,299
Total Net Assets	$207,310	$ 655,799

Government Activities

Government activities increased the Township's net assets by $57,641.

The Township's Funds

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

General Fund Budgetary Highlights

There are no differences between the original budget and amended budget.

Capital Assets And Debt Administration

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2005, amounted to $713,369 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Long-term debt of the Township decreased by $53,200 (see Note 7 of the basic financial statements). There was no new debt incurred in the fiscal year ended March 31, 2005.

Economic Factors And Next Year's Budget And Rates

The Township's budget for 2005-2006 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

Contacting The Townships Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 14510 Carleton Rd., Hudson, Michigan 49247.

PHILIP R. RUBLEY

– Certified Public Accountant –

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Philip R. Rubley, C.P.A.

Members of
American Institute of C.P.A.'s
& the Michigan Association of C.P.A.'s

September 29, 2005

Township Board
Hudson Township
Lenawee County
14510 Carleton Rd.
Hudson, MI 49247

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hudson Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hudson Township management. Our responsibility is to express 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hudson Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9, the Township's has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic *Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as of April 1, 2004.

The management's discussion and analysis and budgetary comparison information on pages 1 through 6, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hudson Township basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hudson Township basic financial statements.

Respectfully Submitted,

Philip R. Rubley, CPA

PRR/cab

HUDSON TOWNSHIP
Government-wide Statement of Net Assets
March 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Equivalents	$178,584	$ 87,443	$ 266,027
Receivables - Net	15,001	279,797	294,798
Prepaid Items and Other Assets	5,256	168	5,424
Capital Assets Being Depreciated - Net	8,469	704,900	713,369
Total Assets	$207,310	$1,072,308	$1,279,618
Liabilities			
Accounts Payable and Accrued Expenses	$ ---	$ 6,109	$ 6,109
Long-Term Liabilities:			
Due Within One Year	---	53,200	53,200
Due In More Than One Year	---	357,200	357,200
Total Liabilities	---	416,509	416,509
Net Assets			
Invested In Capital Assets, Net of Related Debt	8,469	294,500	302,969
Unrestricted	198,841	361,299	560,140
Total Net Assets	$207,310	$ 655,799	$ 863,109

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Government-wide Statement of Activities
For The Year Ended March 31, 2005

Functions/Programs	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Net (Expenses) Revenues
Governmental Activities:					
General Government	$ 75,155	$11,212	$ ---	$ ---	$ (63,943)
Public Safety	89,915	10,781	---	---	(79,134)
Public Works	82,070	---	---	---	(82,070)
Community and Economic Development	1,452	1,550	---	---	98
Recreation and Culture	4,683	---	---	---	(4,683)
Other Functions	19,119	558	10,924	---	(7,637)
Total Governmental Activities	272,394	24,101	10,924	---	(237,369)
Business-Type Activities:					
Utilities	80,954	22,832	---	---	(58,122)
Total	$353,348	$46,933	$10,924	$ ---	$(295,491)

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Government-wide Statement Of Activities (Concluded)
For The Year Ended March 31, 2005

	Governmental Activities	Business-Type Activities	Total
Changes In Net Assets			
Net (Expense) Revenue	$(237,369)	$(58,122)	$(295,491)
General Revenues:			
Property Taxes and Assessments	198,123	---	198,123
Grants and Contributions Not Restricted To Specific Programs	95,424	---	95,424
Unrestricted Investment Earnings and Rentals	1,463	516	1,979
Total General Revenues, Contributions and Transfers	295,010	516	295,526
Change In Net Assets	57,641	(57,606)	35
Net Assets, Beginning of Year	149,669	713,405	863,074
Net Assets, End of Year	$ 207,310	$655,799	$ 863,109

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2005

	General Fund
ASSETS	
Cash and Cash Equivalents	$178,584
Prepaid Expenses	2,966
Receivables - Net	15,001
Due From Other Funds	2,290
Total Assets	$198,841
LIABILITIES	
Deferred Revenue	$ 649
Total Liabilities	649
FUND BALANCES	
Unreserved	198,192
Total Fund Balances	198,192
Total Liabilities and Fund Balances	$198,841

