

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Atlas	County Genessee
Fiscal Year End March 31, 2007	Opinion Date September 10, 2007	Date Audit Report Submitted to State September 20, 2007	

We affirm that:

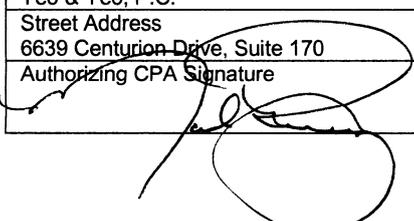
We are certified public accountants licensed to practice in Michigan.

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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury. |
| 4. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has adopted a budget for all required funds. |
| 5. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | A public hearing on the budget was held in accordance with State statute. |
| 6. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit. |
| 8. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit only holds deposits/investments that comply with statutory requirements. |
| 9. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin). |
| 10. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit is free of repeated comments from previous years. |
| 12. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The audit opinion is UNQUALIFIED. |
| 13. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The board or council approves all invoices prior to payment as required by charter or statute. |
| 15. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | To our knowledge, bank reconciliations that were reviewed were performed timely. |

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Yeo & Yeo, P.C.		Telephone Number (517) 323-9500	
Street Address 6639 Centurion Drive, Suite 170		City Lansing	State MI
Authorizing CPA Signature 		Printed Name Mark Perry	License Number 1101018885

Township of Atlas
Genesee County, Michigan
Annual Financial Statements
and
Auditors' Report
March 31, 2007

Table of Contents

<u>Section</u>		<u>Page</u>
1	List of Elected Officials	1 – 1
2	Independent Auditors' Report	2 - 1
3	Managements' Discussion and Analysis	3 – 1
4	Basic Financial Statements	
	Government-wide Financial Statements	
	Statement of Net Assets	4 – 1
	Statement of Activities	4 – 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation Fund Balances of Governmental Funds to Net Assets of Governmental Activities	4 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 9
	Fiduciary Funds	
	Statement of Assets and Liabilities	4 – 10
	Notes to Financial Statements	4 – 11

<u>Section</u>	<u>Page</u>	
5	Required Supplemental Information	
	Budgetary Comparison Schedule	
	General Fund	5 – 1
	Fire Protection Fund	5 – 4
	Police Administrative Board	5 – 5
6	Other Supplemental Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 – 1
	Combining Statement of Revenue, Expenditures and Changes in Fund Balance	6 – 2
	Schedule of Indebtedness	6 – 4

Township of Atlas
List of Elected and Appointed Officials
March 31, 2007

Township of Atlas

Paul Amman – Supervisor

Ann Marie Slagle – Treasurer

Teresa L. Onica – Clerk

Barry June – Trustee

Scott Statson - Trustee



6639 Centurion Drive, Suite 170
Lansing, MI 48917
Phone (517) 323-9500
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Independent Auditors' Report

To the Township Board
Township of Atlas
Goodrich, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Atlas 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. 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, each major fund, and the aggregate remaining fund information of the Township of Atlas as of March 31, 2007 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The managements' discussion and analysis and budgetary comparison information identified 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 opinions on the financial statements that collectively comprise the Township of Atlas's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

September 10, 2007
Lansing, Michigan

Township of Atlas Management's Discussion and Analysis

The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Township's management's discussion and analysis of the financial results for the fiscal year ended March 31, 2007.

Overview of Financial Statements

The annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and other supplemental information. Government Accounting Standards Board Statement 34 (GASB 34) requires the reporting of two types of financial statements: Government-wide Financial Statements and Fund Financial Statements.

Government-wide Financial Statements:

The Government-wide statements provide a perspective of the Township as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two Government-wide statements: The Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets (page 4-1) combines and consolidates the governmental fund current financial resources (short-term spendable resources) with capital assets, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4-3) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of the various townships' services.

When analyzed together, the two statements help the reader determine whether the Township is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

A *fund* is a grouping 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. The funds of the Township can be divided into two categories: governmental funds and fiduciary fund.

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 financial statements focus on near-term inflows and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (fund balance).

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 Township'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.

**Township of Atlas
Management's Discussion and Analysis**

The Township maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire Protection, Police Administrative, Green Ridge Paving Debt Service fund, each of which is considered to be a major fund. The Sewer Receiving, Atlas Meadows Septic, Building Authority Fire Hall, and East Lake Paving Assessment are considered non major funds and are presented in a combined column for reporting purposes.

The Township adopts an annual appropriated budget for the general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. 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.

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 financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, and other supplemental information concerning budgetary information for the Township's major funds.

