

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

# AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of Geneva	<b>County</b> Van Buren
<b>Audit Date</b> March 31, 2007	<b>Opinion Date</b> June 29, 2007	<b>Date Accountant Report Submitted to State:</b> June 29, 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- yes  no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- yes  no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- yes  no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- yes  no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- yes  no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- yes  no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- yes  no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- yes  no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- yes  no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

<b>We have enclosed the following:</b>	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.				
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686		<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b> Campbell, Kusterer & Co., PC				

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

June 29, 2007

To the Township Board  
Township of Geneva  
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Geneva, Van Buren County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Geneva '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 Geneva, Van Buren County, Michigan as of March 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Campbell, Kusterer & Co., PC*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

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

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$1,587,103.50 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$909,779.92 from governmental activities. Governmental activities had a \$66,024.31 increase in net assets with major road improvements of \$304,226.43 and a loss of .92% in revenue sharing.

Taxable value increased by approximately \$5,135,061.00 or 7.94%.

We did not incur any 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, Cemetery Perpetual Care Fund, Fire & Ambulance Fund, and the Liquor Law Enforcement Fund.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

FUND FINANCIAL STATEMENTS

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

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental 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, the Cemetery Perpetual Care Fund, the Fire & Ambulance Fund and the Liquor Law Enforcement Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we provided transfer station services, maintenance of roadways, Ambulance & Fire protection by authority, Airport services by authority, Humane Society service by contract, library service by contract, and police protection by contract.

Our cash position in the governmental activities remains strong. Our external debt is \$0.00.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$304,226.43 and Sheriff Department Police Protection of \$85,543.85.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$9,330.00 in capital assets.

The Township has no long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow at a 7.94% rate in taxable values with little demand for infrastructure, except good roads and safety services.

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 Supervisor, Clerk or Treasurer at 269-427-7607.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 099 270 24
Investments	23 512 13
Taxes receivable	<u>80 020 18</u>
Total Current Assets	<u>1 202 802 55</u>
NON-CURRENT ASSETS:	
Capital Assets	468 320 84
Less: Accumulated Depreciation	<u>(84 019 89)</u>
Total Non-current Assets	<u>384 300 95</u>
TOTAL ASSETS	<u><u>1 587 103 50</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	384 300 95
Unrestricted	<u>1 202 802 55</u>
Total Net Assets	<u>1 587 103 50</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 587 103 50</u></u>

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

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		Charges for Services	Net (Expense) Revenue and Changes in Net Assets
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	15 747 24	-	(15 747 24)
General government	115 384 86	41 050 21	(74 334 65)
Public safety	331 375 10	34 346 61	(297 028 49)
Public works	363 550 07	8 384 08	(355 165 99)
Culture and recreation	1 000 00	-	(1 000 00)
Other	16 698 34	-	(16 698 34)
<b>Total Governmental Activities</b>	<u>843 755 61</u>	<u>83 780 90</u>	<u>(759 974 71)</u>
General Revenues:			
Property taxes			456 308 02
State revenue sharing			325 867 56
Interest			32 821 89
Miscellaneous			<u>11 001 55</u>
<b>Total General Revenues</b>			<u>825 999 02</u>
Change in net assets			66 024 31
Net assets, beginning of year			<u>1 521 079 19</u>
<b>Net Assets, End of Year</b>			<u>1 587 103 50</u>

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

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2007

	<u>General</u>	<u>Liquor Law Enforcement</u>	<u>Fire Fund</u>	<u>Other Funds</u>
<u>Assets</u>				
Cash in bank	761 544 96	8 661 85	327 971 99	-
Investments	-	-	-	23 512 13
Taxes receivable	45 226 89	-	34 793 29	-
Due from other funds	<u>3 437 29</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>810 209 14</u></u>	<u><u>8 661 85</u></u>	<u><u>362 765 28</u></u>	<u><u>23 512 13</u></u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	<u>-</u>	<u>2 345 85</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>2 345 85</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Reserved for cemetery care	-	-	-	23 512 13
Unreserved:				
Undesignated	<u>810 209 14</u>	<u>6 316 00</u>	<u>362 765 28</u>	<u>-</u>
<b>Total fund equity</b>	<u>810 209 14</u>	<u>6 316 00</u>	<u>362 765 28</u>	<u>23 512 13</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>810 209 14</u></u>	<u><u>8 661 85</u></u>	<u><u>362 765 28</u></u>	<u><u>23 512 13</u></u>