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds To Net Assets Of Governmental Activities On The Statement of Net Assets
March 31, 2005

Fund Balances – Total Governmental Funds		$198,192
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add:	Capital Assets	16,489
Deduct:	Accumulated Depreciation	(8,020)
Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.		
Add:	Deferred Revenue	649
Net Assets of Governmental Activities		$207,310

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Governmental Funds
Statement of Revenue, Expenditures, and Changes In Fund Balances
For The Year Ended March 31, 2005

	General Fund
REVENUES	
Taxes and Assessments	$197,473
Intergovernmental	106,348
Licenses and Permits	12,331
Charges for Services	11,205
Interest	1,463
Other	566
Total Revenue	329,386
EXPENDITURES	
Current:	
General Government	71,746
Public Safety	89,915
Public Works	82,070
Community Economic Development	1,452
Capital Outlay	1,593
Recreation and Culture	4,683
Other Functions	19,119
Total Expenditures	270,578
Net Change In Fund Balances	58,808
Fund Balances – Beginning of Year	139,384
Fund Balances – End of Year	$198,192

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances Of Governmental Statement Of Activities
March 31, 2005

Net Change In Fund Balances – Total Governmental Funds	$58,808
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Deduct: Depreciation Expense	(1,816)
Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.	
Add: Deferred Revenue other adjustments	649
Change In Net Assets Of Governmental Activities	$57,641

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Statement of Net Assets
Proprietary Fund
March 31, 2005

	Business-Type Activity - Enterprise Fund
	Posey Lake Sewer Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 87,443
Accounts Receivable and Special Assessments	47,718
Due from Other Funds	168
Total Current Assets	135,329
Noncurrent Assets:	
Property and Equipment - Net	704,900
Special Assessment Receivable	232,079
Total Noncurrent Assets	936,979
Total Assets	$1,072,308
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	$ 6,109
Bonds Payable Current Portion	53,200
Total Current Liabilities	59,309
Noncurrent Liabilities:	
Bonds Payable	357,200
Total Noncurrent Liabilities	357,200
Total Liabilities	416,509
Net Assets	
Invested in Capital Assets, Net of Related Debt	294,500
Unrestricted	361,299
Total Net Assets	655,799
Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets	$ 655,799

The accompanying notes are an integral part of this financial statement.

HUDSON TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For The Year Ended March 31, 2005

	Business-Type Activity - Enterprise Fund
	Posey Lake Sewer Fund
Operating Revenues	
Charges for Services	$ 22,832
Total Operating Revenues	22,832
Expenses	
Office Expenses	2,573
Contractual Services	26,514
Depreciation	26,600
Total Operating Expenses	55,687
Operating Income (Loss)	(32,855)
Non-Operating Revenues (Expenses)	
Investment Income	516
Interest Expense and Fiscal Charges	(25,267)
Total Non-Operating Revenues (Expenses)	(24,751)
Income (Loss)	(57,606)
Net Assets, Beginning of Year	713,405
Net Assets, End of Year	$ 655,799

The accompanying notes are an integral part of this financial statement.

HUDSON TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities
March 31, 2005

Change In Net Assets – All Enterprise Funds	$(57,606)
No additional adjustments	---
Change In Net Assets Of Business-Type Activities	$(57,606)

The notes to financial statements are an integral part of this statement.

HUDSON TOWNSHIP
Statement of Cash Flows
Proprietary Fund
For The Year Ended March 31, 2005

	Business-Type Activity - Enterprise Fund
	Posey Lake Sewer Fund
Cash Flows From Operating Activities	
Cash Received from Customers	$ 22,117
Cash Payment to Suppliers For Goods and Services/Employees	(22,633)
Net Cash Provided (Used)	(516)
Cash Flows From Capital and Related Financing Activities	
Special Assessment Receivable	43,361
Bond Principal Payments	(53,200)
Bond Principal Payments	(26,062)
Due from Other Funds	57,171
Net Cash (Used) by Capital and Related Financing Activities)	21,270
Cash Flows From Investing Activities	
Investment Income	517
Net Cash Provided (Used) by Investing Activities	517
Net Increase (Decrease) in Cash and Cash Equivalents	21,271
Cash and Cash Equivalents, Beginning of Year	66,172
Cash and Cash Equivalents, End of Year	$ 87,443
Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	$ 87,443

The accompanying notes are an integral part of this financial statement.

