

TOWNSHIP OF GANGES
Allegan County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2007

AUDITING PROCEDURES REPORT

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

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Ganges	County Allegan
Audit Date June 30, 2007	Opinion Date August 21, 2007	Date Accountant Report Submitted to State: August 24, 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:

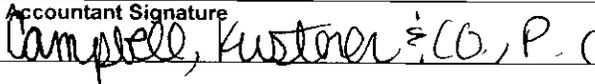
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

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.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> 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. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> 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]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> 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). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> 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). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	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

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

TOWNSHIP OF GANGES
Allegan County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	5
Government-wide Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	7
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9-10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12-16
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	17
Budgetary Comparison Schedule – Roads Fund	18
Budgetary Comparison Schedule – Fire Fund	19
Other Supporting Information:	
General Fund Expenditures by Detailed Account	20-21
Combining Balance Sheet – All Special Revenue Funds	22
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Special Revenue Funds	23-24
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	25

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

August 21, 2007

To the Township Board
Township of Ganges
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Ganges, Allegan County, Michigan as of and for the year ended June 30, 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 Ganges'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 Ganges, Allegan County, Michigan as of June 30, 2007, and the respective changes in financial position thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Campbell, Kusterer & Co., P.C.

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

TOWNSHIP OF GANGES
Allegan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

This section of the Township of Ganges' annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2007. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2007, totaled \$1,802,553.68 for governmental activities. Of this total \$640,454.58 represents capital assets net of depreciation. Overall net assets decreased by \$210,786.36 from the prior year.

Overall revenues were \$756,610.22.

We did not incur any new debt during the year and purchased \$31,888.23 in capital assets.

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 government activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These include the General and Special Revenue Funds which are the Roads Fund, Fire Fund, Building Fund, Ambulance Fund and the First Responder Fund.

TOWNSHIP OF GANGES
Allegan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

FUND FINANCIAL STATEMENTS

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

The Township has the following types of funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. The Township's governmental funds include: General, Roads, Fire, Building, Ambulance and First Responder.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets: The Township's combined net assets decreased \$210,786.36 during the year ended June 30, 2007, totaling \$1,802,553.68.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

General Fund: This fund is used to record all activities of the Township not required to be recorded in a separate fund. This would include parks, zoning, legislative, administrative, elections, Township hall and cemeteries. The major source of revenue for the General Fund is from the Township tax base and the revenue sharing from the State of Michigan.

Roads Fund: This fund is used to record revenues and expenses for road construction and maintenance for streets located within the Township. The source of revenue comes from the road millage levied on property taxes.

Fire Fund: This fund is used to record revenues and expenses for maintaining and operating the Fire Department. The major source of revenue comes from the fire protection millage levied on property taxes and donations.

Ambulance Fund: This fund is used to record revenues and expenses for maintaining and operating the First Responder Unit and to provide ambulance service to the Township. The source of revenue comes from the ambulance service millage levied on property taxes.

First Responder Fund: This fund is used to record revenues and expenses for the First Responder Unit. The source of revenue comes from the Ambulance Fund for operating expenses and from donations.

Building Fund: This fund is used to record revenues and expenses to provide services for the building administration. The source of revenue comes from permit and inspection fees.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets: Additions to Township capital assets for this year totaled \$31,888.23.

The Township does not have any long-term debt at this time.

TOWNSHIP OF GANGES
Allegan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are currently no plans for the future which will affect future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact Cindy Yonkers, Township Clerk, or John Herbert, Township Supervisor, during regular business hours.

TOWNSHIP OF GANGES
Allegan County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 135 016 10
Accounts receivable	<u>27 083 00</u>
Total Current Assets	<u>1 162 099 10</u>
NON-CURRENT ASSETS:	
Capital Assets	949 957 97
Less: Accumulated Depreciation	<u>(309 503 39)</u>
Total Non-current Assets	<u>640 454 58</u>
TOTAL ASSETS	<u><u>1 802 553 68</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	640 454 58
Unrestricted	<u>1 162 099 10</u>
Total Net Assets	<u>1 802 553 68</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 802 553 68</u></u>

