TOWNSHIP OF NUNDA
Cheboygan County, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

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

Local Unit of Government Type	Local Unit Name	County
☐County ☐City ☒Twp ☐Village ☐Other	Township of Nunda	Cheboygan

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
March 31, 2008	May 27, 2008	June 4, 2008

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	N/A

Certified Public Accountant (Firm Name)	Telephone Number		
Campbell, Kusterer & Co., P.C.	989-894-1040		
Street Address	**City**	**State**	**Zip**
512 N. Lincoln, Suite 100, P.O. Box 686	Bay City	MI	48707

Authorizing CPA Signature	Printed Name	License Number
	Mark J. Campbell	1101007803

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 27, 2008

To the Township Board
Township of Nunda
Cheboygan County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Nunda, Cheboygan County, Michigan as of and for the year ended March 31, 2008 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Nunda's management. Our responsibility is to express opinions 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Nunda, Cheboygan County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents 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 an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

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

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Nunda covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled $861,292.72 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were $393,241.69 from governmental activities. Governmental activities had a $49,350.01 decrease in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Fire Fund, Road Fund, Debt Service Fund, and the Dam Maintenance Fund.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	Total Governmental Activities 2008
Current Assets	1 193 681
Capital Assets	621 442
Total Assets	1 815 123
Current Liabilities	383 830
Non-current Liabilities	570 000
Total Liabilities	953 830
Net Assets:	
Invested in Capital Assets	51 442
Restricted	255 089
Unrestricted	554 762
Total Net Assets	861 293

	Total Governmental Activities 2008
Program Revenues:	
Fees and Charges for Services	162 160
General Revenues:	
Property Taxes	125 003
Other Taxes	23 684
State Revenue Sharing	46 456
Interest	31 940
Miscellaneous	3 999
Total Revenues	393 242
Program Expenses:	
Legislative	22 498
General Government	71 622
Public Safety	36 694
Public Works	272 191
Other	5 072
Interest on Long-Term Debt	34 515
Total Expenses	442 592
Increase (Decrease) in Net Assets	(49 350)
Net Assets, April 1	910 643
Net Assets, March 31	861 293

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, Fire Fund, Road Fund, Debt Service Fund, and the Dam Maintenance Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for the Township's governmental services with total expenditures of $103,636.65.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested $0 in capital assets.

The Township's governmental activities paid $65,000.00 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads and water, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at 231-525-8626.

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	69 887 68
Investments	698 213 85
Taxes receivable	41 749 19
Special assessments receivable	383 830 43
Total Current Assets	1 193 681 15
NON-CURRENT ASSETS:	
Capital Assets	655 797 00
Less: Accumulated Depreciation	(56 438 00)
Debt issuance cost	29 774 00
Less: Accumulated Amortization	(7 691 00)
Total Non-current Assets	621 442 00
TOTAL ASSETS	1 815 123 15
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Deferred revenue	383 830 43
Total Current Liabilities	383 830 43
NON-CURRENT LIABILITIES:	
Bonds payable	570 000 00
Total Non-current Liabilities	570 000 00
Total Liabilities	953 830 43
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	51 442 00
Restricted	255 089 06
Unrestricted	554 761 66
Total Net Assets	861 292 72
TOTAL LIABILITIES AND NET ASSETS	1 815 123 15

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

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

		Program Revenue	Governmental Activities
	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	22 497 28	-	(22 497 28)
General government	71 622 20	28 421 09	(43 201 11)
Public safety	36 694 00	75 00	(36 619 00)
Public works	272 191 22	133 664 12	(138 527 10)
Other	5 072 00	-	(5 072 00)
Interest on long-term debt	34 515 00	-	(34 515 00)
Total Governmental Activities	442 591 70	162 160 21	(280 431 49)
General Revenues:			
Property taxes			125 002 53
Other taxes			23 684 16
State revenue sharing			46 455 87
Interest			31 939 84
Miscellaneous			3 999 08
Total General Revenues			231 081 48
Change in net assets			(49 350 01)
Net assets, beginning of year			910 642 73
Net Assets, End of Year			861 292 72

