

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 CAMPBELL TOWNSHIP	County IONIA
Fiscal Year End MARCH 31, 2007	Opinion Date AUGUST 24, 2007	Date Audit Report Submitted to State SEPTEMBER 26, 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 type="checkbox"/>	NO RECOMMENDATIONS NEEDED
Other (Describe)	<input type="checkbox"/>	

Certified Public Accountant (Firm Name) LAWRENCE TIEJEMA, PC		Telephone Number 616-642-0384	
Street Address 31 EAST MAIN STREET		City SARANAC	State Zip MI 48881
Authorizing CPA Signature 		Printed Name LAWRENCE TIEJEMA	License Number A 256739

CAMPBELL TOWNSHIP

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Lawrence Tiejema, PC
Certified Public Accountant
31 E Main PO Box 10
Saranac, MI 48881
Phone: 616-642-0384
Fax: 616-642-0610
Email: tiej@iserv.net

INDEPENDENT AUDITOR'S REPORT

August 24, 2007

The Township Board
Campbell Township
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, business-type activities, and the aggregate remaining fund information of Campbell Township, Ionia 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 the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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 overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the aggregate remaining fund information of Campbell Township, as of March 31, 2007, and the respective changes in financial position, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 24, 2007, on my consideration of Campbell Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 to 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Campbell Township's basic financial statements. The governmental schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Lawrence Tiejema

Lawrence Tiejema, PC.

August 24, 2007

Management Discussion and Analysis

Campbell Township completed some repairs at the Clarksville Cemetery, installed lighting at the township park, and made the decision to purchase and install a generator at the township hall/emergency services building during the year ended March 31, 2007.

Financial Highlights

- (1) Lights were installed at the township park in August 2006 at a cost of \$27,016. Some of the former lights at the baseball field were used, and other enhancements were added to provide adequate lighting. In addition, the township purchased 15 picnic tables for the park at a cost of \$1,875.
- (2) The roofing and rafters of the cemetery building were replaced in August 2006 at a cost of \$3,687. The roofing shingles were donated by Robert Johnson.
- (3) The Township purchased 200 plaques to decorate the graves of the veterans at Clarksville Cemetery. The township paid \$10 for each plaque, and all plaques were placed in the cemetery before Memorial Day 2007.
- (4) Property tax revenues increased by \$15,361 while state revenue sharing dropped by \$2,666. Most of the property tax increase was due to an additional \$10,971 that was received for administering two tax collections.
- (5) The township board made the decision to purchase a generator for the township hall/ fire department at a cost of \$39,756. The generator is powered by diesel fuel and will come on as soon as the power fails.
- (6) Two new voting machines were supplied to the township through a federal grant. One machine is a M-100 voting tabulator and the other was an AutoMARK voter assist terminal. The total value of these two machines is \$12,320.
- (7) Interest earnings rose from \$10,157 to \$11,368, an increase of \$1,211 or 11.9%. The increased interest earnings reflect the general increase in the interest earnings in the banking and financial industry.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, recreation and cultural, and cemetery. The business-type activity of the Township is the sewer fund. The government-wide financial statements may be found on pages 10-12.

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

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

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

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 13 and 14 of this report.

Proprietary funds. The township maintains one type of proprietary or enterprise fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer system operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 15 and 16 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Campbell Township has one fiduciary fund, the tax agency fund. The basic fiduciary fund statements for the tax agency fund can be found on page 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 18-28 of this report.

Campbell Township's Net Assets

March 31, 2007

	Governmental Activities	Business-type Activity	Total
Current and other assets	591,083	80,779	671,862
Capital assets	700,041		700,041
Total assets	1,291,124	80,779	1,371,903
Long-term liabilities outstanding	0		
Other liabilities	3,556	0	3,556
Total liabilities	3,556	0	3,556
Net assets:			
Invested in capital assets, net of related debt	700,041		700,041
Restricted assets	129,046	80,779	209,825
Unrestricted assets	458,481		458,481
Total net assets	1,287,568	80,779	1,368,347

The governmental activities consist of the General Fund and Emergency Services Fund. The General Fund provides for township administration, elections, property assessment, cemetery and road maintenance, and public recreation. The Emergency Services Fund consists of the fire department and ambulance services. The net assets of governmental activities increased by \$8,284 in the year ended March 31, 2007. Cash and deposit assets dropped by \$3,233 but receivables increased by \$13,077. These receivables consist of current and delinquent property taxes receivable and state revenue sharing receivable. The liabilities of the governmental activities consist of invoices dated before March 31, 2007, that were paid on or after April 1, 2007. Of the \$3,556 in liabilities, the general fund has \$1,001 and emergency services has \$2,555. Capital assets of governmental activities went up \$1,232 since new capital purchases were greater than the depreciation expense on these assets.

