TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

Year Ended March 31, 2006

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 Cambria	Hillsdale

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
March 31, 2006	November 30, 2007	December 4, 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	☒	
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 CAMBRIA
Hillsdale County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

November 30, 2007

To the Township Board
Township of Cambria
Hillsdale County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Cambria, Hillsdale County, Michigan as of and for the year ended March 31, 2006, 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 Cambria'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 Cambria, Hillsdale County, Michigan as of March 31, 2006, 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.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of April 1, 2005.

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

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

The Management's Discussion and Analysis report of the Township of Cambria covers the Township's financial performance during the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2006, totaled $738,718.09 for governmental activities.

Overall revenues were $279,668.28. Governmental activities had a $18,125.40 increase 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 and the Cemetery Perpetual Care Fund.

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

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 and the Cemetery Perpetual Care Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are roads which incurred expenses of $79,035.05 and Fire Protection which incurred expenses of $43.500.00.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested $6,792.00 in capital assets this year.

The Township has no long-term debt at this time.

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 value.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships 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 Treasurer, Kim Todd (517) 357-4198 or the Township Clerk, Carol Rosales (517) 357-4488.

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	577 491 67
Investments	112 024 08
Taxes receivable	12 666 52
Total Current Assets	702 182 27
NON-CURRENT ASSETS:	
Capital Assets	62 212 00
Less: Accumulated Depreciation	(5 661 00)
Total Non-current Assets	56 551 00
TOTAL ASSETS	758 733 27
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	1 889 78
Total Current Liabilities	1 889 78
NON-CURRENT LIABILITIES	-
Total Non-current Liabilities	-
Total Liabilities	1 889 78
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	56 551 00
Reserved	4 107 27
Unrestricted	696 185 22
Total Net Assets	756 843 49
TOTAL LIABILITIES AND NET ASSETS	758 733 27

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

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

		Program Revenue	Governmental Activities
	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	4 964 27	-	(4 964 27)
General government	116 250 12	22 044 29	(94 205 83)
Public safety	43 500 00	-	(43 500 00)
Public works	89 263 88	-	(89 263 88)
Culture and recreation	7 564 61	-	(7 564 61)
Total Governmental Activities	261 542 88	22 044 29	(239 498 59)
General Revenues:			
Property taxes			58 365 60
State revenue sharing			176 268 66
Interest			15 073 73
Miscellaneous			7 916 00
Total General Revenues			257 623 99
Change in net assets			18 125 40
Net assets, beginning of year			738 718 09
Net Assets, End of Year			756 843 49

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

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

	General	Other Funds	Total
Assets			
Cash in bank	444 459 05	4 107 27	448 566 32
Investments	112 024 08	-	112 024 08
Taxes receivable	12 666 52	-	12 666 52
Due from other funds	128 925 35	-	128 925 35
Total Assets	698 075 00	41 07 27	702 182 27
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	1 889 78	-	1 889 78
Total liabilities	1 889 78	-	1 889 78
Fund equity:			
Fund balances:			
Reserved	-	4 107 27	4 107 27
Unreserved:			
Undesignated	696 185 22	-	696 185 22
Total fund equity	696 185 22	4 107 27	700 292 49
Total Liabilities and Fund Equity	698 075 00	4 107 27	702 182 27

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

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

March 31, 2006

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	700 292 49
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	62 212 00
Accumulated depreciation	(5 661 00)
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	756 843 49

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

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended March 31, 2006

	General	Other Funds	Total
Revenues:			
Property taxes	58 365 60	-	58 365 60
Licenses and permits	497 00	-	497 00
State revenue sharing	176 268 66	-	176 268 66
Charges for services - PTAF	19 547 29	-	19 547 29
Charges for services – Other	-	2 000 00	2 000 00
Interest	15 061 66	12 07	15 073 73
Miscellaneous	7 916 00	-	7 916 00
Total revenues	277 656 21	2 012 07	279 668 28
Expenditures:			
Legislative:			
Township Board	4 964 27	-	4 964 27
General government:			
Supervisor	7 399 00	-	7 399 00
Elections	150 60	-	150 60
Clerk	11 764 41	-	11 764 41
Assessor	22 218 09	-	22 218 09
Board of Review	908 65	-	908 65
Treasurer	20 530 07	-	20 530 07
Building and grounds	6 905 92	-	6 905 92
Cemetery	32 725 83	-	32 725 83
Unallocated	12 718 85	-	12 718 85
Public safety:			
Fire protection	43 500 00	-	43 500 00
Public works:			
Sanitation	3 298 05	-	3 298 05
Highways and streets	79 035 05	-	79 035 05
Street lighting	5 024 07	-	5 024 07
Drains at large	1 906 71	-	1 906 71
Culture and recreation:			
Library	7 000 00	-	7 000 00
Parks and recreation	564 61	-	564 61
Capital outlay	6 792 00	-	6 792 00
Total expenditures	267 406 18	-	267 406 18
Excess of revenues over expenditures	10 250 03	2 012 07	12 262 10
Fund balances, April 1	685 935 19	2 095 20	688 030 39
Fund Balances, March 31	696 185 22	4 107 27	700 292 49

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

TOWNSHIP OF CAMBRIA
Hillsdale 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, 2006

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	12 262 10
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	(928 70)
Capital Outlay	6 792 00
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	18 125 40

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 Cambria, Hillsdale 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 Cambria. 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 Fund

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

Fiduciary Fund

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

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 Township's 2005 tax roll millage rate was .8675 mills, and the taxable value was $67,537,215.00.