SUMMARY OF NET ASSETS:

Township's Net Assets

The following summarizes the Township's net assets at fiscal year ended March 31, 2007 and 2006.

	2007	2006
Assets		
Current assets	\$ 3,330,711	\$ 3,021,779
Capital assets	1,908,619	1,954,821
Less accumulated depreciation	(955,624)	(931,724)
Total capital assets	952,995	1,023,097
Total assets	4,283,706	4,044,876
Liabilities		
Current liabilities	29,659	161,435
Long-term liabilities	452,000	538,000
Total liabilities	481,659	699,435
Net assets		
Investment in capital assets, net of related debt	637,995	663,097
Restricted	980,105	803,467
Unrestricted	2,183,947	1,878,877
Total net assets	\$ 3,802,047	\$ 3,345,441

During the fiscal year ended March 31, 2007, the Township's net assets increased by \$456,606.

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township of Atlas, assets exceeded liabilities by \$3,802,047.

Township of Atlas
Management's Discussion and Analysis

A portion of the Township's net assets reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township's Changes in Net Assets

Revenues:

	<u>2007</u>	<u>2006</u>
Program revenue		
Charges for services	\$ 497,076	\$ 373,614
Capital grants and contributions	3,154	156
General revenue:		
Property taxes	1,003,874	929,045
State shared revenue	401,503	405,408
Interest and investment earnings	148,439	89,648
Miscellaneous	<u>70,332</u>	<u>69,811</u>
 Total revenues	 <u>\$ 2,124,378</u>	 <u>\$ 1,867,682</u>

Expenses:

	<u>2007</u>	<u>2006</u>
Expenses		
General government	\$ 432,048	\$ 461,634
Public safety	686,771	633,739
Public works	485,119	527,548
Community and economic development	33,454	24,112
Recreation and culture	6,863	8,583
Other	<u>23,517</u>	<u>26,314</u>
 Total expenses	 <u>1,667,772</u>	 <u>1,681,930</u>
 Change in net assets	 456,606	 185,752
 Net assets - beginning	 <u>3,345,441</u>	 <u>3,159,689</u>
 Net assets - ending	 <u>\$ 3,802,047</u>	 <u>\$ 3,345,441</u>

Governmental activities

The Township's total governmental revenue has increased by \$256,696 from last fiscal year. This was primarily attributed to an increase in charge for services of \$123,462, federal grants of \$2,998, property tax revenues of \$74,829, interest revenue of \$58,791, miscellaneous of \$521 and offset by a decrease in state shared revenue of \$3,905. Expenses decreased by \$14,158. The decreases in general government expenditures of \$29,586, public works of \$42,429, recreation and culture of \$1,720 and other program expenditures of \$2,797 were offset by increases in public safety of \$53,032, community and economic development of \$9,342.

**Township of Atlas
Management's Discussion and Analysis**

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,231,316 an increase of \$474,649. \$1,870,917 of the \$3,231,316 fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the Township's discretion.

The general fund is the main operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,870,917. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 201% of total general fund expenditures.

The fund balance of the General Fund increased by \$298,011 during the current fiscal year and is primarily attributable to current revenue exceeding expenses.

The fund balance of the Fire Protection Fund increased by \$105,457 during the current fiscal year and was due to revenues exceeding expenses.

The fund balance of the Police Administrative Board increased by \$94,879 during the current fiscal year and was due to a special assessment levied during the fiscal year.

General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The most significant budgeted fund is the General Fund. The General Fund budget was not amended during the year.

Capital Assets and Debt Administration:

Capital Assets

The Townships investment in capital assets for its governmental activities as of March 31, 2007 and 2006 amounted to \$952,995 and \$1,023,097 (net of accumulated depreciation), respectively. Investment in capital assets included land, buildings, and equipment.

	March 31, 2007	March 31, 2006
Capital assets not being depreciated		
Land	\$ 19,001	\$ 19,001
Capital assets being depreciated		
Buildings and improvements	1,071,399	1,065,715
Furniture and equipment	246,104	227,416
Vehicles	572,115	642,689
Capital assets	1,908,619	1,954,821
Less:		
Accumulated depreciation	(955,624)	(931,724)
Governmental activities capital assets, net	\$ 952,995	\$ 1,023,097

**Township of Atlas
Management's Discussion and Analysis**

Long-term Debt

At the end of the current fiscal year, the Township had total long-term debt outstanding at March 31, 2007 and 2006 of \$452,000 and \$538,000, respectively.