HUDSON TOWNSHIP
Statement of Cash Flows (Concluded)
Proprietary Fund
For The Year Ended March 31, 2005

	Business-Type Activity - Enterprise Fund
	Posey Lake Sewer Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating (Loss)	$(57,606)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	26,600
Changes in Assets and Liabilities:	
Accounts Receivable	5,777
Other Current Assets	57,171
Accounts Payable, Accrued Liabilities and Current Portion on Bonds	(832)
Net Cash Provided (Used) by Operating Activities	31,110
Cash Flows From Financing Activities:	
Principal Paid on Bonds	(53,200)
Special Assessment Receivable	43,361
Net Cash (Used) from Financing Activities	(9,839)
Net Increase (Decrease) in Cash and Cash Equivalents	21,271
Cash and Cash Equivalents, Beginning of Year	66,172
Cash and Cash Equivalents, End of Year	$ 87,443

The accompanying notes are an integral part of this financial statement.

HUDSON TOWNSHIP
Fiduciary Funds – Statement of Net Assets
March 31, 2005

	Current Tax Collection Fund	Trust and Agency Fund	Total Fiduciary Funds
Assets			
Cash and Cash Equivalents	$5,655	$154	$5,809
Total Assets	$5,655	$154	$5,809
Liabilities			
Due to Other Funds	$2,311	$147	$2,458
Due to Other Authorities	3,344	7	3,351
Total Liabilities	$5,655	$154	$5,809

The notes to financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hudson Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental 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:

A. Reporting Entity

Hudson Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The government reports the following major proprietary fund:

The Posey Lake Sewer Funds (Utilities) are proprietary funds which accounts for activities of the government's waste water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

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

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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.

E. Assets, Liabilities, and Net Assets or Equity

1. **Bank Deposits and Investment –** Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

   State statues authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables –** In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items –** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories –** All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets –** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $800 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

   Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Long-Term Obligations –** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

7. **Fund Equity –** In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary Information –** Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

B. Excess of Expenditures Over Appropriations In Budgeted Funds - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2005, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	Amended Budget	Actual	Variance
General Fund:			
General Government:			
Treasurer	$15,616	$ 15,890	$ 274
Board of Review	900	1,125	225
Public Works:			
Roads and Maintenance	21,300	74,457	53,157
Road Lights	360	382	22
Public Safety:			
Inspections	7,000	11,123	4,123

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1: Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	Category 1	2	3	Carrying Value	Market Value
Checking, Savings and Certificate of Deposits	$271,836	$ ---	$ ---	$271,836	$271,836
	$271,836	$ ---	$ ---	$271,836	$271,836

Includes Trust & Agency fund cash of $5,809

Balance Sheet Cash And Cash Investments

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

Deposits	Carrying Amount
Insured (FDIC) (FSLIC)	$271,836
Uninsured:	
Uncollateralized	---
Total	$271,836

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Asset:	
Cash and Cash Equivalents	$266,027
	266,027
Statement of Fiduciary Net Asset:	
Agency Funds:	
Cash and Cash Equivalents	5,809
	5,809
	$271,836

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2005 was as follows:

	Beginning Balance	Increases	Ending Decreases	Balance
Governmental Activities				
Capital Assets,				
Being Depreciated:				
Land Improvements	$ 6,100	$ ---	$ ---	$ 6,100
Equipment	9,589	800	---	10,389
Total Capital Assets Being Depreciated	15,689	800	---	16,489
Less Accumulated Depreciation For:				
Land Improvements	(3,253)	(407)	---	(3,660)
Equipment	(2,951)	(1,409)	---	(4,360)
Total Accumulated Depreciation	(6,204)	(1,816)	---	(8,020)
Total Capital Assets, Being Depreciated, Net	9,485	(1,016)	---	8,469
Governmental Activities Capital Assets, Net	$ 9,485	$ (1,016)	$ ---	$ 8,469
Business-Type Activities				
Capital Assets,				
Being Depreciated:				
Sewer Systems	$1,064,000	$ ---	$ ---	$1,064,000
Total Capital Assets Being Depreciated	1,064,000	---	---	1,064,000
Less Accumulated Depreciation For:				
Sewer Systems	(332,500)	(26,600)	---	(359,100)
Total Accumulated Depreciation	(332,500)	(26,600)	---	(359,100)
Total Capital Assets, Being Depreciated, Net	731,500	(26,600)	---	704,900
Business-Type Activities Capital Assets, Net	$ 731,500	$(26,600)	$ ---	$ 704,900