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 $1,000.00 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	50 years
Equipment	5-20 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.

Accounting Change

Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling $56,551.00.

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.

Note 2 – Budgets and Budgetary Accounting (continued)

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 five 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:

	Carrying Amounts
Total Deposits	577 491 67

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

	Bank Balances
Insured (FDIC)	322 113 71
Uninsured and Uncollateralized	329 113 35
Total Deposits	651 227 06

Note 3 – Deposits and Investments – (continued)

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount
Risk Categorized				
Federal Home Loan Notes – Rated AAA	52 610 25	-	-	52 610 25
Total Risk-Categorized Investments	52 610 25	-	-	52 610 25
Nonrisk-Categorized:				
Financial Institution Pooled Funds				59 413 83
Total Investments				112 024 08

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 4 – Capital Assets

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

	Balance 4/1/05	Additions	Deletions	Balance 3/31/06
Governmental Activities:				
Land	23 000 00	-	-	23 000 00
Building	32 420 00	-	-	32 420 00
Equipment	-	6 792 00	-	6 792 00
Total	55 420 00	6 792 00	-	62 212 00
Accumulated Depreciation	(4 732 30)	(928 70)	-	(5 661 00)
Net Capital Assets	50 687 70	5 863 30	-	56 551 00

Note 5 – Pension Plan

The Township does not have a pension plan.

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 Cambria does not issue building permits.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	128 925 35	Current Tax Collection	128 925 35

Note 10 – Budget Variances

For the fiscal year ended March 31, 2006, the Township had the following budget variances:

Fund and Activity	Final Budget	Actual Expenditures	Budget Variance
General Fund:			
Highways and streets	68 600 00	79 035 05	10 435 05
Capital outlay	-	6 792 00	6 792 00

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	56 000 00	56 000 00	58 365 60	2 365 60
Licenses and permits	300 00	300 00	497 00	197 00
State revenue sharing	165 000 00	165 000 00	176 268 66	11 268 66
Charges for services – PTAF	14 000 00	14 000 00	19 547 29	5 547 29
Charges for services - Other	1 800 00	1 800 00	-	(1 800 00)
Interest	10 007 00	10 007 00	15 061 66	5 054 66
Miscellaneous	2 300 00	2 300 00	7 916 00	5 616 00
Total revenues	249 407 00	249 407 00	277 656 21	28 249 21
Expenditures:				
Legislative:				
Township Board	6 000 00	6 000 00	4 964 27	(1 035 73)
General government:				
Supervisor	8 500 00	8 500 00	7 399 00	(1 101 00)
Elections	500 00	500 00	150 60	(349 40)
Clerk	13 000 00	13 000 00	11 764 41	(1 235 59)
Assessor	24 000 00	24 000 00	22 218 09	(1 781 91)
Board of Review	1 000 00	1 000 00	908 65	(91 35)
Treasurer	21 500 00	21 500 00	20 530 07	(969 93)
Building and grounds	7 500 00	7 500 00	6 905 92	(594 08)
Cemetery	38 000 00	38 000 00	32 725 83	(5 274 17)
Unallocated	17 500 00	17 500 00	12 718 85	(4 781 15)
Public safety:				
Fire protection	39 000 00	43 500 00	43 500 00	-
Public works:				
Sanitation	3 500 00	3 500 00	3 298 05	(201 95)
Highways and streets	68 600 00	68 600 00	79 035 05	10 435 05
Street lighting	5 200 00	5 200 00	5 024 07	(175 93)
Drains at large	5 500 00	5 500 00	1 906 71	(3 593 29)
Culture and recreation:				
Library	7 500 00	7 500 00	7 000 00	(500 00)
Parks and recreation	17 607 00	13 107 00	564 61	(12 542 39)
Capital outlay	-	-	6 792 00	6 792 00
Total expenditures	284 407 00	284 407 00	267 406 18	(17 000 82)
Excess (deficiency) of revenues over expenditures	(35 000 00)	(35 000 00)	10 250 03	45 250 03
Fund balance, April 1	35 000 00	35 000 00	685 935 19	650 935 19
Fund Balance, March 31	-	-	696 185 22	696 185 22