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

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	General	Road	Fire	Debt Service
Assets				
Cash in bank	69 723 23	-	-	-
Investments	151 211 86	203 059 69	53 649 08	243 642 89
Taxes receivable	8 244 11	14 901 91	6 485 31	11 446 17
Special assessments receivable	-	-	-	383 830 43
Due from other funds	17 276 27	-	-	-
Total Assets	246 455 47	217 961 60	60 134 39	638 919 49
Liabilities and Fund Equity				
Liabilities:				
Due to other funds	-	17 111 82	-	-
Deferred revenue	-	-	-	383 830 43
Total liabilities	-	17 111 82	-	383 830 43
Fund equity:				
Fund balances:				
Reserved for debt service	-	-	-	255 089 06
Unreserved:				
Undesignated	246 455 47	200 849 78	60 134 39	-
Total fund equity	246 455 47	200 849 78	60 134 39	255 089 06
Total Liabilities and Fund Equity	246 455 47	217 961 60	60 134 39	638 919 49

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

Other Funds (Dam Maintenance)	Total
-	69 723 23
46 650 33	698 213 85
671 69	41 749 19
-	383 830 43
-	17 276 27
47 322 02	1 210 792 97
-	17 111 82
-	383 830 43
-	400 942 25
-	255 089 06
47 322 02	554 761 66
47 322 02	809 850 72
47 322 02	1 210 792 97

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	809 850 72
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 governmental funds balance sheet:	
Capital assets at cost	655 797 00
Accumulated depreciation	(56 438 00)
Deferred cost used in governmental activities are not financial resources and therefore are not reported in the funds:	
Debt issuance costs	29 774 00
Accumulated amortization	(7 691 00)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	(570 000 00)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	861 292 72

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

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year ended March 31, 2008

	General	Road	Fire	Debt Service
Revenues:				
Property taxes	38 446 51	48 088 08	38 467 94	-
Other taxes	23 684 16	-	-	-
Licenses and permits	75 00	-	-	-
State revenue sharing	44 036 95	2 418 92	-	-
Charges for services:				
Cemetery	4 540 00	-	-	-
Property tax administration	23 881 09	-	-	
Special assessments	-	48 058 19	-	79 532 51
Interest	7 313 14	11 346 97	1 376 97	10 069 35
Miscellaneous	3 999 08	-	-	-
Total revenues	145 975 93	109 912 16	39 844 91	89 601 86
Expenditures:				
Legislative:				
Township Board	22 497 28	-	-	-
General government:				
Supervisor	12 184 74	-	-	-
Elections	793 15	-	-	-
Assessor	15 349 96	-	-	-
Clerk	11 270 24	-	-	-
Treasurer	17 041 06	-	-	-
Board of Review	418 94	-	-	-
Building and grounds	4 036 45	-	-	-
Cemetery	9 415 66	-	-	-
Public safety:				
Fire protection	-	-	36 310 00	-
Liquor law enforcement	384 00	-	-	-
Public works:				
Highways and streets	1 279 97	252 041 44	-	-
Sanitation	3 893 20	-	-	-
Dam	-	-	-	-
Other:				
Insurance	5 072 00	-	-	-
Debt service	-	-	-	99 515 00
Total expenditures	103 636 65	252 041 44	36 310 00	99 515 00
Excess (deficiency) of revenues over expenditures	42 339 28	(142 129 28)	3 534 91	(9 913 14)
Fund balances, April 1	204 116 19	342 979 06	56 599 48	265 002 20
Fund Balances, March 31	246 455 47	200 849 78	60 134 39	255 089 06