	<u>March 31, 2007</u>	<u>March 31, 2006</u>
General obligation bonds	\$ 315,000	\$ 360,000
Special assessments	<u>137,000</u>	<u>178,000</u>
	<u>\$ 452,000</u>	<u>\$ 538,000</u>

Economic Factors and Next Year's Budget

The following factors were considered in preparing the Township's budget for the 2006-2007 fiscal year:

- The State of Michigan is facing economic uncertainty with the loss of jobs in the economy and its future impact on the operating budget. For 2006-2007 the Township received \$401,503 in state shared revenue, representing 33% of the revenue in the General Fund. The amounts of the state shared revenues for future periods are uncertain and will affect the Township's budgets. Our budgets were prepared with these factors in mind and will need to be revised as needed.

Request for Information

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or would like additional information, contact the Township Clerk's office at Atlas Township, Genesee County, Michigan.

Township of Atlas
Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 2,253,568
Certificate of deposit	795,481
Receivables	
Taxes	96,804
Customers	3,695
Special assessments	112,681
Accrued interest and other	3,534
Due from other units of government	65,942
Prepaid items	6,950
Nondepreciable capital assets	19,001
Depreciable capital assets, net	<u>933,994</u>
 Total assets	 <u>4,283,706</u>
Liabilities	
Accounts payable	8,142
Accrued and other liabilities	21,517
Noncurrent liabilities	
Due within one year	42,000
Due in more than one year	<u>410,000</u>
 Total liabilities	 <u>481,659</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	641,593
Restricted for:	
Debt service	121,009
Unrestricted	<u>3,039,445</u>
 Total net assets	 <u>\$ 3,802,047</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Statement of Activities
For the Year Ended March 31, 2007

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Functions/Programs			<u>Governmental Activities</u>
Governmental activities			
General government	\$ 432,048	\$ 252,747	\$ 1,474
Public safety	686,771	184,529	1,680
Public works	485,119	54,763	-
Community and economic development	33,454	-	-
Recreation and culture	6,863	-	-
Interest on long-term debt	<u>23,517</u>	<u>5,037</u>	<u>-</u>
Total governmental activities	<u>\$ 1,667,772</u>	<u>\$ 497,076</u>	<u>\$ 3,154</u>
			<u>(1,167,542)</u>
			General revenues
			Property taxes
			1,003,874
			State shared revenue
			401,503
			Unrestricted investment earnings
			148,439
			Miscellaneous
			<u>70,332</u>
			Total general revenues and transfers
			<u>1,624,148</u>
			Change in net assets
			<u>456,606</u>
			Net assets - beginning of year
			<u>3,345,441</u>
			Net assets - end of year
			<u>\$ 3,802,047</u>

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
Balance Sheet
March 31, 2007**

	General	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Board	Green Ridge Paving		
Assets						
Cash and cash equivalents	\$ 1,341,945	\$ 545,604	\$ 142,204	\$ 100,727	\$ 115,144	\$ 2,245,624
Certificate of deposit	795,481	-	-	-	-	795,481
Receivables						
Taxes	27,848	34,702	34,254	-	-	96,804
Customers	-	-	-	-	3,695	3,695
Special assessments	22,997	-	15,950	59,491	14,243	112,681
Accrued interest and other	3,534	-	-	-	-	3,534
Due from other units of government	65,942	-	-	-	-	65,942
Due from other funds	17,703	-	-	-	-	17,703
Prepaid items	2,780	4,170	-	-	-	6,950
Total assets	\$ 2,278,230	\$ 584,476	\$ 192,408	160,218	\$ 133,082	\$ 3,348,414

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
Balance Sheet
March 31, 2007**

	General	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Board	Green Ridge Paving		
Liabilities						
Accounts payable	\$ 5,605	\$ 2,537	\$ -	\$ -	\$ -	\$ 8,142
Accrued and other liabilities	21,414	103	-	-	-	21,517
Due to other funds	-	703	-	-	17,000	17,703
Deferred revenue	-	-	-	59,934	9,802	69,736
Total liabilities	27,019	3,343	-	59,934	26,802	117,098
Fund Balances						
Reserved for:						
Debt service	-	-	-	100,284	20,725	121,009
Unreserved						
Designated for:						
Working Capital	190,899	-	-	-	-	190,899
Garbage service and aquaweed control	189,395	-	-	-	-	189,395
Unreserved, reported in:						
General fund	1,870,917	581,133	192,408	-	85,555	2,730,013
Total fund balances	2,251,211	581,133	192,408	100,284	106,280	3,231,316
Total liabilities and fund balances	\$ 2,278,230	\$ 584,476	\$ 192,408	\$ 160,218	\$ 133,082	\$ 3,348,414

