

TOWNSHIP OF ENSIGN
Delta County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Ensign	County Delta
Fiscal Year End March 31, 2007	Opinion Date November 16, 2007	Date Audit Report Submitted to State November 21, 2007	

We affirm that:

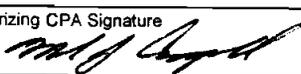
We are certified public accountants licensed to practice in Michigan.

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		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040		
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI	Zip 48707
Authorizing CPA Signature 		Printed Name Mark J. Campbell		License Number 1885282

TOWNSHIP OF ENSIGN
Delta County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

November 16, 2007

To the Township Board
Township of Ensign
Delta County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Ensign, Delta County, Michigan as of and for the year ended March 31, 2007, 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 Ensign'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 Ensign, Delta County, Michigan as of March 31, 2007, 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 ENSIGN
Delta County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Township of Ensign covers the Township's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$474,077.40 for governmental activities. Overall net assets increased by \$6,342.04.

Overall revenues were \$157,723.73 from governmental activities.

Taxable value was \$24,100,700.00.

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 and business-type 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. These include the General Fund and the Fire Fund.

TOWNSHIP OF ENSIGN
Delta County, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
CONDENSED FINANCIAL INFORMATION
March 31, 2007

	<u>Total Governmental Activities</u>
Current Assets	186 335
Capital Assets	<u>350 999</u>
 Total Assets	 <u>537 334</u>
Current Liabilities	257
Non-current Liabilities	<u>63 000</u>
 Total Liabilities	 <u>63 257</u>
Net Assets:	
Invested in Capital Assets	287 999
Unrestricted	<u>186 078</u>
 Total Net Assets	 <u><u>474 077</u></u>
	<u>Total Governmental Activities</u>
Program Revenues:	
Fees and Charges for services	11 476
Operating Grants and Contributions	5 520
General Revenues:	
Property Taxes	52 982
State:	
Revenue Sharing	55 973
Interest	2 996
Miscellaneous	<u>28 777</u>
 Total Revenues	 <u>157 724</u>
Program Expenses:	
Legislative	8 330
General Government	49 924
Public Safety	80 499
Public Works	8 241
Interest on debt	<u>4 388</u>
 Total Expenses	 <u>151 382</u>
 Increase in Net Assets	 6 342
Net Assets, April 1	<u>467 735</u>
Net Assets, March 31	<u><u>474 077</u></u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

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 fund 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 funds include the General Fund and the Fire Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our financial position in the governmental activities remains strong.

Our external debt includes thirteen years remaining with \$63,000.00 outstanding principal to finance the purchase of a fire truck.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund is the main governmental fund of the Township. For the fiscal year ended March 31, 2007, the General Fund had revenue of \$92,766.51, expenses of \$67,477.15 and increase in fund balance of \$25,289.36.

The Fire Fund had revenue of \$64,957.22, expenses of \$71,839.89 and a decrease in fund balance of \$6,882.67.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities paid \$3,000.00 of principal on long-term debt.

The Township's governmental activities invested \$29,229.96 in capital assets.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are no known factors affecting future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended 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 at P.O. Box 7, Rapid River, MI 49878.

TOWNSHIP OF ENSIGN
Delta County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	181 586 51
Taxes receivable	<u>4 748 01</u>
Total Current Assets	<u>186 334 52</u>
NON-CURRENT ASSETS:	
Capital Assets	682 640 95
Less: Accumulated Depreciation	<u>(331 641 53)</u>
Total Non-current Assets	<u>350 999 42</u>
TOTAL ASSETS	<u><u>537 333 94</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>256 54</u>
Total Current Liabilities	<u>256 54</u>
NON-CURRENT LIABILITIES:	
Note payable	<u>63 000 00</u>
Total Non-current Liabilities	<u>63 000 00</u>
Total Liabilities	<u>63 256 54</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	287 999 42
Unrestricted	<u>186 077 98</u>
Total Net Assets	<u>474 077 40</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>537 333 94</u></u>

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

TOWNSHIP OF ENSIGN
Delta County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

		Program Revenue		Governmental Activities
	Expenses	Charges for Services	Operating Grants - Contributions	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	8 329 97	-	-	(8 329 97)
General government	49 924 21	11 396 03	-	(38 528 18)
Public safety	80 499 42	79 77	5 520 00	(74 899 65)
Public works	8 240 59	-	-	(8 240 59)
Interest on long-term debt	4 387 50	-	-	(4 387 50)
Total Governmental Activities	<u>151 381 69</u>	<u>11 475 80</u>	<u>5 520 00</u>	<u>(134 385 89)</u>
General Revenues:				
Property taxes				52 981 70
State revenue sharing				55 972 81
Interest				2 995 47
Miscellaneous				28 777 95
Total General Revenues				<u>140 727 93</u>
Change in net assets				6 342 04
Net assets, beginning of year				<u>467 735 36</u>
Net Assets, End of Year				<u>474 077 40</u>