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

Other Funds (Dam Maintenance)	Total
-	125 002 53
-	23 684 16
-	75 00
-	46 455 87
-	4 540 00
-	23 881 09
6 073 42	133 664 12
1 833 41	31 939 84
-	3 999 08
7 906 83	393 241 69
-	22 497 28
-	12 184 74
-	793 15
-	15 349 96
-	11 270 24
-	17 041 06
-	418 94
-	4 036 45
-	9 415 66
-	36 310 00
-	384 00
-	253 321 41
-	3 893 20
75 61	75 61
-	5 072 00
-	99 515 00
75 61	491 578 70
7 831 22	(98 337 01)
39 490 80	908 187 73
47 322 02	809 850 72

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	(98 337 01)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(13 036 00)
Capital Outlay	-
Governmental funds report deferred costs, such as debt issuance costs, as expenditures. However, those costs are allocated over the related debt repayment period as annual amortization expense in the statement of activities.	
Amortization expense	(2 977 00)
Repayment of debt principal is an expenditure in the governmental funds, the repayment does not have an effect in the statement of activities but does reduce the debt balance in the statement of net assets.	
Principal payments on long-term debt	
Bonds payable	65 000 00
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	(49 350 01)

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

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Nunda. 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.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary 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. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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. 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. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note 1 – Summary of Significant Accounting Policies (continued)

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 Funds

These funds are 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.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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.

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 2007 tax roll millage rate was 3.21620 mills, and the taxable value was $38,887,772.00.

Encumbrances

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than $400.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	10-40 years
Equipment	5-10 years
Infrastructure	40-50 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

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 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these 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.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – 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 two financial institutions 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	69 887 68

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

	Bank Balances
Insured (FDIC)	70 711 00
Uninsured and Uncollateralized	-
Total Deposits	70 711 00

The Township had the following investments at March 31, 2008:

Nonrisk-categorized financial institution pooled funds	698 213 85

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the grater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds are the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Note 3 – Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities though the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
Governmental Activities:				
Land	12 000 00	-	-	12 000 00
Buildings	40 000 00	-	-	40 000 00
Equipment	7 616 00	-	-	7 616 00
Infrastructure	596 181 00	-	-	596 181 00
Total	655 797 00	-	-	655 797 00
Accumulated Depreciation	(43 402 00)	(13 036 00)	-	(56 438 00)
Net Capital Assets	612 395 00	(13 036 00)	-	599 359 00

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time Township employees. The Township contributes a percentage of each covered employee's wages to the plan. The net pension expense for the fiscal year ended March 31, 2008, was $1,663.91.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation 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

The Township of Nunda does not issue building permits. Building permits are issued by the County of Cheboygan.

Note 9 – Joint Venture

The Township, in conjunction with the Cheboygan County Townships of Ellis, Mentor and Wilmot, have created under PA 7 of 1967 and PA 365 of 1985 the Wolverine Joint Fire Board (the Fire Board) to provide fire service to local residents. In accordance with the agreement, a nine-member board composed of two appointees from each Township and an at-large member from the Village of Wolverine governs the Fire Board. An individual township may withdraw from the agreement with a 12-month prior notice. The agreement expires April 1, 2010 and may be renewed, revised or cancelled by a separate majority vote of the townships participating. The Board's duties are to oversee operations, maintain assets, and communicate with the Fire Chief and their respective municipal boards.

Funding for the Fire Board's operations is largely provided by an assessment to each township equal to a one-mill levy on the taxable value of the geographical area covered. For the year ended March 31, 2008, Nunda Township's share of contributions were $36,310.00. Audited financial statements of the Wolverine Joint Fire Board can be obtained, by request, at the Nunda Township Hall.

Note 10 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
2005 Special Assessment (LTGO) Bonds	635 000 00	-	65 000 00	570 000 00
Total	635 000 00	-	65 000 00	570 000 00

Note 11 – 2005 Special Assessment (LTGO) Bonds

On September 8, 2005, the Township sold $675,000.00 of its bonds to provide funds to the cost of the Wildwood Lake Dam reconstruction. The bond is payable in annual installments from $40,000.00 to $75,000.00, bearing interest semi-annually at 5.4%, through November 2015.