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
March 31, 2007**

Total fund balances for governmental funds	\$ 3,231,316
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	952,995
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	69,736
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(452,000)</u>
Net assets of governmental activities	<u>\$ 3,802,047</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2007

	General	Special Revenue Funds		Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Fund	Green Ridge Paving		
Revenues						
Taxes	\$ 370,816	\$ 314,180	\$ 318,878	\$ -	\$ -	\$ 1,003,874
Licenses and permits	28,908	-	468	-	-	29,376
Federal grants	1,474	1,680	-	-	-	3,154
State revenue sharing	401,503	-	-	-	-	401,503
Charges for services	262,734	-	-	4,250	16,946	283,930
Fines and forfeitures	-	-	23,011	-	-	23,011
Interest income	115,004	20,656	3,826	4,408	4,545	148,439
Special assessments	-	-	161,050	28,788	5,089	194,927
Other revenue	49,814	1,041	-	-	19,250	70,105
Total revenues	1,230,253	337,557	507,233	37,446	45,830	2,158,319
Expenditures						
Current						
General government	414,404	-	-	-	-	414,404
Public safety	43,727	153,861	412,354	-	-	609,942
Public works	430,434	-	-	-	54,685	485,119
Community and economic development	33,454	-	-	-	-	33,454
Recreation and culture	6,863	-	-	-	-	6,863
Capital outlay	2,860	21,511	-	-	-	24,371
Debt service						
Principal retirement	-	-	-	35,000	51,000	86,000
Interest and fiscal charges	-	-	-	9,294	14,223	23,517
Total expenditures	931,742	175,372	412,354	44,294	119,908	1,683,670

See Accompanying Notes to Financial Statements

Township of Atlas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2007

	General	Special Revenue Funds		Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Fund	Green Ridge Paving		
Excess (deficiency) of revenues over expenditures	298,511	162,185	94,879	(6,848)	(74,078)	474,649
Other financing sources (uses)						
Transfers in	-	-	-	-	57,228	57,228
Transfers out	(500)	(56,728)	-	-	-	(57,228)
Total other financing sources and (uses)	(500)	(56,728)	-	-	57,228	-
Net change in fund balance	298,011	105,457	94,879	(6,848)	(16,850)	474,649
Fund balance - beginning of year	1,953,200	475,676	97,529	107,132	123,130	2,756,667
Fund balance - end of year	<u>\$ 2,251,211</u>	<u>\$ 581,133</u>	<u>\$ 192,408</u>	<u>\$ 100,284</u>	<u>\$ 106,280</u>	<u>\$ 3,231,316</u>

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2007**

Net change in fund balances - Total governmental funds	\$ 474,649
<p>Total change in net assets reported for governmental activities in the statement of activities is different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	(94,473)
Capital outlay	24,371
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Special assessments	(33,941)
<p>Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p>	
Repayments of long-term debt	86,000
Change in net assets of governmental activities	\$ 456,606

Township of Atlas
Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2007

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>11,059</u>
Liabilities	
Accrued and other liabilities	3
Due to other units of government	<u>11,056</u>
 Total liabilities	 \$ <u>11,059</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Township of Atlas is governed by an elected five-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations.

The Township has implemented *GASB Statement No. 14, The Financial Reporting Entity and Statement of Michigan Governmental Accounting and Auditing No. 5*, which defines the reporting of primary government and component unit activities. The basis criterion of including a public authority in a governmental unit's general purpose financial report is the exercise of financial responsibility over such agency by the governmental unit's elected officials, the selection of the governing authority, the designation of management, the ability to exert significant influence on operations.

Blended component unit

Atlas Township Building Authority (the "Building Authority") – The Building Authority is governed by a Board that is appointed by the Township supervisor. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings. The financial statements of the Building Authority are consolidated with the financial statements of the Township as follows:

- a. The assets of the Building Authority held for payment of the outstanding bond issue are reported in the Debt Service Funds.

- b. Fixed asset records (Township hall and fire station) of the Building Authority are maintained by the primary government.
- c. Remaining amounts due on bonds issued by the Building Authority are reported on the government wide financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Government 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.

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. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular 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 governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Township of Atlas
Notes to Financial Statements
March 31, 2007

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*, as are the proprietary fund and fiduciary fund financial statements. Revenues are 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 revenues 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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. 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The Fire Protection and Police Administrative Board Funds are special revenue funds and are restricted to expenditures for that purpose.

Debt Service Funds record the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the Township reports the following:

The Current Tax Collection Fund accounts for property taxes and other deposits collected on behalf of other units and individuals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed both in the government-wide and proprietary 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 Township has elected not to follow subsequent private-sector guidance.