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

TOWNSHIP OF GANGES
Allegan County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS		<u>Charges for Services</u>	
Governmental Activities:			
Legislative	49 927 41	-	(49 927 41)
General government	128 501 62	12 867 50	(115 634 12)
Public safety	218 821 93	38 755 00	(180 066 93)
Public works	538 533 12	-	(538 533 12)
Culture and recreation	540 00	-	(540 00)
Other	31 072 50	-	(31 072 50)
Total Governmental Activities	<u>967 396 58</u>	<u>51 622 50</u>	<u>(915 774 08)</u>
General Revenues:			
Property taxes			449 410 61
State revenue sharing			177 133 42
Interest			68 496 27
Miscellaneous			9 947 42
Total General Revenues			<u>704 987 72</u>
Change in net assets			(210 786 36)
Net assets, beginning of year			<u>2 013 340 04</u>
Net Assets, End of Year			<u>1 802 553 68</u>

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

TOWNSHIP OF GANGES
Allegan County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Other Funds</u>
<u>Assets</u>				
Cash in bank	459 669 60	281 944 10	240 379 21	151 487 16
Accounts receivable	27 083 00	-	-	-
Due from other funds	<u>1 536 03</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>488 288 63</u></u>	<u><u>281 944 10</u></u>	<u><u>240 379 21</u></u>	<u><u>151 487 16</u></u>
 <u>Liabilities and Fund Equity</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>488 288 63</u>	<u>281 944 10</u>	<u>240 379 21</u>	<u>151 487 16</u>
Total fund equity	<u><u>488 288 63</u></u>	<u><u>281 944 10</u></u>	<u><u>240 379 21</u></u>	<u><u>151 487 16</u></u>
 Total Liabilities and Fund Equity	<u><u>488 288 63</u></u>	<u><u>281 944 10</u></u>	<u><u>240 379 21</u></u>	<u><u>151 487 16</u></u>

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

Total

1 133 480 07
27 083 00
1 536 03

1 162 099 10

-
-

1 162 099 10
1 162 099 10

1 162 099 10

TOWNSHIP OF GANGES
Allegan County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 162 099 10
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	949 957 97
Accumulated depreciation	<u>(309 503 39)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>1 802 553 68</u>

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

TOWNSHIP OF GANGES
Allegan County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Other Funds</u>
Revenues:				
Property taxes	80 003 80	260 577 85	68 035 14	40 793 82
Licenses and permits	5 840 00	-	-	32 915 00
State revenue sharing	177 133 42	-	-	-
Charges for services	12 867 50	-	-	-
Interest	36 344 78	14 243 58	10 748 17	7 159 74
Miscellaneous	9 342 58	-	504 84	100 00
Total revenues	321 532 08	274 821 43	79 288 15	80 968 56
Expenditures:				
Legislative:				
Township Board	49 927 41	-	-	-
General government:				
Supervisor	18 367 12	-	-	-
Elections	5 824 63	-	-	-
Assessor	24 320 00	-	-	-
Clerk	26 611 73	-	-	-
Board of Review	1 916 88	-	-	-
Treasurer	22 091 83	-	-	-
Building and grounds	7 250 99	-	-	-
Cemetery	15 210 43	-	-	-
Public safety:				
Ambulance	-	-	-	14 394 38
First Responder	-	-	-	26 950 01
Fire	-	-	64 171 63	-
Protective inspection	7 945 00	-	-	30 170 88
Planning and zoning	31 585 64	-	-	-
Public works:				
Highways and streets	356 76	534 034 57	-	-
Drains at large	1 780 77	-	-	-
Sanitation	2 361 02	-	-	-
Culture and recreation:				
Parks	500 00	-	-	-
Other:				
Insurance	23 603 00	-	-	-
Payroll taxes	7 469 50	-	-	-
Capital outlay	18 655 99	-	10 919 24	2 313 00
Total expenditures	265 778 70	534 034 57	75 090 87	73 828 27
Excess (deficiency) of revenues over expenditures	55 753 38	(259 213 14)	4 197 28	7 140 29
Other financing sources (uses):				
Operating transfers in	20 000 00	-	-	45 000 00
Operating transfers out	-	-	-	(65 000 00)
Total other financing sources (uses)	20 000 00	-	-	(20 000 00)