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

TOWNSHIP OF ENSIGN
Delta County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	81 625 99	97 671 64	179 297 63
Taxes receivable	2 024 49	2 723 52	4 748 01
Due from other funds	<u>2 288 88</u>	<u>-</u>	<u>2 288 88</u>
Total Assets	<u>85 939 36</u>	<u>100 395 16</u>	<u>186 334 52</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	<u>256 54</u>	<u>-</u>	<u>256 54</u>
Total liabilities	<u>256 54</u>	<u>-</u>	<u>256 54</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>85 682 82</u>	<u>100 395 16</u>	<u>186 077 98</u>
Total fund equity	<u>85 682 82</u>	<u>100 395 16</u>	<u>186 077 98</u>
Total Liabilities and Fund Equity	<u>85 939 36</u>	<u>100 395 16</u>	<u>186 334 52</u>

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

TOWNSHIP OF ENSIGN
Delta County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	186 077 98
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	682 640 95
Accumulated depreciation	(331 641 53)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Note payable	<u>(63 000 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>474 077 40</u></u>

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

TOWNSHIP OF ENSIGN
Delta County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>Total</u>
Revenues:			
Property taxes	18 273 15	34 708 55	52 981 70
Licenses and permits	79 77	-	79 77
State revenue sharing	55 972 81	-	55 972 81
Federal grant	-	5 520 00	5 520 00
Charges for services - PTAF	11 396 03	-	11 396 03
Interest	1 429 15	1 566 32	2 995 47
Miscellaneous	<u>5 615 60</u>	<u>23 162 35</u>	<u>28 777 95</u>
Total revenues	<u>92 766 51</u>	<u>64 957 22</u>	<u>157 723 73</u>
Expenditures:			
Legislative:			
Township Board	8 329 97	-	8 329 97
General government:			
Supervisor	6 467 40	-	6 467 40
Elections	2 395 99	-	2 395 99
Assessor	6 303 00	-	6 303 00
Clerk	6 084 87	-	6 084 87
Board of Review	618 35	-	618 35
Treasurer	11 240 57	-	11 240 57
Building and grounds	6 396 89	-	6 396 89
Cemetery	280 80	-	280 80
Unallocated	9 920 72	-	9 920 72
Public safety:			
Fire protection	-	35 222 43	35 222 43
EMS	1 198 00	-	1 198 00
Public works:			
Highways and streets	8 240 59	-	8 240 59
Capital outlay	-	29 229 96	29 229 96
Debt service	<u>-</u>	<u>7 387 50</u>	<u>7 387 50</u>
Total expenditures	<u>67 477 15</u>	<u>71 839 89</u>	<u>139 317 04</u>
Excess (deficiency) of revenues over expenditures	25 289 36	(6 882 67)	18 406 69
Fund balances, April 1	<u>60 393 46</u>	<u>107 277 83</u>	<u>167 671 29</u>
Fund Balances, March 31	<u><u>85 682 82</u></u>	<u><u>100 395 16</u></u>	<u><u>186 077 98</u></u>

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

TOWNSHIP OF ENSIGN
Delta 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, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 18 406 69

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	(44 294 61)
Capital Outlay	29 229 96

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	<u>3 000 00</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 6 342 04

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

TOWNSHIP OF ENSIGN
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Ensign, Delta 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 Ensign. 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.

TOWNSHIP OF ENSIGN
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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 Fund

The Fire 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 and the Agency Fund are 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 2006 tax roll millage rate was 2.1981 mills, and the taxable value was \$24,100,700.00.

Encumbrances

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

TOWNSHIP OF ENSIGN
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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 \$75.00 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	10-25 years
Equipment	3-10 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.

TOWNSHIP OF ENSIGN
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

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

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

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

	<u>Carrying Amounts</u>
Total Deposits	<u>184,926.08</u>

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

	<u>Bank Balances</u>
Insured (FDIC)	102,196.79
Uninsured and Uncollateralized	<u>95,407.31</u>
Total Deposits	<u>197,604.10</u>

The Township did not have any investments as of March 31, 2007.