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 where the amounts are reasonably equivalent in value to the interfund services provided other charges between the government's water and sewer function and various other functions of the government. Elimination of these

Township of Atlas
Notes to Financial Statements
March 31, 2007

charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Certificate s of deposit are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2006 taxable valuation of the government totaled \$330,550,111 , on which ad valorem taxes consisted of 2.6776 mills for operating , fire, and police purposes. This resulted in \$885,081 for operating , fire, and police protection expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Building improvements	5 to 7 years
Vehicles	5 to 7 years
Office equipment and furnishings	7 to 10 years
Computer equipment	5 years

Township of Atlas
Notes to Financial Statements
March 31, 2007

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 purposes. Designations of fund balance represent tentative management plans that are subject to change.

Comparative data

Comparative data is not included in the government's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township supervisor is required to submit to the Township Board a proposed operating budget for the commencing fiscal year prior to its start each year. The operating budget includes proposed expenditures and the means to finance them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund. Public hearings are conducted to obtain taxpayer comments.
2. Prior to March 31, the budget was legally enacted through passage of a resolution.
3. The Township supervisor is authorized to transfer small budget amounts (no specified limit) between departments within any fund with subsequent Board ratification. Any revisions altering the total expenditures of a particular fund must be approved by the Board. Annual appropriations lapse at fiscal year end.

Excess of expenditures over appropriations

Expenditures in violation of the Public Act 621 are disclosed as being over budget on the required supplemental information – budgetary comparison schedule of the general fund, fire protection fund, and police administrative board on pages 5-1 to 5-5.

Township of Atlas
Notes to Financial Statements
March 31, 2007

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the breakdown between deposits and investments is as follows:

	Primary Government
Bank deposits (checking and savings accounts and certificates of deposit)	\$ 817,691
Bank investment pools	2,223,214
Petty cash and cash on hand	200
	\$ 3,041,105

As of year end, the Township had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
Bank investment pools	\$ 2,223,214	39 Days	AAAm, Aaa	S&P, Moody's

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

Credit risk – State statutes authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers

acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the government authorizes investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, \$ 805,816 was exposed to custodial credit risk because it was uninsured and uncollateralized .

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the government's investment policy, the government's investments are held by a counterparty and are not insured.

Township of Atlas
Notes to Financial Statements
March 31, 2007

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

The only receivables not expected to be collected within one year are as follows:

	Due After One Year	Fund
Primary government		
Special assessments	\$ 59,934	Green Ridge Paving
Special assessments	<u>9,802</u>	East Lake Paving
	<u>\$ 69,736</u>	

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Primary government	
Special assessments	<u>\$ 69,736</u>

NOTE 5 - CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 19,001	\$ -	\$ -	\$ 19,001
Capital assets being depreciated				
Buildings, additions and improvements	1,068,539	2,860	-	1,071,399
Machinery and equipment	224,593	21,511	-	246,104
Vehicles	<u>642,689</u>	<u>-</u>	<u>70,574</u>	<u>572,115</u>
Total capital assets being depreciated	<u>1,935,821</u>	<u>24,371</u>	<u>70,574</u>	<u>1,889,618</u>
Less accumulated depreciation for				
Buildings, additions and improvements	320,791	25,440	-	346,231
Machinery and equipment	68,410	38,984	-	107,394
Vehicles	<u>542,524</u>	<u>30,049</u>	<u>70,574</u>	<u>501,999</u>
Total accumulated depreciation	<u>931,725</u>	<u>94,473</u>	<u>70,574</u>	<u>955,624</u>
Net capital assets being depreciated	<u>1,004,096</u>	<u>(70,102)</u>	<u>-</u>	<u>933,994</u>
Governmental activities capital assets, net	<u>\$ 1,023,097</u>	<u>\$ (70,102)</u>	<u>\$ -</u>	<u>\$ 952,995</u>

Township of Atlas
Notes to Financial Statements
March 31, 2007

NOTE 6 - INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

amounts provided as subsidies or matching funds for various grant programs.

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Funds	\$ 694
General	Fire Fund	9
General	Atlas Meadows Septic	<u>17,000</u>
		<u>\$ 17,703</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund balances are included in the funds financial statements but have been eliminated from the government wide financial statements.