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:	
General Government	$ 1,816
Total Depreciation Expense Governmental Activities	$ 1,816
Business-Type Activities:	
Utilities	$26,600
Total Depreciation Expense Business-Type Activities	$26,600

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

At March 31, 2205, the following were interfund receivables and payables in the fund statement.

Fund	Interfund Receivables	Interfund Payables
Tax Collection	$ ---	$2,311
Sewer Fund - Posey	168	---
General	2,290	---
Trust and Agency	---	147
Total	$2,458	$2,458

NOTE 6 – PROPERTY TAXES

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

NOTE 7 – LONG-TERM DEBT

Purpose: Improvement of Sewer System - Series 1991 - Bonds issued by Hudson and Rollin Township. - Posey Lake Sanitary Drains.

Allocation: Hudson Township, Michigan 76%
Rollin Township, Michigan 24%

Debt Service Schedule - Hudson

Date	Period Principal	Period Coupon	Interest	Total
7/1/05	$ 53,200	6.300000	$12,218	$65,418
1/1/06			10,542	10,542
7/1/06	53,200	6.350000	10,542	63,742
1/1/07			8,853	8,853
7/1/07	53,200	6.350000	8,853	62,053
1/1/08			7,164	7,164
7/1/08	60,800	6.400000	7,164	67,964
1/1/09			5,218	5,218
7/1/09	64,600	6.450000	5,218	69,818
1/1/10			3,135	3,135
7/1/10	64,600	5.000000	3,135	67,735
1/1/11			1,520	1,520
7/1/11	60,800	5.000000	1,520	62,320
Totals	$410,400		$85,082	$495,482

Debt service requirements over next five years are as follows:

Year	Principal	Interest
2006	$ 53,200	$ 22,760
2007	53,200	19,395
2008	53,200	16,017
2009	60,800	12,382
2010	64,600	8,353
Thereafter	125,400	6,175
Total	$410,400	$ 85,082

NOTE 8 – OTHER INFORMATION

Risk Management

The government 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. During the year ended March 31, 2005, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 9 – ACCOUNTING CHANGE

Effective April 1, 2004, the Hudson Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No. 34), along with all related statements and interpretations. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A Management's Discussion and Analysis of the Township's overall financial position and results of operations has been included.
- Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets totaling $8,469.

The fund financial statements focus on major funds rather than fund types.

HUDSON TOWNSHIP
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance				
Resources (Inflows)	$124,065	$124,065	$139,384	$ 15,319
Taxes and Assessments	106,500	106,500	197,473	90,973
Intergovernmental	100,000	100,000	106,348	6,348
Licenses and Permits	7,750	7,750	12,331	4,581
Charges for Services	15,000	15,000	11,205	(3,795)
Interest	500	500	1,463	963
Other	---	---	566	566
Amounts Available for Appropriation	353,815	353,815	468,770	114,955
Charges to Appropriations (Outflows)				
General Government				
Trustee Board	8,584	8,584	8,185	399
Supervisor	16,344	16,344	15,195	1,149
Treasurer	15,616	15,616	15,890	(274)
Assessing	9,990	9,990	9,990	---
Clerk	14,004	14,004	13,139	865
Elections	2,300	2,300	2,226	74
Attorney and Accounting	4,000	4,000	1,940	2,060
Cemetery	600	600	600	---
Board of Review	900	900	1,125	(225)
Township Hall and Grounds	3,500	3,500	3,456	44
Public Safety				
Inspections	7,000	7,000	11,123	(4,123)
Fire	41,944	41,944	41,864	80
Ambulance	37,000	37,000	36,928	72
Community Economic Development				
Planning and Zoning	2,500	2,500	1,452	1,048
Public Works				
Dust Control	12,500	12,500	578	11,922
Road and Maintenance	21,300	21,300	74,457	(53,157)
Drains at Large	8,000	8,000	6,653	1,347
Road Lights	360	360	382	(22)
Capital Outlay	3,000	3,000	1,593	1,407
Recreation and Culture				
Clayton Community Center	1,500	1,500	1,500	---
Library	3,000	3,000	3,000	---
River Raisin Watershed Council	183	183	183	---
Other Functions	19,594	19,594	19,119	475
Total Charges to Appropriations	233,719	233,719	270,578	(36,859)
Ending of Year Fund Balance	$120,096	$120,096	$198,192	$ 78,096