The only business activity of the township is the reserve savings of the Sewer Fund. This reserve is dedicated to the improvement and maintenance of the portion of the sewer system used by Campbell Township residents.

Campbell Township's Change in Net Assets

For the Year ended March 31, 2007

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
Revenue:			
Program revenue:			
Charges for services	10,941		10,941
General revenue:			
Property taxes	155,190		155,190
State sources	133,708		133,708
Investment earnings	11,368	3,285	14,653
Other revenue	16,037		16,037
Total revenue	<u>327,244</u>	<u>3,285</u>	<u>330,529</u>
Expenses:			
General government	86,881		86,881
Legislative	5,217		5,217
Public safety	106,339		106,339
Public works	101,844		101,844
Public Parks and Recreation	7,802		7,802
Cemetery	10,877		10,877
Total expenses	<u>318,960</u>	<u>0</u>	<u>318,960</u>
Increase (decrease) in net assets	<u>8,284</u>	<u>3,285</u>	<u>11,569</u>
Net assets -- beginning of year	1,279,284	77,494	1,356,778
Net assets -- end of year	<u>1,287,568</u>	<u>80,779</u>	<u>1,368,347</u>

Revenues of governmental activities exceeded expenses by \$8,284. Revenues rose from \$296,764 to \$327,244, an increase of \$30,480. Though state revenue sharing revenue dropped slightly, income from property taxes and tax administration, interest earnings, and federal grants increased. The federal grant that provided the Township with 2 voting machines at a value of \$12,320 is listed as income in the "Other revenue" item above. Expense increases came from public works, public parks and recreation, and cemetery.

The public works expenses rose \$24,730 or 32% as more work was completed on township roads. Public parks and recreation increased \$4,863 based on capital improvements for lighting and picnic tables. Cemetery expenses rose \$6,447 and included the repairs done to the cemetery building. The increases listed below are based on depreciation expenses for the capital improvements at the park and cemetery. The cash expense was actually more, but capital projects are depreciated over the useful life of the assets.

During the year, sewer fund savings earned \$3,285 in interest. This raised the sewer fund reserve from \$77,494 to \$80,779.

Campbell Township's Capital Assets -- net of depreciation

	Governmental activities
	<u>Year ended 03/31/2007</u>
Land	136,820
Buildings and improvements	229,423
Office machinery & equipment	15,195
Fire department machinery and equipment	318,603
	<hr/>
Total Assets	700,041

The capital assets of governmental activities increased \$1,232 during the year ended March 31, 2007. New capital assets costing \$48,573 were obtained and \$47,341 in depreciation expense was charged against prior and newly acquired assets. The main capital asset acquisitions were the lighting at the township park for \$27,014 and the voting machines received from a federal grant valued at \$12,320. In addition, the fire department obtained turn-out gear, voice pagers, nomex coveralls, and a HT750 portable radio for a total cost of \$9,239.

In the amounts listed above, the "Building and improvements" category includes \$177,588 for the Township Hall/Emergency Services Building and \$51,835 for the public park. The office machinery and equipment includes the computer and office machines of the clerk and treasurer and the new voting machines.

Looking to the Future

The Township Board has maintained an adequate fund balance in order to address future needs and contingencies. Many types of emergencies might call for the use of part of this fund balance. These emergencies include road and drain repair, repairs to fire trucks and acquisition of needed fire equipment, and the possible reduction from revenue sources, such as state revenue sharing. At the current time the undesignated general fund balance is \$319,693 and the undesignated emergency services fund balance is \$138,788. Each of these amounts are more than the yearly expenses of each fund. This reserve assures that the township will have the resources needed in case of emergencies.

Campbell Township is experiencing an increase in residential development throughout the township. Much of this development is occurring on gravel roads and putting additional stress on some roads that were designed for light agricultural use. For the year ended March 31, 2007, the township spent \$100,635 on road maintenance compared to \$72,550 in the year before. In addition, residents continue to develop home sites on private roads or public roads that have been de-commissioned. The township board might be faced with requests to participate in upgrading these roads for regular residential use. Because road development can result in considerable cost, our township board will have to be conservative in responding to any of these future requests.