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Atlas Meadows Septic Fund	\$ 500
Fire Fund	Building Authority	<u>57,228</u>
		<u>\$ 57,728</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including

Township of Atlas
Notes to Financial Statements
March 31, 2007

NOTE 7 - LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government

Long-term obligation activity is summarized as follows:

	Amount of Issue	Fiscal Year Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
2004 Building Authority	\$ 445,000	2014	2.25-4.00%	\$ 45,000 - \$ 60,000	\$ 360,000	\$ -	\$ 45,000	\$ 315,000	\$ -
Special assessment obligations									
1999 Green Ridge Road Paving	360,000	2010	4.25 - 4.40%	\$ 35,000 - \$ 40,000	150,000	-	35,000	115,000	35,000
1999 East Lake Road Paving	57,000	2010	7.70%	\$ 7,000 - \$ 8,000	<u>28,000</u>	<u>-</u>	<u>6,000</u>	<u>22,000</u>	<u>7,000</u>
Total governmental activities					<u>\$ 538,000</u>	<u>\$ -</u>	<u>\$ 86,000</u>	<u>\$ 452,000</u>	<u>\$ 42,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending March 31,	Governmental Activities	
	Principal	Interest
2008	\$ 42,000	\$ 12,020
2009	92,000	14,742
2010	98,000	11,126
2011	55,000	7,106
2012	50,000	5,338
2013	<u>60,000</u>	<u>1,200</u>
	<u>\$ 452,000</u>	<u>\$ 60,826</u>

Township of Atlas
Notes to Financial Statements
March 31, 2007

NOTE 8 - RISK MANAGEMENT

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all 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 9 - DEFERRED COMPENSATION PLAN

The Township offers qualified participants a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The AXA plan requires a vesting period of three years from the date of entry into the plan at a 15 percent contribution. The plan was effective December 21, 2004. The amount contributed by the Township during 2007 under the deferred compensation plan was \$ 27,968.

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

In addition, the Township has entered into a contract for policing services through September of 2007. The potential remaining balance on the contract is \$ 199,534 at March 31, 2007.

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 225,000	\$ 225,000	\$ 253,802	\$ 28,802
Administration fee	81,750	81,750	117,014	35,264
Licenses and permits	51,500	51,500	28,908	(22,592)
Federal grants	1,500	1,500	1,474	(26)
State shared revenue	408,538	408,538	401,503	(7,035)
Charges for services	261,824	261,824	262,734	910
Interest income	10,100	10,100	115,004	104,904
Other revenue	85,337	85,337	49,814	(35,523)
Total revenues	<u>1,125,549</u>	<u>1,125,549</u>	<u>1,230,253</u>	<u>104,704</u>
Expenditures				
General government				
Township board	192,299	192,299	182,825	(9,474)
Supervisor	38,761	38,761	34,480	(4,281)
Elections	32,500	32,500	11,651	(20,849)
Clerk	57,761	57,761	52,706	(5,055)
Board of review	450	450	960	510
Treasurer	48,761	48,761	49,403	642
Assessor	52,009	52,009	51,271	(738)
Cemetery	2,500	2,500	2,379	(121)
Buildings and grounds	25,500	25,500	28,729	3,229
Total general government	<u>450,541</u>	<u>450,541</u>	<u>414,404</u>	<u>(36,137)</u>

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	137,950	137,950	-	(137,950)
Building inspection department	<u>54,500</u>	<u>54,500</u>	<u>43,727</u>	<u>(10,773)</u>
Total public safety	<u>192,450</u>	<u>192,450</u>	<u>43,727</u>	<u>(148,723)</u>
Public works				
Aqua Weed	42,600	42,600	47,382	4,782
Drains	35,000	35,000	37,918	2,918
Highways, streets and bridges	185,000	185,000	125,271	(59,729)
Street lighting	10,000	10,000	10,247	247
Sanitary land fill	<u>208,560</u>	<u>208,560</u>	<u>209,616</u>	<u>1,056</u>
Total public works	<u>481,160</u>	<u>481,160</u>	<u>430,434</u>	<u>(50,726)</u>
Community and economic development				
Planning	35,550	35,550	19,886	(15,664)
Zoning	<u>18,750</u>	<u>18,750</u>	<u>13,568</u>	<u>(5,182)</u>
Total community and economic development	<u>54,300</u>	<u>54,300</u>	<u>33,454</u>	<u>(20,846)</u>
Recreation and culture				
Library	<u>8,500</u>	<u>8,500</u>	<u>6,863</u>	<u>(1,637)</u>