TOWNSHIP OF ENSIGN
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 4 – Capital Assets

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

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
<u>Governmental Activities:</u>				
Land	6 000 00	-	-	6 000 00
Building	95 288 89	-	-	95 288 89
Equipment	<u>552 122 10</u>	<u>29 229 96</u>	-	<u>581 352 06</u>
Total	653 410 99	29 229 96	-	682 640 95
Accumulated Depreciation	<u>(287 346 92)</u>	<u>(44 294 61)</u>	-	<u>(331 641 53)</u>
Net Capital Assets	<u>366 064 07</u>	<u>(15 064 65)</u>	-	<u>350 999 42</u>

Note 5 – Changes in Long -Term Debt

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
Note Payable	<u>66 000 00</u>	-	<u>3 000 00</u>	<u>63 000 00</u>

Note 6 – Note Payable

During the fiscal year ended March 31, 2005, the Township obtained a note payable in the amount of \$69,000.00 to partially fund the purchase of a new fire truck. The note requires annual payments of principal and semi-annual payments of interest at the rate of 4.9% per annum. As of March 31, 2007, the principal balance outstanding was \$63,000.00 and it is payable as follows:

<u>Due Date</u>	<u>Principal Amount</u>
11-1-07	4 000 00
11-1-08	4 000 00
11-1-09	4 000 00
11-1-10	4 000 00
11-1-11	4 000 00
11-1-12	5 000 00
11-1-13	5 000 00
11-1-14	5 000 00
11-1-15	5 000 00
11-1-16	5 000 00
11-1-17	6 000 00
11-1-18	6 000 00
11-1-19	<u>6 000 00</u>
Total	<u>63 000 00</u>

Note 7 – Pension Plan

The Township has a defined contribution pension plan that covers the elected Supervisor, Clerk, and Treasurer. The covered employees and the Township made equal payments to the plan. For the year ended March 31, 2007 the Township pension expense was \$2,039.04.

TOWNSHIP OF ENSIGN
Delta County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 8 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 9 – 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 10 – Building Permits

The Township does not issue building permits.

Note 11 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	2 196 79	Agency	2 196 79
General	<u>92 09</u>	Current Tax Collection	<u>92 09</u>
Total	<u><u>2 288 88</u></u>	Total	<u><u>2 288 88</u></u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	17 000 00	17 000 00	18 273 15	1 273 15
Licenses and permits	-	-	79 77	79 77
State revenue sharing	45 000 00	45 000 00	55 972 81	10 972 81
Charges for services - PTAF	-	-	11 396 03	11 396 03
Interest	-	-	1 429 15	1 429 15
Miscellaneous	<u>3 992 32</u>	<u>3 992 32</u>	<u>5 615 60</u>	<u>1 623 28</u>
Total revenues	<u>65 992 32</u>	<u>65 992 32</u>	<u>92 766 51</u>	<u>26 774 19</u>
Expenditures:				
Legislative:				
Township Board	7 000 00	8 733 33	8 329 97	(403 36)
General government:				
Supervisor	7 000 00	7 000 00	6 467 40	(532 60)
Elections	3 000 00	3 000 00	2 395 99	(604 01)
Assessor	6 500 00	6 500 00	6 303 00	(197 00)
Clerk	7 500 00	7 500 00	6 084 87	(1 415 13)
Board of Review	800 00	800 00	618 35	(181 65)
Treasurer	12 500 00	12 500 00	11 240 57	(1 259 43)
Building and grounds	10 500 00	10 500 00	6 396 89	(4 103 11)
Cemetery	1 000 00	1 000 00	280 80	(719 20)
Unallocated	10 250 00	10 250 00	9 920 72	(329 28)
Public safety:				
EMS	2 000 00	2 000 00	1 198 00	(802 00)
Public works:				
Highways and streets	23 938 67	22 205 34	8 240 59	(13 964 75)
Culture and recreation:				
Parks and recreation	<u>250 00</u>	<u>250 00</u>	<u>-</u>	<u>(250 00)</u>
Total expenditures	<u>92 238 67</u>	<u>92 238 67</u>	<u>67 477 15</u>	<u>(24 761 52)</u>
Excess (deficiency) of revenues over expenditures	(26 246 35)	(26 246 35)	25 289 36	51 535 71
Fund balance, April 1	<u>43 246 35</u>	<u>43 246 35</u>	<u>60 393 46</u>	<u>17 147 11</u>
Fund Balance, March 31	<u>17 000 00</u>	<u>17 000 00</u>	<u>85 682 82</u>	<u>68 682 82</u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	33 000 00	33 000 00	34 708 55	1 708 55
Federal grant	-	-	5 520 00	5 520 00
Interest	-	-	1 566 32	1 566 32
Miscellaneous	-	-	23 162 35	23 162 35
	<u>33 000 00</u>	<u>33 000 00</u>	<u>64 957 22</u>	<u>31 957 22</u>
Total revenues				
Expenditures:				
Public safety:				
Fire protection	38 678 62	47 667 12	35 222 43	(12 444 69)
Capital outlay	51 706 09	42 717 59	29 229 96	(13 487 63)
Debt service	10 000 00	10 000 00	7 387 50	(2 612 50)
	<u>100 384 71</u>	<u>100 384 71</u>	<u>71 839 89</u>	<u>(28 544 82)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(67 384 71)	(67 384 71)	(6 882 67)	60 502 04
Fund balance, April 1	<u>74 921 00</u>	<u>74 921 00</u>	<u>107 277 83</u>	<u>32 356 83</u>
Fund Balance, March 31	<u><u>7 536 29</u></u>	<u><u>7 536 29</u></u>	<u><u>100 395 16</u></u>	<u><u>92 858 87</u></u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Township Board:		
Salaries		1 595 00
Professional services		3 785 00
Mileage		475 14
Printing and publishing		32 90
Miscellaneous		<u>2 441 93</u>
		<u>8 329 97</u>
Supervisor:		
Salary		5 040 00
Supplies		<u>1 427 40</u>
		<u>6 467 40</u>
Elections:		
Wages		1 383 25
Printing and publishing		165 59
Miscellaneous		300 36
Supplies		<u>546 79</u>
		<u>2 395 99</u>
Assessor:		
Salary		<u>6 303 00</u>
Clerk:		
Salary		5 511 75
Supplies		<u>573 12</u>
		<u>6 084 87</u>
Board of Review:		
Wages		570 00
Printing and publishing		<u>48 35</u>
		<u>618 35</u>
Treasurer:		
Salary		8 092 54
Supplies		<u>3 148 03</u>
		<u>11 240 57</u>
Building and grounds:		
Supplies		1 007 93
Utilities		2 683 78
Repairs and maintenance		472 35
Miscellaneous		<u>2 232 83</u>
		<u>6 396 89</u>
Cemetery:		
Repairs and maintenance		<u>280 80</u>
Unallocated:		
Insurance		7 079 00
Pension		2 039 04
Payroll taxes		<u>802 68</u>
		<u>9 920 72</u>
EMS		<u>1 198 00</u>
Highways and streets		<u>8 240 59</u>
Total Expenditures		<u>67 477 15</u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