During this year, the township board made the decision to use part of its reserve to assure that electrical power will always be available at the Township Hall/Emergency Services Building. A diesel powered generator that was installed in April 2006 will permit the fire department to operate more effectively during emergencies. It will also provide a location for assisting citizens during a prolonged electrical outage.

The township's long-term goal to improve the township park made good progress during the prior fiscal year. Lighting and light poles were installed at the park at a cost of \$27,014. The cost was reduced slightly by using some of the old lights that were at the baseball field. In addition, 15 picnic tables were placed at the park. Future development plans could include providing a sanitary restroom with running water, putting a scoreboard at the ball field, and adding basketball and tennis courts, a bike path, and/or a trail through the woods.

Your township board is striving to meet the needs of its citizens while keeping a reserve for future emergencies. Balancing these two activities will be a future challenge to the township board.

CAMPBELL TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and deposits	\$ 409,082	\$ 80,779	\$ 489,861
Receivables			-
Taxes	12,368		12,368
Accounts Receivable	32,091		32,091
Due from other funds	134,967		134,967
Prepaid expenses	2,575		2,575
			-
Land	136,820		136,820
Capital assets, net of accumulated depreciation	563,221		563,221
Total Assets	1,291,124	80,779	1,371,903
Liabilities			
Accounts payable	3,556	-	3,556
Total Liabilities	3,556	-	3,556
Net Assets			
Invested in capital assets, net of related debt	700,041		700,041
Restricted for:			-
Sewer improvements		80,779	80,779
Fire equipment	107,356		107,356
Cemetery care	21,690		21,690
Unrestricted	458,481		458,481
Total net assets	\$ 1,287,568	\$ 80,779	\$ 1,368,347

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

CAMPBELL TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Capital Grants	
Primary government				
Governmental activities:				
General government	\$ 86,881	\$ 3,428	12,320	\$ (71,133)
Legislative	5,217			\$ (5,217)
Public safety	106,339	5,286		\$ (101,053)
Public works	101,844			\$ (101,844)
Recreation and culture	7,802			\$ (7,802)
Cemetery	10,877	2,227		\$ (8,650)
Total government activities	<u>318,960</u>	<u>10,941</u>	<u>12,320</u>	<u>(295,699)</u>
Business-type activity:				
Sewer	<u>0</u>	<u>0</u>		<u>0</u>
Total primary government	<u>\$ 318,960</u>	<u>\$ 10,941</u>	<u>\$ 12,320</u>	<u>\$ 295,699</u>

(Continued)

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

CAMPBELL TOWNSHIP
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED MARCH 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (295,699)	\$ -	\$ (295,699)
General revenues:			
Property taxes	155,190	-	155,190
State revenue sharing	133,708	-	133,708
Investment earnings	11,368	3,285	14,653
Other revenue	3,717	-	3,717
Total general revenues	<u>303,983</u>	<u>3,285</u>	<u>307,268</u>
Change in net assets	8,284	3,285	11,569
Net assets, beginning of year	<u>1,279,284</u>	<u>77,494</u>	<u>1,356,778</u>
Net assets, end of year	<u>\$ 1,287,568</u>	<u>\$ 80,779</u>	<u>\$ 1,368,347</u>

(Concluded)

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

**CAMPBELL TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007**

ASSETS	GENERAL FUND	EMERGENCY SERVICES FUND	TOTAL
Cash and deposits	\$ 248,705	\$ 160,377	\$ 409,082
Receivables:			
Taxes	5,176	7,192	12,368
Accounts receivable	32,091		32,091
Due from other funds	56,769	78,198	134,967
Prepaid expenses	1,197	1,378	2,575
TOTAL ASSETS	343,938	247,145	591,083
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	2,555	1,001	3,556
TOTAL LIABILITIES	2,555	1,001	3,556
FUND BALANCE			
Reserved for fire equipment		107,356	107,356
Reserved for cemetery care	21,690		21,690
Undesignated	319,693	138,788	458,481
Total Fund Balance	341,383	246,144	587,527
TOTAL LIABILITIES AND FUND BALANCE	\$ 343,938	\$ 247,145	\$ 591,083