The notes to financial statements are an integral part of this statement.

PHILIP R. RUBLEY

– Certified Public Accountant –

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Philip R. Rubley, C.P.A.

Members of
American Institute of C.P.A.'s
& the Michigan Association of C.P.A.'s

September 29, 2005

Township Board
Hudson Township
Lenawee County
14510 Carleton Rd.
Hudson, MI 49247

In planning and performing my audit of the financial statements of Hudson Township for the year ended March 31, 2005, I considered the Township's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. The consideration I gave to the internal control structure was not sufficient for me to provide any form of assurance on it. However, in reviewing the Township's processes and systems, I made observations I feel should be communicated to you and I have done so in a separate letter dated September 29, 2005. In addition I have summarized other areas for Board's consideration involving internal controls and fraud considerations.

If you have any questions on the information contained in this letter please contact me.

Respectfully Submitted,

Philip R. Rubley, CPA

PRR/cab

INTERNAL CONTROLS

Over a relatively short period of time, there have been several large fraud related cases documented in the mid-Michigan area, as well as in other areas of Michigan and throughout the country. These highly publicized cases have raised significant concerns for management of many organizations, as well as the council and board members of these not-for-profit organizations and governmental organizations, concerning their organization's vulnerability to internal or external fraud related activities. It is strongly believed that all organizations, both small and large, have some level of risk in this area and even having the ''best practices'' in place will not necessarily prevent the occurrence of this unfortunate activity.

Through many recent conversations with my clients regarding their susceptibility to fraud, it was noted the most important element necessary to reduce the risk of fraud is to have a sound organizational structure, which includes sound accounting and internal control policies and procedures (IN THE EYES OF THEIR EMPLOYEES). One of the key aspects of strong controls, and thus a deterrent, is senior management's support and involvement with accounting and internal control monitoring and related decisions.

Some of the key areas to focus on include, but are not limited to, the following:

- Cash receipts handling and posting to general ledgers including the initial posting of cash receipts.
- Posting of adjusting journal entries to the ledger.
- Cash disbursements, including the establishment of vendor master files in the computer system and maintenance and controls surrounding the signature of cash disbursement checks.
- Payroll, including the access to all master files detailing wage rates and other information, and the establishment of new employees in the computer system.
- Proper approval procedures for all disbursements including a good checks and balances system i.e.: no one person responsible for this function where possible.

FRAUD CONSIDERATIONS

Statement of Auditing Standards No. 99 (SAS99), consideration of Fraud in a Financial Statement Audit

Effective for the year ended December 31, 2003, Statement on Auditing Standards No. 99 (SAS((), *Consideration of Fraud in a Financial Statement Audit*, requires additional audit procedures addressing the risk of fraud in an organization. Our responsibility is not to detect fraud, but to detect material misstatements in the financial statements caused by fraud, and our consideration of fraud is integrated into the overall audit process.

Types of fraud include intentional misstatements or omissions in financial reporting and misappropriation of assets. SAS 99 requires auditors to address:

- How and where the client's financial statements might be susceptible to material misstatement due to fraud and what conditions might be present to allow fraud to occur.
- How management could perpetrate and conceal fraud.
- How management or employees could misappropriate assets of the client.

In addition, SAS 99 requires auditors to make inquiry of:

- Management regarding their awareness and understanding of fraud, fraud risks, and steps taken to mitigate risks.
- Others within the entity, including council members, non-financial executives, administrators, and non-management personnel not directly involved in the financial reporting process, regarding the existence of suspicion of fraud and the individual's views about the risks of fraud within the entity.