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Capital outlay	-	-	2,860	2,860
Transfers out	-	-	500	500
Total expenditures	1,186,951	1,186,951	932,242	(254,709)
Excess (deficiency) of revenues over expenditures	(61,402)	(61,402)	298,011	359,413
Fund balance - beginning of year	1,953,200	1,953,200	1,953,200	-
Fund balance - end of year	<u>\$ 1,891,798</u>	<u>\$ 1,891,798</u>	<u>\$ 2,251,211</u>	<u>\$ 359,413</u>

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
Fire Protection Fund
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes	\$ 290,362	\$ 290,362	\$ 314,180	\$ 23,818
Federal grants	-	-	1,680	1,680
Interest income	10,000	10,000	20,656	10,656
Other revenue	-	-	1,041	1,041
Total revenues	<u>300,362</u>	<u>300,362</u>	<u>337,557</u>	<u>37,195</u>
Expenditures				
Public safety	246,934	246,934	153,861	(93,073)
Capital outlay	-	-	21,511	21,511
Transfers out	<u>53,428</u>	<u>53,428</u>	<u>56,728</u>	<u>3,300</u>
Total expenditures	<u>300,362</u>	<u>300,362</u>	<u>232,100</u>	<u>(68,262)</u>
Excess of revenues over expenditures	-	-	105,457	105,457
Fund balance - beginning of year	<u>290,728</u>	<u>290,728</u>	<u>475,676</u>	<u>184,948</u>
Fund balance - end of year	<u>\$ 290,728</u>	<u>\$ 290,728</u>	<u>\$ 581,133</u>	<u>\$ 290,405</u>

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
Police Administrative Board
For the Year Ended March 31, 2007

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 296,716	\$ 296,716	\$ 318,878	\$ 22,162
Licenses and permits	1,500	1,500	468	(1,032)
Special assessments	-	-	161,050	161,050
Fines and forfeitures	15,000	15,000	23,011	8,011
Interest income	100	100	3,826	3,726
 Total revenues	 <u>313,316</u>	 <u>313,316</u>	 <u>507,233</u>	 <u>193,917</u>
Expenditures				
Public safety	<u>420,600</u>	<u>420,600</u>	<u>412,354</u>	<u>(8,246)</u>
 Excess of revenues (deficiency) over expenditures	 (107,284)	 (107,284)	 94,879	 202,163
 Fund balance - beginning of year	 <u>46,414</u>	 <u>46,414</u>	 <u>97,529</u>	 <u>51,115</u>
 Fund balance - end of year	 <u>\$ (60,870)</u>	 <u>\$ (60,870)</u>	 <u>\$ 192,408</u>	 <u>\$ 253,278</u>

Township of Atlas
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2007

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Receiving Fund</u>	<u>Atlas Meadows Septic Fund</u>	<u>Building Authority Fire Hall</u>	<u>East Lake Paving Assessment</u>	
Assets					
Cash and cash equivalents	\$ 81,840	\$ 12,578	\$ 3,598	\$ 17,128	\$ 115,144
Receivables					
Customers	3,695	-	-	-	3,695
Special assessments	<u>-</u>	<u>4,442</u>	<u>-</u>	<u>9,801</u>	<u>14,243</u>
Total assets	<u>\$ 85,535</u>	<u>\$ 17,020</u>	<u>\$ 3,598</u>	<u>\$ 26,929</u>	<u>\$ 133,082</u>
Liabilities					
Due to other funds	\$ -	\$ 17,000	\$ -	\$ -	\$ 17,000
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,802</u>	<u>9,802</u>
Total liabilities	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>9,802</u>	<u>26,802</u>
Fund Balances					
Reserved for:					
Debt service	-	-	3,598	17,127	20,725
Special revenue funds	<u>85,535</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>85,555</u>
Total fund balances	<u>85,535</u>	<u>20</u>	<u>3,598</u>	<u>17,127</u>	<u>106,280</u>
Total liabilities and fund balances	<u>\$ 85,535</u>	<u>\$ 17,020</u>	<u>\$ 3,598</u>	<u>\$ 26,929</u>	<u>\$ 133,082</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2007