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET ASSETS**

Fund balance -- total governmental funds.....	\$ 587,527
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add -- land.....	136,820
Add -- capital assets.....	965,530
Deduct -- accumulated depreciation.....	(402,309)
Net assets of governmental activities.....	\$ 1,287,568

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

**CAMPBELL TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007**

	GENERAL FUND	EMERGENCY SERVICES FUND	TOTAL
REVENUES:			
Property taxes	\$ 75,344	\$ 79,846	\$ 155,190
Licenses & permits	1,900		1,900
State sources	133,708		133,708
Charges for services	3,754	5,286	9,040
Interest	6,307	5,061	11,368
Other	15,988	50	16,038
TOTAL REVENUES	237,001	90,243	327,244
EXPENDITURES:			
General government	89,540		89,540
Legislative	4,059		4,059
Public safety		80,393	80,393
Public works	101,844		101,844
Recreation and culture	33,479		33,479
Cemetery	10,877		10,877
TOTAL EXPENDITURES	239,799	80,393	320,192
REVENUES OVER EXPENDITURES	(2,798)	9,850	7,052
NET CHANGE IN FUND BALANCES	(2,798)	9,850	7,052
FUND BALANCE, BEGINNING OF YEAR	344,181	236,294	580,475
FUND BALANCE, END OF YEAR	341,383	246,144	587,527

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances -- total government funds.....	\$ 7,052
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add capital outlay.....	48,573
Deduct - depreciation expense.....	(47,341)
Change in net assets of government activities.....	\$ 8,284

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

CAMPBELL TOWNSHIP
SEWER ENTERPRISE FUND
MARCH 31, 2007

STATEMENT OF NET ASSETS

Assets

Current Assets

Cash and deposits	\$ 80,779
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Total current assets	80,779
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Net assets

Restricted	80,779
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Total net assets	<u>\$ 80,779</u>
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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

FOR THE YEAR ENDED MARCH 31, 2007

Non-operating revenues

Interest income	\$ 3,285
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Net Income	3,285
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Net Assets -- Beginning of Year	<u>77,494</u>
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Net Assets -- End of Year	<u>\$ 80,779</u>
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The accompanying notes are an integral part of the financial statements.

CAMPBELL TOWNSHIP
STATEMENT OF CASH FLOWS
SEWER FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

Cash from investing activities

Interest income	<u>\$ 3,285</u>
Cash and Cash Equivalents -- Beginning of Year	<u>77,494</u>
Cash and Cash Equivalents -- End of Year	<u><u>\$ 80,779</u></u>

CAMPBELL TOWNSHIP
FIDUCIARY FUND
TAX AGENCY FUND

STATEMENT OF NET ASSETS

MARCH 31, 2007

Assets

Cash in bank	\$	134,967
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Liabilities

Due to other funds	\$	<u>134,967</u>
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STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

Receipts

Tax Collections	\$	1,527,897
Interest and penalty income		<u>406</u>
Total cash receipts		<u>1,528,303</u>

Disbursements

Tax payments to government agencies		<u>1,520,244</u>
Total cash disbursements		<u>1,520,244</u>

Total receipts over (under) disbursements		8,059
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Cash balance at the beginning of the year		<u>126,908</u>
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Cash balance at the end of the year	\$	<u><u>134,967</u></u>
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The accompanying notes are an integral part of the financial statements.

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Campbell Township was organized in April of 1849 under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (fire, ambulance), road maintenance, drainage, cemetery, public improvements, recreation and parks, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present a financial report on all funds of Campbell Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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. Campbell Township maintains one business-type fund, a sewer fund reserve. This financial reserve is used for sewer repairs and improvements.

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide 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 accrual basis of accounting. Agency funds follow the accrual basis of accounting and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

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. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government funds:

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

Emergency Services Fund – This fund is used to account for operating millage revenues and operating expenses of the Campbell Township Fire Department.

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

Additionally, the Township reports the following fund type:

Tax Agency Fund – This fund is used to account for property tax collections from real and personal property owners in Campbell Township, and the fund's disbursements to the applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the Statement of Net Assets and the Statement of Activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets and Budgetary Accounting

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data which is reflected in the financial statements:

1. The budgets are generated with input from various department heads, the township supervisor, clerk, treasurer, and township trustees.

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.
3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board.
8. Encumbrance accounting is not utilized.