Risk areas identified through inquiries and based on industry knowledge will significantly affect the audit process. With your help, the implementation of these new standards will certainly lead to a greater comfort in the controls you have designed and implemented. It may even create greater efficiency in the accounting process as a byproduct of the process.

Creating A Culture Of Honesty And High Ethics

It is the Township's responsibility to establish core values and to effectively communicate the values to employees in order to create a culture with high ethical standards. The AICPA has included the following as key components necessary for the creation of such a culture.

Setting The Tone At The Top

Management, through the modeling of high ethics themselves and effectively communicating expectations to employees, is responsible for leading the effort to create the appropriate culture within the Township.

Creating A Positive Workplace Environment

The creation of a positive workplace environment, where employees feel they are treated fairly, has proven to reduce the risk of fraud. This type of environment could be created as follows:

Allowing employees to provide input related to the code of conduct.

- Enabling employees to internally seek advice concerning decisions that appear to have ethical implications.
- Establishment of a fair reward system.
- Implementation of team-focused decision making policies.

Hiring And Promoting Appropriate Employees

Policies must be effective in reducing the changes of hiring and promoting individuals with low ethical standards.

Training

Core values expressing an attitude of intolerance toward unethical behavior should be communicated immediately to new hires and should be recommunicated periodically to all employees.

Confirmation

Reinforcement of core values occurs if the employees are required to sign a code of conduct statement.

Discipline

Consequences of unethical behavior should be communicated upfront, and management response to unethical behavior should be consistent with the consequences communicated. Management's response demonstrates the level of commitment to the ethical standards and could deter future wrongdoing.

Evaluating Antifraud Processes and Controls

Perceived opportunity to successful commit fraud increases the risk that fraud will occur. The following can help in reducing the opportunity for fraud.

Identifying And Measuring Fraud Risks

The Township's vulnerability to fraudulent activity (including Fraudulent financial reporting, misappropriation of assets, bribery and other illegal acts) should be assessed.

Implementing And Monitoring Appropriate Internal Controls

Internal processes can be modified to reduce fraud risk. Examples of such process modifications are as follows:

- Additional review of the procurement process
- Segregation of duties
- Adequate scrutiny of interim financial reports and budget reports by management

Developing An Appropriate Oversight Process

Whether it is external or internal oversight, appropriate oversight should be identified and established.

Township Board

The Township Board is ultimately responsible for ensuring management is doing an effective job of monitoring fraud risk and implementing procedures to mitigate fraud risk. Therefore, the Board should be evaluating management's assessments and controls.

Independent Auditors

Independent auditors can provide an assessment of the Township's process for identifying, assessing and responding to the risk of fraud.

Certified Fraud Examiners

Certified Fraud Examiners can provide additional insight into the risk assessment.

Other Information

The following Web sites provide additional guidance on fraud and the implementation of anti-fraud programs and controls:

American Institute of Certified Public Accountants	www.aicpa.org
Association of Certified Fraud Examiners	www.cfenet.com
Financial Executives International	www.fei.org
Information Systems Audit and Control Association	www.isaca.org
The Institute of Internal Auditors	www.theiia.org
Institute of Management Accounts	www.imanet.org
National Association of Corporate Directors	www.nacdonline.org
Society for Human Resource Management	www.shrm.org

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September 29, 2005

Township Board
Hudson Township
Lenawee County
14510 Carleton Rd.
Hudson, MI 49247

We have examined the combined financial statements of the Hudson Township and the combining, individual fund and account group financial statements of the Township as of and for the year ended March 31, 2005 and have issued our report thereon dated September 29, 2005. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2005, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

1. **Capital Assets**

   It is imperative that you maintain your capital assets that exceed $800.00, your threshold. Any assets disposed of or purchased, traded, etc. must be kept for proper updating to the capital assets system. This applies also to your un-audited periods.

2. **Budget**
   Any adjustments to your budget should be adjusted to your budget schedule, also keeping your first budget intact, so proper comparison can be made to original budget and amended.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated September 29, 2005, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,

Philip R. Rubley, CPA

PRR/cab