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Receiving Fund</u>	<u>Atlas Meadows Septic Fund</u>	<u>Building Authority Fire Hall</u>	<u>East Lake Paving Assessment</u>	
Revenues					
Charges for services	\$ 16,159	\$ -	\$ -	\$ 787	\$ 16,946
Interest income	4,010	255	20	260	4,545
Other revenue	-	19,250	-	-	19,250
Special assessments	-	-	-	5,089	5,089
	<u>20,169</u>	<u>19,505</u>	<u>20</u>	<u>6,136</u>	<u>45,830</u>
Total revenues					
	<u>20,169</u>	<u>19,505</u>	<u>20</u>	<u>6,136</u>	<u>45,830</u>
Expenditures					
Public works	31,585	23,100	-	-	54,685
Debt service					
Principal retirement	-	-	45,000	6,000	51,000
Interest and fiscal charges	-	-	11,728	2,495	14,223
	<u>31,585</u>	<u>23,100</u>	<u>56,728</u>	<u>8,495</u>	<u>119,908</u>
Total expenditures					
	<u>31,585</u>	<u>23,100</u>	<u>56,728</u>	<u>8,495</u>	<u>119,908</u>
Excess (deficiency) of revenues over expenditures	<u>(11,416)</u>	<u>(3,595)</u>	<u>(56,708)</u>	<u>(2,359)</u>	<u>(74,078)</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2007

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Receiving Fund</u>	<u>Atlas Meadows Septic Fund</u>	<u>Building Authority Fire Hall</u>	<u>East Lake Paving Assessment</u>	
Other financing sources					
Transfers in	-	500	56,728	-	57,228
Total other financing sources	-	500	56,728	-	57,228
Net change in fund balance	(11,416)	(3,095)	20	(2,359)	(16,850)
Fund balance - beginning of year	96,951	3,115	3,578	19,486	123,130
Fund balance - end of year	<u>\$ 85,535</u>	<u>\$ 20</u>	<u>\$ 3,598</u>	<u>\$ 17,127</u>	<u>\$ 106,280</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Other Supplemental Information
Schedule of Indebtedness
March 31, 2007

Description	Interest Rate	Fiscal Year Date of Maturity	Amount of Annual Maturity	Semi-Annual Interest Payments		Total
				May 1st	Nov 1st	
Governmental Activities	2.25%	2008	-	-	5,358	5,358
2004 Building Authority	2.70%	2009	45,000	5,358	4,750	55,108
Amount of issue - \$ 445,000	3.00%	2010	50,000	4,750	4,000	58,750
	3.25%	2011	55,000	4,000	3,106	62,106
	3.50%	2012	50,000	3,106	2,231	55,338
	3.75%	2013	55,000	2,231	1,200	58,431
	4.00%	2014	60,000	1,200	-	61,200
			<u>\$ 315,000</u>	<u>\$ 20,645</u>	<u>\$ 20,646</u>	<u>\$ 356,291</u>
	7.70%	2008	7,000	847	847	8,694
1999 East Lake Paving	7.70%	2009	7,000	578	577	8,155
Amount of issue - \$ 57,000	7.70%	2010	8,000	308	308	8,616
			<u>\$ 22,000</u>	<u>\$ 1,733</u>	<u>\$ 1,732</u>	<u>\$ 25,465</u>
	4.25%	2008	35,000	2,484	2,484	39,968
1999 Green Ridge Paving	4.30%	2009	40,000	1,740	1,740	43,480
Amount of issue - \$ 360,000	4.40%	2010	40,000	880	880	41,760
			<u>\$ 115,000</u>	<u>\$ 5,104</u>	<u>\$ 5,104</u>	<u>\$ 125,208</u>



6639 Centurion Drive, Suite 170
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September 10, 2007

To the Management and
Board of Directors of
Township of Atlas

In planning and performing our audit of the financial statements of Township of Atlas (the Township) as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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. We consider the following deficiency to be a significant deficiency in internal control:

In conjunction with our audit, we have proposed material audit adjustments and been contracted to prepare the financial statements and related disclosures based on the information provided to us by Management. We would like to stress that this service is allowable under AICPA ethics guidelines and may be the most efficient and effective method for preparation of the Township's financial statements. However, if at any point in the audit we as auditors are part of the Township's control system for producing reliable financial statements, auditing standards indicate that the Township has a control deficiency. The proposal of audit adjustments and preparation of financial statements and disclosures, even from information provided by Management, meets this definition and is, therefore, a control deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. However, we do not consider the significant deficiency described above to be a material weakness.

Township of Atlas
Page 2
September 10, 2007

In addition, during our audit we became aware of another matter that is identified below.

Special Assessment Related to Police Protection

In accordance with Public Act 33 of 1951, the Police and Fire Protection Act, MCL 41.801 (P.A. 33), the Township Board may initiate a special assessment to cover certain police and fire protection costs. The special assessment is to be levied on the taxable value of all the lands and premises within the special assessment district that are to be especially benefited by the police and fire protection, according to benefits received. The Township currently levies the special assessment on a per unit lot charge, which is a method inconsistent with P.A. 33.

This communication is intended solely for the information and use of the Township's management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Yeo & Yeo, P.C.
Lansing, Michigan