Investments

Investments are stated at fair value.

Restricted Assets

Certain proceeds may be set-aside or restricted for the repayment of debt obligations, a planned capital project, or for any other special purpose. Campbell Township has no restrictions on its net assets.

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental funds in the government-wide financial statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Building and structures.....	10 – 40
Furniture and equipment.....	5 – 15
Building and lot improvements.....	15
Trucks and vehicles.....	5 - 20
Machinery and equipment.....	5 – 20

CAMPBELL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

Property Taxes

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as revenue during the current fiscal year, and is intended to fund expenditures of the current year. Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts and other entities in Ionia County; summer taxes are collected for the school districts and the County of Ionia. Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Fund Equity

In the fund 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 restricted net assets equal to restricted assets less related liabilities. Campbell Township has a \$21,690 reservation of its general fund for cemetery care and a \$107,356 reservation of its emergency services fund for fire equipment.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2007, the Township was covered by a liability and property insurance policy in the Michigan Township Participating Plan through Liberty Group of Kalamazoo, Michigan.

The insurance limitations are: Property, \$854,300; Liability, \$3,000,000; Wrongful acts, \$2,000,000; and Automobile, \$1,000,000. In addition, the Township has additional coverage for inland marine, crime coverage, and township building heating system.

CAMPBELL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

2. CASH DEPOSITS AND INVESTMENTS

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

Deposits:

	<u>Governmental Funds</u>	<u>Sewer Fund</u>	<u>Tax Agency Fund</u>	<u>Total</u>
Checking/Savings accounts	\$ 207,031	-	\$ 134,967	\$ 341,998
Investments	202,051	80,779	0	282,830
TOTAL	\$ 409,082	\$ 80,779	\$ 134,967	\$ 624,828

The carrying amount of the Township's deposits at March 31, 2007, is \$624,828. All deposits are held at United Bank. Of these deposits, \$100,000 is insured by the Federal Deposit Insurance Corporation. In accordance with the State of Michigan policy limits, these deposits are all deposited in Michigan banks. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

Statutory Authority

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after date of purchase.

CAMPBELL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

4. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
5. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
6. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Campbell Township are in Category 1, registered and insured up to \$100,000, and are listed as follows:

Depository	Account	Amount @ 03/31/07
General Fund:		
United Bank	Checking Account	\$ 152,302
United Bank	Park Development Savings Account	1,508
-	Petty Cash	200
United Bank	Certificates of deposit	94,695

CAMPBELL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

Depository	Account	Amount @ 03/31/07
Emergency Services:		
United Bank	Checking account	45,464
United Bank	Savings account	7,557
United Bank	Certificates of deposit	107,356
Sewer Fund:		
United Bank	Certificates of deposit	80,779
Tax Agency Fund:		
United Bank	Checking account	134,967
TOTAL DEPOSITED FUNDS		\$ 624,828

3. CAPITAL ASSETS

	Balance April 1, 2006	Additions	Disposals	Balance March 31, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	136,820	-	-	136,820
Capital assets being depreciated:				
Buildings and improvements	313,941	27,014	-	340,955
Office furniture and equipment	11,930	12,320	-	24,250
Fire fighting equipment	591,086	9,239	-	600,325
	916,957	48,573	-	965,530
Less accumulated depreciation for:				
Buildings and improvements	102,378	9,154	-	111,532
Office furniture and equipment	6,053	3,002	-	9,055
Fire fighting equipment	246,537	35,185	-	281,722
	354,968	47,341	-	402,309
Total capital assets, being depreciated net:	561,989			563,221
Governmental activities capital assets net:	698,809			700,041

CAMPBELL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

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

Township board.....	\$ 1,774
Township buildings and park.....	9,154
Township officers.....	\$ 1,228
Fire Fighting Equipment.....	<u>35,185</u>
Total depreciation.....	\$ 47,341

4. LITIGATION

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

5. DUE FROM (TO) OTHER FUNDS

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2007, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	-	\$ 56,769
Emergency Services Fund		78,198
Tax Agency Fund	\$ 134,967	

“Due to” and “due from” balances represent amounts in the tax-agency fund which may be transferred into the general fund and emergency services fund.