As of March 31, 2008, the principal balance outstanding was $570,000.00 and it is payable as follows:

Due Date	Interest Rate	Principal	Interest
5/1/08			15 390 00
11/1/08	5.4000%	65 000 00	15 390 00
5/1/09			13 635 00
11/1/09	5.4000	65 000 00	13 635 00
5/1/10			11 880 00
11/1/10	5.4000	65 000 00	11 880 00
5/1/11			10 125 00
11/1/11	5.4000	75 000 00	10 125 00
5/1/12			8 100 00
11/1/12	5.4000	75 000 00	8 100 00
5/1/13			6 075 00
11/1/13	5.4000	75 000 00	6 075 00
5/1/14			4 050 00
11/1/14	5.4000	75 000 00	4 050 00
5/1/15			2 025 00
11/1/15	5.4000	75 000 00	2 025 00
Totals		570 000 00	142 560 00

Note 12 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	164 45	Current Tax Collection	164 45
General	17 111 82	Road	17 111 82
Total	17 276 27	Total	17 276 27

Note 13 – Budget Variances

During the fiscal year ended March 31, 2008, Township expenditures exceeded the budgeted amounts in the activities as follows:

	Total Budget	Total Expenditures	Excess Expenditures
General Fund Activity:			
Supervisor	11 990 00	12 184 74	194 74
Building and grounds	3 900 00	4 036 45	136 45
Sanitation	-	3 893 20	3 893 20

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	30 226 37	30 226 37	38 446 51	8 220 14
Other taxes	23 684 16	23 684 16	23 684 16	-
Licenses and permits	75 00	75 00	75 00	-
State revenue sharing	36 232 00	36 232 00	44 036 95	7 804 95
Charges for services:				
Cemetery	3 867 00	3 867 00	4 540 00	673 00
Property tax administration	22 485 12	22 485 12	23 881 09	1 395 97
Other	65 00	65 00	-	(65 00)
Interest	6 172 70	6 172 70	7 313 14	1 140 44
Miscellaneous	459 62	10 459 62	3 999 08	(6 460 54)
Total revenues	123 266 97	133 266 97	145 975 93	12 708 96
Expenditures:				
Legislative:				
Township Board	18 240 00	28 240 00	22 497 28	(5 742 72)
General government:				
Supervisor	11 990 00	11 990 00	12 184 74	194 74
Elections	3 500 00	3 500 00	793 15	(2 706 85)
Assessor	16 500 00	16 500 00	15 349 96	(1 150 04)
Clerk	11 650 00	11 650 00	11 270 24	(379 76)
Treasurer	17 500 00	17 500 00	17 041 06	(458 94)
Board of Review	1 050 00	1 050 00	418 94	(631 06)
Building and grounds	3 900 00	3 900 00	4 036 45	136 45
Cemetery	11 770 00	11 770 00	9 415 66	(2 354 34)
Public safety:				
Liquor law enforcement	375 00	400 00	384 00	(16 00)
Public works:				
Highways and streets	2 400 00	2 400 00	1 279 97	(1 120 03)
Sanitation	-	-	3 893 20	3 893 20
Other:				
Insurance	5 200 00	5 200 00	5 072 00	(128 00)
Contingency	21 967 00	21 967 00	-	(21 967 00)
Total expenditures	126 042 00	136 067 00	103 636 65	(32 430 35)
Excess (deficiency) of revenues over expenditures	(2 775 03)	(2 800 03)	42 339 28	45 139 31
Fund balance, April 1	2 775 03	2 800 03	204 116 19	201 316 16
Fund Balance, March 31	-	-	246 455 47	246 455 47