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

Total

1 098 178 80

23 512 13

80 020 18

3 437 29

1 205 148 40

2 345 85

2 345 85

23 512 13

1 179 290 42

1 202 802 55

1 205 148 40

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 202 802 55
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	468 320 84
Accumulated depreciation	<u>(84 019 89)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>1 587 103 50</u>

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

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

	General	Liquor Law Enforcement	Fire	Other Funds
Revenues:				
Property taxes	249 475 88	-	206 832 14	-
Licenses and permits	34 346 61	-	-	-
State revenue sharing	324 829 16	1 038 40	-	-
Charges for services – PTAF	20 427 01	-	-	-
Charges for services – cemetery	20 623 20	-	-	-
Interest	24 679 04	329 46	7 813 39	-
Special assessments	8 384 08	-	-	-
Miscellaneous	8 837 19	-	-	2 164 36
	<u>691 602 17</u>	<u>1 367 86</u>	<u>214 645 53</u>	<u>2 164 36</u>
Total revenues				
Expenditures:				
Legislative:				
Township Board	15 747 24	-	-	-
General government:				
Supervisor	14 913 00	-	-	-
Elections	7 475 65	-	-	-
Assessor	12 060 00	-	-	-
Audit	3 600 00	-	-	-
Clerk	14 013 00	-	-	-
Board of Review	3 420 54	-	-	-
Treasurer	14 013 00	-	-	-
Building and grounds	6 404 84	-	-	-
Cemetery	17 437 55	-	-	-
Unallocated	13 302 20	-	-	-
Public safety:				
Police protection	85 543 85	-	-	-
Fire protection	-	-	192 018 74	-
Liquor control	-	2 345 85	-	-
Inspectors	36 602 07	-	-	-
Ordinance enforcement	14 864 59	-	-	-
Public works:				
Highways and streets	304 226 43	-	-	-
Street lights	3 390 59	-	-	-
Sanitation	18 413 94	-	-	-
Drains	1 781 25	-	-	-
Airport	33 605 30	-	-	-
Culture and recreation:				
Library	1 000 00	-	-	-
Other:				
Insurance	10 106 00	-	-	-
Pension	6 592 34	-	-	-
Capital outlay	9 330 00	-	-	-
	<u>647 843 38</u>	<u>2 345 85</u>	<u>192 018 74</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	43 758 79	(977 99)	22 626 79	2 164 36
Fund balances, April 1	<u>766 450 35</u>	<u>7 293 99</u>	<u>340 138 49</u>	<u>21 347 77</u>
Fund Balances, March 31	<u>810 209 14</u>	<u>6 316 00</u>	<u>362 765 28</u>	<u>23 512 13</u>

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

Total

456 308 02  
34 346 61  
325 867 56  
20 427 01  
20 623 20  
32 821 89  
8 384 08  
11 001 55

909 779 92

15 747 24

14 913 00  
7 475 65  
12 060 00  
3 600 00  
14 013 00  
3 420 54  
14 013 00  
6 404 84  
17 437 55  
13 302 20

85 543 85  
192 018 74  
2 345 85  
36 602 07  
14 864 59

304 226 43  
3 390 59  
18 413 94  
1 781 25  
33 605 30

1 000 00

10 106 00  
6 592 34  
9 330 00

842 207 97

67 571 95

1 135 230 60

1 202 802 55

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 67 571 95

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	(10 877 64)
Capital Outlay	<u>9 330 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 66 024 31

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

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Geneva, Van Buren 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 Geneva. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for assets that are legally restricted.

