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 Haight	Ontonagon

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2004	May 19, 2004	May 19, 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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LOCAL AUDIT & FINANCE DIV.

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 HAIGHT
Ontonagon County, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

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DEPARTMENT OF TREASURY
JUN - 2 2004

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

TABLE OF CONTENTS

	Exhibit	Page
Independent Auditor's Report		1
General Purpose Financial Statements:		
Combined Balance Sheet – All Fund Types and Account Groups	A	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	3-4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds	C	5-6
Notes to Financial Statements		7-12
Supplementary Information:		
General Fund Expenditures by Detailed Account	D	13-14
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	E	15

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 19, 2004

To the Township Board
Township of Haight
Ontonagon County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Haight, Ontonagon 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 Haight'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 Haight, Ontonagon County, Michigan, as of March 31, 2004, and the results of its operations for the year then 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 purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Haight, Ontonagon 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 HAIGHT
Ontonagon County, Michigan

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

EXHIBIT A

	Governmental Fund Types		Fiduciary Fund Type
	General	Special Revenue	Agency
Assets			
Cash in bank	66 259 88	95 727 62	175 72
Taxes receivable	1 205 25	-	-
Due from other funds	44 00	-	-
Land and improvements	-	-	-
Building	-	-	-
Equipment	-	-	-
Total Assets	67 509 13	95 727 62	175 72
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	310 80	-	-
Due to other funds	-	-	44 00
Due to other units	-	-	131 72
Total liabilities	310 80	-	175 72
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balances:			
Unreserved:			
Undesignated	67 198 33	95 727 62	-
Total fund equity	67 198 33	95 727 62	-
Total Liabilities and Fund Equity	67 509 13	95 727 62	175 72

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

Account Group General Fixed Assets	Total (Memorandum Only)
-	162 163 22
-	1 205 25
-	44 00
23 396 63	23 396 63
66 696 00	66 696 00
16 087 85	16 087 85
106 180 48	269 592 95
-	310 80
-	44 00
-	131 72
-	486 52
106 180 48	106 180 48
-	162 925 95
106 180 48	269 106 43
106 180 48	269 592 95

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

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

EXHIBIT B
Page 1

Year Ended March 31, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Revenues:			
Property taxes	10 478 92	-	10 478 92
Other taxes	235 85	13 025 79	13 261 64
Licenses and permits	910 00	-	910 00
State revenue sharing	16 191 50	-	16 191 50
Charges for services:			
Cemetery lots	1 585 00	-	1 585 00
Property tax administration	5 852 64	-	5 852 64
Interest	1 680 36	1 100 80	2 781 16
Miscellaneous	8 989 70	-	8 989 70
Total revenues	45 923 97	14 126 59	60 050 56
Expenditures:			
Legislative:			
Township Board	5 868 95	-	5 868 95
General government:			
Supervisor	8 966 20	-	8 966 20
Clerk	4 994 80	-	4 994 80
Board of Review	507 50	-	507 50
Treasurer	6 779 20	-	6 779 20
Building and grounds	5 400 76	-	5 400 76
Cemetery	4 221 00	-	4 221 00
Public safety:			
Liquor law enforcement	442 31	-	442 31
Fire protection	3 000 00	-	3 000 00
Ambulance	3 492 05	-	3 492 05
Protective inspection	1 548 11	-	1 548 11
Public works:			
Highways and streets	-	4 650 19	4 650 19
Street lighting	-	2 016 96	2 016 96
Total expenditures	45 220 88	6 667 15	51 888 03

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

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

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

EXHIBIT B
Page 2

Year Ended March 31, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Excess of revenues over expenditures	703 09	7 459 44	8 162 53
Fund balances, April 1	66 495 24	88 268 18	154 763 42
Fund Balances, March 31	67 198 33	95 727 62	162 925 95

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

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	19 500 00	10 478 92	(9 021 08)
Other taxes	260 00	235 85	(24 15)
Licenses and permits	2 000 00	910 00	(1 090 00)
State revenue sharing	17 522 50	16 191 50	(1 331 00)
Charges for services:			
Cemetery lots	300 00	1 585 00	1 285 00
Property tax administration	6 000 00	5 852 64	(147 36)
Interest	1 050 00	1 680 36	630 36
Miscellaneous	3 550 00	8 989 70	5 439 70
Total revenues	50 182 50	45 923 97	(4 258 53)
Expenditures:			
Legislative:			
Township Board	10 860 00	5 868 95	(4 991 05)
General government:			
Supervisor	9 320 00	8 966 20	(353 80)
Elections	1 225 00	-	(1 225 00)
Clerk	5 390 00	4 994 80	(395 20)
Board of Review	800 00	507 50	(292 50)
Treasurer	7 550 00	6 779 20	(770 80)
Building and grounds	8 450 00	5 400 76	(3 049 24)
Cemetery	5 200 00	4 221 00	(979 00)
Public safety:			
Liquor law enforcement	482 52	442 31	(40 21)
Fire protection	3 000 00	3 000 00	-
Ambulance	3 500 00	3 492 05	(7 95)
Protective inspection	2 550 00	1 548 11	(1 001 89)
Zoning	125 00	-	(125 00)
Public works:			
Highways and streets	-	-	-
Street lighting	-	-	-
Sanitation	1 000 00	-	(1 000 00)