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROAD FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	48 117 95	48 117 95	48 088 08	(29 87)
State revenue sharing	2 429 82	2 429 82	2 418 92	(10 90)
Special assessments	71 186 33	71 186 33	48 058 19	(23 128 14)
Interest	-	-	11 346 97	11 346 97
Total revenues	121 734 10	121 734 10	109 912 16	(11 821 94)
Expenditures:				
Public works:				
Highways and streets	310 000 00	350 000 00	252 041 44	(97 958 56)
Total expenditures	310 000 00	350 000 00	252 041 44	(97 958 56)
Excess (deficiency) of revenues over expenditures	(188 265 90)	(228 265 90)	(142 129 28)	86 136 62
Fund balance, April 1	326 382 03	326 382 03	342 979 06	16 597 03
Fund Balance, March 31	138 116 13	98 116 13	200 849 78	102 733 65

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	37 767 47	37 767 47	38 467 94	700 47
Interest	-	-	1 376 97	1 376 97
Total revenues	37 767 47	37 767 47	39 844 91	2 077 44
Expenditures:				
Public safety:				
Fire protection	36 310 00	36 310 00	36 310 00	-
Total expenditures	36 310 00	36 310 00	36 310 00	-
Excess of revenues over expenditures	1 457 47	1 457 47	3 534 91	2 077 44
Fund balance, April 1	50 318 34	50 318 34	56 599 48	6 281 14
Fund Balance, March 31	51 775 81	51 775 81	60 134 39	8 358 58

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Wages	3 000 01
Payroll taxes	1 254 52
Pension	1 663 91
Legal	4 847 64
Audit	1 295 00
Contracted services	6 102 07
Miscellaneous	4 334 13
	22 497 28
Supervisor:	
Wages	9 930 00
Mileage	2 064 74
Miscellaneous	190 00
	12 184 74
Elections:	
Wages	593 00
Miscellaneous	200 15
	793 15
Assessor:	
Contracted services	15 349 96
Clerk:	
Wages	10 197 74
Supplies	450 87
Miscellaneous	621 63
	11 270 24
Treasurer:	
Wages	14 862 25
Supplies	293 76
Postage	945 61
Mileage	522 44
Miscellaneous	417 00
	17 041 06
Board of Review	418 94
Building and grounds:	
Contracted services	1 179 13
Supplies	732 20
Utilities	2 125 12
	4 036 45
Cemetery:	
Contracted services	9 213 98
Utilities	96 00
Miscellaneous	105 68
	9 415 66
Liquor law enforcement	384 00

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Highways and streets:	
Street lights	1 279 97
Sanitation	3 893 20
Insurance	5 072 00
Total expenditures	103 636 65

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

CURRENT TAX COLLECTION FUND STATEMENT OF
CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
Assets				
Cash in bank	291 15	1 197 467 62	1 197 594 32	164 45
Total Assets	291 15	1 197 467 62	1 197 594 32	164 45
Liabilities				
Due to other funds	291 15	240 675 54	240 802 24	164 45
Due to other taxing units	-	956 792 08	956 792 08	-
Total Liabilities	291 15	1 197 467 62	1 197 594 32	164 45

TOWNSHIP OF NUNDA
Cheboygan County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2008

Cash in bank – beginning of year	291 15
Cash receipts:	
Taxes and assessments	1 185 613 98
Property tax administration fees	11 731 76
Interest	121 88
Total cash receipts	1 197 467 62
Total beginning balance and cash receipts	1 197 758 77
Cash disbursements:	
Township General Fund	55 314 89
Township Fire Fund	31 982 63
Township Road Fund	81 244 36
Township Debt Service Fund	66 858 63
Township Dam Maintenance Fund	5 401 73
Cheboygan County	482 965 53
Wolverine Community School	448 141 77
Wolverine District Library	20 615 83
Refunds	5 068 95
Total cash disbursements	1 197 594 32
Cash in Bank – End of Year	164 45

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 27, 2008

To the Township Board
Township of Nunda
Cheboygan County, Michigan

We have audited the financial statements of the Township of Nunda for the year ended March 31, 2008. 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 Nunda 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.

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."

To the Township Board
Township of Nunda
Cheboygan County, Michigan

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.

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

The Township's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

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, 2008.

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