Fiduciary Funds

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

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

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 6.6771 mills, and the taxable value was \$69,793,514.00.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

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

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, additions and improvements	20-50 years
Equipment	4-20 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.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

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

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

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

	<u>Carrying Amounts</u>
Total Deposits	<u>1 099 375 24</u>

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

	<u>Bank Balances</u>
Insured (FDIC)	200 216 00
Uninsured and Uncollateralized	<u>965 291 90</u>
Total Deposits	<u>1 165 507 90</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2007

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:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized: Operating Funds	-	-	-	-
Total Risk-Categorized Investments	-	-	-	-
Nonrisk-Categorized: Financial Institution Pooled Funds				23 512 13
Total Investments				23 512 13

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:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
<u>Governmental Activities:</u>				
Land	101 647 36	5 930 00	-	107 577 36
Buildings	331 067 50	-	-	331 067 50
Equipment	26 275 98	3 400 00	-	29 675 98
Total	458 990 84	9 330 00	-	468 320 84
Accumulated Depreciation	(73 142 25)	(10 877 64)	-	(84 019 89)
Net Capital Assets	385 848 59	(1 547 64)	-	384 300 95

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2007

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2007, was \$6,592.34.

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

As of March 31, 2007, the Township had building permit revenues of \$31,646.61 and building permit expenses of \$36,602.07.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	21 00	Agency	21 00
General	1 070 44	Current Tax Collection	1 070 44
General	<u>2 345 85</u>	Liquor	<u>2 345 85</u>
Total	<u><u>3 437 29</u></u>	Total	<u><u>3 437 29</u></u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	242 157 22	242 157 22	249 475 88	7 318 66
Licenses and permits	33 625 00	33 625 00	34 346 61	721 61
State revenue sharing	250 000 00	250 000 00	324 829 16	74 829 16
Charges for services – PTAF	13 300 00	13 300 00	20 427 01	7 127 01
Charges for services – cemetery	20 500 00	20 500 00	20 623 20	123 20
Interest	6 500 00	6 500 00	24 679 04	18 179 04
Special assessments	850 00	850 00	8 384 08	7 534 08
Miscellaneous	17 200 00	17 200 00	8 837 19	(8 362 81)
<b>Total revenues</b>	<u>584 132 22</u>	<u>584 132 22</u>	<u>691 602 17</u>	<u>107 469 95</u>
Expenditures:				
Legislative:				
Township Board	16 600 00	16 600 00	15 747 24	(852 76)
General government:				
Supervisor	14 013 00	14 913 00	14 913 00	-
Elections	7 500 00	7 500 00	7 475 65	(24 35)
Assessor	12 060 00	12 060 00	12 060 00	-
Audit	3 600 00	3 600 00	3 600 00	-
Clerk	14 013 00	14 013 00	14 013 00	-
Board of Review	7 000 00	7 000 00	3 420 54	(3 579 46)
Treasurer	14 013 00	14 013 00	14 013 00	-
Building and grounds	17 000 00	17 000 00	6 404 84	(10 595 16)
Cemetery	41 000 00	41 000 00	17 437 55	(23 562 45)
Unallocated	557 932 16	607 847 42	13 302 20	(594 545 22)
Public safety:				
Police protection	85 000 00	86 000 00	85 543 85	(456 15)
Inspectors	37 500 00	37 500 00	36 602 07	(897 93)
Ordinance enforcement	47 500 00	47 500 00	14 864 59	(32 635 41)
Public works:				
Highways and streets	350 000 00	350 000 00	304 226 43	(45 773 57)
Street lights	3 700 00	3 700 00	3 390 59	(309 41)
Sanitation	27 000 00	27 000 00	18 413 94	(8 586 06)
Drains	6 500 00	6 500 00	1 781 25	(4 718 75)
Airport	16 500 00	33 605 30	33 605 30	-
Culture and recreation:				
Library	1 000 00	1 000 00	1 000 00	-
Other:				
Insurance	10 300 00	10 381 00	10 106 00	(275 00)
Pension	9 000 00	9 000 00	6 592 34	(2 407 66)
Capital outlay	10 000 00	10 000 00	9 330 00	(670 00)
<b>Total expenditures</b>	<u>1 308 731 16</u>	<u>1 377 732 72</u>	<u>647 843 38</u>	<u>(729 889 34)</u>
Excess (deficiency) of revenues over expenditures	(724 598 94)	(793 600 50)	43 758 79	837 359 29
Fund balance, April 1	<u>793 600 49</u>	<u>793 600 50</u>	<u>766 450 35</u>	<u>(27 150 15)</u>
Fund Balance, March 31	<u>69 001 55</u>	-	<u>810 209 14</u>	<u>810 209 14</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – LIQUOR LAW ENFORCEMENT FUND  
Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
State revenue sharing	1 000 00	1 000 00	1 038 40	38 40
Interest	-	-	<u>329 46</u>	<u>329 46</u>
Total revenues	<u>1 000 00</u>	<u>1 000 00</u>	<u>1 367 86</u>	<u>367 86</u>
Expenditures:				
Public safety:				
Liquor control	<u>1 500 00</u>	<u>2 500 00</u>	<u>2 345 85</u>	<u>(154 15)</u>
Total expenditures	<u>1 500 00</u>	<u>2 500 00</u>	<u>2 345 85</u>	<u>(154 15)</u>
Excess (deficiency) of revenues over expenditures	(500 00)	(1 500 00)	(977 99)	522 01
Fund balance, April 1	<u>500 00</u>	<u>1 500 00</u>	<u>7 293 99</u>	<u>5 793 99</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>6 316 00</u>	<u>6 316 00</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	199 781 85	199 781 85	206 832 14	7 050 29
Interest	-	-	7 813 39	7 813 39
<b>Total revenues</b>	<u>199 781 85</u>	<u>199 781 85</u>	<u>214 645 53</u>	<u>14 863 68</u>
Expenditures:				
Public safety:				
Fire protection	<u>200 000 00</u>	<u>200 000 00</u>	<u>192 018 74</u>	<u>(7 981 26)</u>
<b>Total expenditures</b>	<u>200 000 00</u>	<u>200 000 00</u>	<u>192 018 74</u>	<u>(7 981 26)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(218 15)	(218 15)	22 626 79	22 844 94
<b>Fund balance, April 1</b>	<u>218 15</u>	<u>218 15</u>	<u>340 138 49</u>	<u>339 920 34</u>
<b>Fund Balance, March 31</b>	<u>-</u>	<u>-</u>	<u>362 765 28</u>	<u>362 765 28</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