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

Special Revenue Funds		
Budget	Actual	Over (Under) Budget
-	-	-
12 000 00	13 025 79	1 025 79
-	-	-
-	-	-
-	-	-
-	-	-
-	1 100 80	1 100 80
-	-	-
12 000 00	14 126 59	2 126 59
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
9 500 00	4 650 19	(4 849 81)
2 500 00	2 016 96	(483 04)
-	-	-

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 2

	General Fund		
	Budget	Actual	Over (Under) Budget
Total expenditures	59 452 52	45 220 88	(14 231 64)
Excess (deficiency) of revenues over expenditures	(9 270 02)	703 09	9 973 11
Fund balances, April 1	9 270 02	66 495 24	57 225 22
Fund Balances, March 31	-	67 198 33	67 198 33

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

Special Revenue Fund		
Budget	Actual	Over (Under) Budget
12 000 00	6 667 15	(5 332 85)
-	7 459 44	7 459 44
-	88 268 18	88 268 18
-	95 727 62	95 727 62

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Haight, Ontonagon 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 Haight. 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:

Governmental Funds

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.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

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

Note 1 – Summary of Significant Accounting Policies (continued)

Account Group

General Fixed Assets Account Group

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

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 revenue 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 2003 Township tax roll millage rate was 1.3662 mills and the taxable value was $12,912,363.00.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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)

Township 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

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 al budgetary funds.

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.

Note 2 – Deposits and Investments (continued)

The Township Board has designated one bank 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.

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

	Carrying Amounts
Total Deposits	162 163 22

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

	Bank Balances
Insured (FDIC)	100 177 72
Uninsured and Uncollateralized	62 299 86
Total Deposits	162 477 58

The Township of Haight 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	23 396 63	-	-	23 396 63
Building	66 696 00	-	-	66 696 00
Equipment	16 087 85	-	-	16 087 85
Totals	106 180 48	-	-	106 180 48

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	44 00	Current Tax Collection	44 00

Note 5 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 6 – Pension Plan

The Township does not have a pension plan.

Note 7 – Risk Management

The Township is exposed to various risks 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

As of March 31, 2004, the Township had building permit revenues of $910.00 and building permit expenses of $1,540.40.

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 HAIGHT
Ontonagon County, Michigan

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

EXHIBIT D
Page 1

Township Board:	
Salaries	3 000 00
Membership and dues	185 50
Miscellaneous	949 00
Social security	1 734 45
	5 868 95
Supervisor:	
Salary	4 500 00
Supplies	1 659 65
Mileage	249 55
Miscellaneous	105 00
Assessment cards	2 452 00
	8 966 20
Clerk:	
Salary	4 740 00
Supplies	109 65
Mileage	106 40
Miscellaneous	38 75
	4 994 80
Board of Review:	
Wages	507 50
Treasurer:	
Salary	5 700 00
Supplies	452 70
Mileage	626 50
	6 779 20
Building and grounds:	
Wages	1 412 50
Operating supplies	408 00
Communications	464 49
Insurance	2 686 00
Repairs and maintenance	60 86
Utilities	368 91
	5 400 76
Cemetery:	
Wages	2 325 00
Repairs and maintenance	1 896 00
	4 221 00
Liquor law enforcement:	
Wages	442 31

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

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

EXHIBIT D
Page 2

Fire protection:	
Contracted services	3 000 00
Ambulance:	
Contracted services	3 492 05
Protective inspection:	
Wages	1 038 00
Mileage	316 40
Miscellaneous	193 71
	1 548 11
Total Expenditures	45 220 88

TOWNSHIP OF HAIGHT
Ontonagon 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	44 00	323 346 85	323 215 13	175 72
Liabilities				
Due to other funds	44 00	12 862 76	12 862 76	44 00
Due to other units	-	310 484 09	310 352 37	131 72
Total Liabilities	44 00	323 346 85	323 215 13	175 72

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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RECEIVED
DEPT. OF TREASURY
JUN - 2 2004
LOCAL AUDIT & FINANCE DIV.

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 19, 2004

To the Township Board
Township of Haight
Ontonagon County, Michigan

We have audited the financial statements of the Township of Haight, 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 Haight 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 Haight
Ontonagon 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.

To the Township Board
Township of Haight
Ontonagon County, Michigan

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 Haight will begin with the year ended March 31, 2004, and 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.

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