Required

Supplementary

Information

GENERAL FUND

The General Fund is used to account for government resources that are not required legally or by sound financial management to be recorded in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, Parks and Recreation, and Cemetery.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

CAMPBELL TOWNSHIP

**STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes				
Current property taxes	\$ 66,632	\$ 66,632	\$ 70,185	\$ 3,553
Delinquent property taxes			5,159	5,159
Total taxes	66,632	66,632	75,344	8,712
State sources				
State revenue sharing	133,798	133,798	133,708	(90)
Charges for services:				
Licenses/permits	800	800	1,900	1,100
Cemetery perpetual care	851	851	851	-
Cemetery lot sales	425	425	1,375	950
Refunds & rebates	735	735	1,528	793
Total fee revenue	2,811	2,811	5,654	2,843
Investment revenue:				
Interest earnings	7,349	7,349	6,307	(1,042)
Other revenue				
Telecom	3,498	3,498	3,498	-
Gifts and donations			170	170
Federal grant			12,320	12,320
	3,498	3,498	15,988	12,490
TOTAL REVENUES	\$ 214,088	\$ 214,088	\$ 237,001	\$ 22,913

CAMPBELL TOWNSHIP

**STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
General government				
Supervisor	8,500	8,500	7,749	751
Elections	2,471	2,471	14,831	(12,360)
Assessor	14,500	14,500	16,164	(1,664)
Clerk	16,000	16,000	14,760	1,240
Board of review	2,000	2,000	829	1,171
Treasurer	18,700	18,700	17,423	1,277
Townhall	27,500	27,500	13,033	14,467
Audit & legal	9,500	9,500	1,750	7,750
Payroll taxes	3,500	3,500	3,001	499
Total general government	102,671	102,671	89,540	13,131
Legislative	5,900	5,900	4,059	1,841
Public works				
Roads	115,000	115,000	100,635	14,365
Drains	5,000	5,000	1,209	3,791
Total Public Works	120,000	120,000	101,844	18,156
Recreation and Culture				
Township park	48,205	48,205	33,479	14,726
Cemetery	10,000	10,000	10,877	(877)
TOTAL EXPENDITURES	286,776	286,776	239,799	46,977
REVENUES OVER (UNDER) EXPENDITURES	(72,688)	(72,688)	(2,798)	69,890
NET CHANGE IN FUND BALANCES	(72,688)	(72,688)	(2,798)	69,890
FUND BALANCE, BEGINNING OF YEAR	344,181	344,181	344,181	-
FUND BALANCE, END OF YEAR	<u>\$ 271,493</u>	<u>\$ 271,493</u>	<u>\$ 341,383</u>	<u>-</u>

MAJOR FUND

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Emergency Services Fund -- This fund is used to account for revenues and expenses of the Campbell Township Fire Department.

CAMPBELL TOWNSHIP
EMERGENCY SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes	\$ 85,449	\$ 85,449	\$ 79,846	\$ (5,603)
Sale of equipment	-	-	50	50
Interest income	5,062	5,062	5,061	(1)
Refunds and reimbursements	-	-	5,286	5,286
Total revenues	90,511	90,511	90,243	(268)
EXPENDITURES:				
Personnel and training	7,300	7,300	7,240	60
Equipment and supplies	46,000	46,000	46,745	(745)
Building maintenance	16,000	16,000	15,193	807
Ambulance	11,300	11,300	11,215	85
Total expenditures	80,600	80,600	80,393	207
REVENUES OVER (UNDER) EXPENDITURES	9,911	9,911	9,850	(61)
NET CHANGE IN FUND BALANCES	9,911	9,911	9,850	(61)
FUND BALANCE, BEGINNING OF YEAR	236,294	236,294	236,294	-
FUND BALANCE, END OF YEAR	\$ 246,205	\$ 246,205	\$ 246,144	-

Lawrence Tiejema, PC Certified Public Accountant
31 E. Main Street, PO Box 10, Saranac, MI 48881
616-642-0384 fax: 616-642-0610 email: tiej@iserv.net

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

August 24, 2007

The Township Board
Campbell Township
Ionia County, Michigan

I have audited the financial statements of the governmental activities, business-type activity, and the aggregate remaining fund information of the Township of Campbell, State of Michigan, as of and for the year ended March 31, 2007, which collectively comprise Campbell Township's basic financial statements and have issued a report thereon dated August 24, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Campbell Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, I did not identify any deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I noted no significant deficiencies involving internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campbell Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Tiejema, PC.

August 24, 2007