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Township Board:	
Wages	3 942 00
Miscellaneous	1 022 27
	4 964 27
Supervisor:	
Salary	6 500 00
Miscellaneous	899 00
	7 399 00
Elections:	
Miscellaneous	150 60
Clerk:	
Salary – Clerk	9 500 04
Wages – Deputy	315 00
Miscellaneous	1 949 37
	11 764 41
Assessor:	
Contracted services	21 469 92
Miscellaneous	748 17
	22 218 09
Board of Review:	
Wages	775 00
Miscellaneous	133 65
	908 65
Treasurer:	
Salary – Treasurer	11 700 00
Wages – Deputy	2 000 00
Tax roll	3 205 35
Miscellaneous	3 624 72
	20 530 07
Building and grounds:	
Utilities	5 308 07
Repairs and maintenance	1 597 85
	6 905 92
Cemetery:	
Wages	24 000 00
Health insurance	4 621 50
Repairs and maintenance	1 104 33
Equipment rental	3 000 00
	32 725 83
Unallocated:	
Insurance	6 571 00
Dues	1 445 28
Legal	40 00
Printing and publishing	85 60
Payroll taxes	4 276 97
Miscellaneous	300 00
	12 718 85

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Fire protection:	
Contracted services	43 500 00
Sanitation:	
Contracted services	3 298 05
Highways and streets	79 035 05
Street lighting	5 024 07
Drains at large	1 906 71
Library:	
Contracted services	7 000 00
Parks and recreation:	
Utilities	564 61
Capital outlay	6 792 00
Total Expenditures	267 406 18

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

BALANCE SHEET – PERMANENT FUND
March 31, 2006

	Cemetery Perpetual Care
Assets	
Cash in bank	4 107 27
Total Assets	4 107 27
Liabilities and Fund Balances	
Liabilities	-
Fund balances:	
Reserved	4 107 27
Total Liabilities and Fund Balances	4 107 27

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – PERMANENT FUND

Year ended March 31, 2006

	Cemetery Perpetual Care
Revenues:	
Cemetery lot sales	2 000 00
Interest	12 07
Total revenues	2 012 07
Expenditures – Cemetery	-
Excess (deficiency) of revenues over expenditures	2 012 07
Fund balance, April 1	2 095 20
Fund Balance, March 31	4 107 27

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2006

	Balance 4/1/05	Additions	Deductions	Balance 3/31/06
Assets				
Cash in Bank	350 499 21	1 613 345 70	1 834 919 56	128 925 35
Liabilities				
Due to other funds	118 646 09	77 279 26	67 000 00	128 925 35
Due to other units	231 853 12	1 536 066 44	1 767 919 56	-
Total Liabilities	350 499 21	1 613 345 70	1 834 919 56	128 925 35

TOWNSHIP OF CAMBRIA
Hillsdale County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2006

Cash in bank – beginning of year	350 499 21
Cash receipts:	
Property tax	1 609 646 43
Interest	3 699 27
Total cash receipts	1 613 345 70
Total beginning balance and cash receipts	1 963 844 91
Cash disbursements:	
Township General Fund	67 000 00
Hillsdale County	771 443 23
Hillsdale Intermediate School District	304 716 54
Hillsdale Schools	550 526 31
Reading Schools	122 180 57
Camden Schools	197 59
Refunds	18 855 32
Total cash disbursements	1 834 919 56
Cash in Bank – End of Year	128 925 35

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

November 30, 2007

To the Township Board
Township of Cambria
Hillsdale County, Michigan

We have audited the financial statements of the Township of Cambria for the year ended March 31, 2006. 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 Cambria 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 Cambria
Hillsdale 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.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2006. The implementation of this pronouncement for the Township of Cambria began with the year ended March 31, 2006. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

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

SEGREGATION OF DUTIES

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.

RECEIPT BOOKS

The Township is not using proper receipt books.

We recommend that the Township obtain receipt books that include triplicate copies and a preprinted Township name and receipt number.

To the Township Board
Township of Cambria
Hillsdale County, Michigan

UNIFORM CHART OF ACCOUNTS

The Township is not utilizing the State uniform chart of accounts.

We recommend that the Township use the mandatory uniform chart of accounts in compliance with state law.

BUDGET VARIANCES

For the fiscal year ended March 31, 2006, the Township had the following budget variances:

Fund and Activity	Final Budget	Actual Expenditures	Budget Variance
General Fund:			
Highways and streets	68 600 00	79 035 05	10 435 05
Capital outlay	-	6 792 00	6 792 00

We recommend that the Township Board amend the budgets as necessary to comply with State law.

DISBURSEMENT OF PROPERTY TAX COLLECTIONS

Property tax collections were not paid out in a timely manner.

We recommend that all collections of property taxes be paid out in compliance with State law.

PAID INVOICES

Paid invoices did not exist to support several disbursements of Township funds.

We recommend that a paid invoice be required and retained to support every Township disbursement.

GENERAL LEDGER

The Township general ledger is maintained by the Township Treasurer.

We recommend that the Township general ledger be maintained by the Township Clerk.

CEMETERY REVENUE

Cemetery revenue is collected and receipted by the Township Clerk.

We recommend that the cemetery revenue be collected and receipted by the Township Treasurer.

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, 2006.

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