Township Board:	
Fees and per diem	3 615 00
Social security	1 243 52
Miscellaneous	10 888 72
	<u>15 747 24</u>
Supervisor:	
Salary	11 913 00
Deputy	3 000 00
	<u>14 913 00</u>
Elections	<u>7 475 65</u>
Assessor:	
Contracted services	<u>12 060 00</u>
Audit	<u>3 600 00</u>
Clerk:	
Salary	11 013 00
Deputy	3 000 00
	<u>14 013 00</u>
Board of Review:	
Wages	1 722 50
Miscellaneous	1 698 04
	<u>3 420 54</u>
Treasurer:	
Salary	11 013 00
Deputy	3 000 00
	<u>14 013 00</u>
Building and grounds:	
Custodian	1 140 00
Repairs and maintenance	5 264 84
	<u>6 404 84</u>
Cemetery:	
Wages	12 656 25
Supplies	4 781 30
	<u>17 437 55</u>
Unallocated	<u>13 302 20</u>
Police protection	<u>85 543 85</u>
Inspectors:	
Wages	32 830 61
Miscellaneous	3 771 46
	<u>36 602 07</u>
Ordinance enforcement	<u>14 864 59</u>
Highways and streets:	
Repairs and maintenance	<u>304 226 43</u>
Street lighting:	
Utilities	<u>3 390 59</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

Sanitation:	
Transfer station	<u>18 413 94</u>
Drains	<u>1 781 25</u>
Airport	<u>33 605 30</u>
Library	<u>1 000 00</u>
Insurance	<u>10 106 00</u>
Pension	<u>6 592 34</u>
Capital outlay	<u>9 330 00</u>
Total Expenditures	<u>647 843 38</u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS  
March 31, 2007

<u>Assets</u>	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Total</u>
Cash in bank	8 661 85	327 971 99	336 633 84
Taxes receivable	-	34 793 29	34 793 29
<b>Total Assets</b>	<b><u>8 661 85</u></b>	<b><u>362 765 28</u></b>	<b><u>371 427 13</u></b>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other funds	2 345 85	-	2 345 85
Total liabilities	<u>2 345 85</u>	<u>-</u>	<u>2 345 85</u>
Fund balances:			
Unreserved:			
Undesignated	6 316 00	362 765 28	369 081 28
Total fund balances	<u>6 316 00</u>	<u>362 765 28</u>	<u>369 081 28</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>8 661 85</u></b>	<b><u>362 765 28</u></b>	<b><u>371 427 13</u></b>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