FIRE FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2007

Fire protection:	
Salaries	1 500 00
Utilities	3 857 58
Insurance	11 182 00
Supplies	10 330 48
Miscellaneous	7 994 82
Education and training	<u>357 55</u>
	<u>35 222 43</u>
Capital outlay	
	<u>29 229 96</u>
Debt service	
	<u>7 387 50</u>
Total Expenditures	<u><u>71 839 89</u></u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year ended March 31, 2007

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
<u>CURRENT TAX COLLECITON FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>59 075 97</u>	<u>802 856 34</u>	<u>858 500 65</u>	<u>3 431 66</u>
<u>Liabilities</u>				
Due to other funds	55 376 39	53 313 93	108 598 23	92 09
Due to others	<u>3 699 58</u>	<u>749 542 41</u>	<u>749 902 42</u>	<u>3 339 57</u>
Total Liabilities	<u>59 075 97</u>	<u>802 856 34</u>	<u>858 500 65</u>	<u>3 431 66</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>228 80</u>	<u>8 174 81</u>	<u>6 206 82</u>	<u>2 196 79</u>
<u>Liabilities</u>				
Due to other funds	228 80	1 967 99	-	2 196 79
Due to others	<u>-</u>	<u>6 206 82</u>	<u>6 206 82</u>	<u>-</u>
Total Liabilities	<u>228 80</u>	<u>8 174 81</u>	<u>6 206 82</u>	<u>2 196 79</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>59 304 77</u>	<u>811 031 15</u>	<u>864 707 47</u>	<u>5 628 45</u>
<u>Liabilities</u>				
Due to other funds	55 605 19	55 281 92	108 598 23	2 288 88
Due to others	<u>3 699 58</u>	<u>755 749 23</u>	<u>756 109 24</u>	<u>3 339 57</u>
Total Liabilities	<u>59 304 77</u>	<u>811 031 15</u>	<u>864 707 47</u>	<u>5 628 45</u>

TOWNSHIP OF ENSIGN
Delta County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2007

Cash in bank – beginning of year	<u>59 075 97</u>
Cash receipts:	
Property taxes	802 722 81
Interest	<u>133 53</u>
Total cash receipts	<u>802 856 34</u>
Total beginning balance and cash receipts	<u>861 932 31</u>
Cash disbursements:	
Township General Fund	52 042 30
Township Fire Fund	63 227 70
Delta County	296 981 76
Intermediate School District	53 362 86
Rapid River Public Schools	313 586 30
Community College	79 062 94
Refunds	<u>236 79</u>
Total cash disbursements	<u>858 500 65</u>
Cash in Bank – End of Year	<u><u>3 431 66</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

November 16, 2007

To the Township Board
Township of Ensign
Delta County, Michigan

We have audited the financial statements of the Township of Ensign for the year ended March 31, 2007. 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 Ensign 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 Ensign
Delta 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, 2007.

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