Year ended March 31, 2007

	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Total</u>
Revenues:			
Property taxes	-	206 832 14	206 832 14
State revenue sharing	1 038 40	-	1 038 40
Interest	<u>329 46</u>	<u>7 813 39</u>	<u>8 142 85</u>
Total revenues	<u>1 367 86</u>	<u>214 645 53</u>	<u>216 013 39</u>
Expenditures:			
Public safety:			
Fire protection	-	192 018 74	192 018 74
Liquor control	<u>2 345 85</u>	<u>-</u>	<u>2 345 85</u>
Total expenditures	<u>2 345 85</u>	<u>192 018 74</u>	<u>194 364 59</u>
Excess (deficiency) of revenues over expenditures	(977 99)	22 626 79	21 648 80
Fund balances, April 1	<u>7 293 99</u>	<u>340 138 49</u>	<u>347 432 48</u>
Fund Balances, March 31	<u><u>6 316 00</u></u>	<u><u>362 765 28</u></u>	<u><u>369 081 28</u></u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

BALANCE SHEET – PERMANENT FUND  
March 31, 2007

	<u>Cemetery Perpetual Care</u>
<u>Assets</u>	
Investments	<u>23 512 13</u>
Total Assets	<u><u>23 512 13</u></u>
<u>Liabilities and Fund Balances</u>	
Liabilities	<u>-</u>
Fund balances:	
Reserved for cemetery care	<u>23 512 13</u>
Total Liabilities and Fund Balances	<u><u>23 512 13</u></u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – PERMANENT FUND  
Year ended March 31, 2007

	<u>Cemetery Perpetual Care</u>
Revenues:	
Gain on interest	<u>2 164 36</u>
Total revenues	<u>2 164 36</u>
Expenditures – Cemetery	<u>-</u>
Excess of revenues over expenditures	2 164 36
Fund balance, April 1	<u>21 347 77</u>
Fund Balance, March 31	<u><u>23 512 13</u></u>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS  
March 31, 2007

	<u>Current Tax Collection</u>	<u>Agency</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	1 070 44	126 00	1 196 44
<b>Total Assets</b>	<b>1 070 44</b>	<b>126 00</b>	<b>1 196 44</b>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other funds	1 070 44	21 00	1 091 44
Due to other units	-	105 00	105 00
<b>Total liabilities</b>	<b>1 070 44</b>	<b>126 00</b>	<b>1 196 44</b>
Fund balances	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>1 070 44</b>	<b>126 00</b>	<b>1 196 44</b>

TOWNSHIP OF GENEVA  
Van Buren County, Michigan

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

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	2 031 13	1 216 589 09	1 217 549 78	1 070 44
<u>Liabilities</u>				
Due to other funds	2 031 13	472 275 68	473 236 37	1 070 44
Due to others	-	744 313 41	744 313 41	-
Total Liabilities	<u>2 031 13</u>	<u>1 216 589 09</u>	<u>1 217 549 78</u>	<u>1 070 44</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	1 524 00	6 534 00	7 932 00	126 00
<u>Liabilities</u>				
Due to other funds	254 00	1 089 00	1 322 00	21 00
Due to others	1 270 00	5 445 00	6 610 00	105 00
Total Liabilities	<u>1 524 00</u>	<u>6 534 00</u>	<u>7 932 00</u>	<u>126 00</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	3 555 13	1 223 123 09	1 225 481 78	1 196 44
<u>Liabilities</u>				
Due to other funds	2 285 13	473 364 68	474 558 37	1 091 44
Due to others	1 270 00	749 758 41	750 923 41	105 00
Total Liabilities	<u>3 555 13</u>	<u>1 223 123 09</u>	<u>1 225 481 78</u>	<u>1 196 44</u>

# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 29, 2007

To the Township Board  
Township of Geneva  
Van Buren County, Michigan

We have audited the financial statements of the Township of Geneva for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Geneva 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 Geneva  
Van Buren County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

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

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

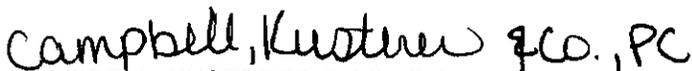
We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2007.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

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