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

Total
449 410 61
38 755 00
177 133 42
12 867 50
68 496 27
9 947 42
756 610 22

49 927 41

18 367 12
5 824 63
24 320 00
26 611 73
1 916 88
22 091 83
7 250 99
15 210 43

14 394 38
26 950 01
64 171 63
38 115 88
31 585 64

534 391 33
1 780 77
2 361 02

500 00

23 603 00
7 469 50
31 888 23
948 732 41

(192 122 19)

65 000 00
(65 000 00)
-

TOWNSHIP OF GANGES
 Allegan County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
 Year ended June 30, 2007

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Other Funds</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	75 753 38	(259 213 14)	4 197 28	(12 859 71)
Fund balances, July 1	<u>412 535 25</u>	<u>541 157 24</u>	<u>236 181 93</u>	<u>164 346 87</u>
Fund Balances, June 30	<u><u>488 288 63</u></u>	<u><u>281 944 10</u></u>	<u><u>240 379 21</u></u>	<u><u>151 487 16</u></u>

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

Total

(192 122 19)

1 354 221 29

1 162 099 10

TOWNSHIP OF GANGES
Allegan County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (192 122 19)

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	(50 552 40)
Capital Outlay	<u>31 888 23</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (210 786 36)

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

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Ganges, Allegan 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 Ganges. 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 GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 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.

Agency Fund

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

Assets, Liabilities and Net Assets or Equity

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

Receivables

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

Inventories

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

Property Taxes

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

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2006 tax roll millage rate was 3.1507 mills, and the taxable value was \$141,505,380.00.

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 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:

Land improvements	25 years
Buildings and improvements	15-35 years
Equipment and vehicles	5-25 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

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.

Encumbrances

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

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 GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 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 two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

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

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

	<u>Carrying Amounts</u>
Total Deposits	<u>1 135 016 10</u>

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

	<u>Bank Balances</u>
Insured (FDIC)	100 000 00
Uninsured and Uncollateralized	<u>1 081 090 41</u>
Total Deposits	<u>1 181 090 41</u>

The Township of Ganges did not have any investments as of June 30, 2007.

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 4 – Capital Assets

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

	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/07</u>
Land and improvements	8 155 00	7 449 28	-	15 604 28
Buildings and improvements	207 316 47	2 600 00	-	209 916 47
Equipment and vehicles	<u>702 598 27</u>	<u>21 838 95</u>	-	<u>724 437 22</u>
Total	918 069 74	31 888 23	-	949 957 97
Accumulated Depreciation	<u>(258 950 99)</u>	<u>(50 552 40)</u>	-	<u>(309 503 39)</u>
Net Capital Assets	<u>659 118 75</u>	<u>(18 664 17)</u>	-	<u>640 454 58</u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>1 536 03</u>	Current Tax Collection	<u>1 536 03</u>

Note 9 – Transfers In and Transfers Out

For the fiscal year ended June 30, 2007, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
General	20 000 00	Building	20 000 00
First Responder	<u>45 000 00</u>	Ambulance	<u>45 000 00</u>
Total	<u>65 000 00</u>	Total	<u>65 000 00</u>

Note 10 – Building Permits

As of June 30, 2007, the Township had building permit revenues of \$32,915.00 and building permit expenses of \$30,170.88.

TOWNSHIP OF GANGES
Allegan County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	78 168 00	78 168 00	80 003 80	1 835 80
Licenses and permits	7 000 00	7 000 00	5 840 00	(1 160 00)
State revenue sharing	178 097 00	178 097 00	177 133 42	(963 58)
Charges for services	4 000 00	4 000 00	12 867 50	8 867 50
Interest	7 500 00	7 500 00	36 344 78	28 844 78
Miscellaneous	360 00	360 00	9 342 58	8 982 58
Total revenues	275 125 00	275 125 00	321 532 08	46 407 08
Expenditures:				
Legislative:				
Township Board	55 000 00	55 000 00	49 927 41	(5 072 59)
General government:				
Supervisor	19 800 00	19 800 00	18 367 12	(1 432 88)
Elections	8 000 00	8 000 00	5 824 63	(2 175 37)
Assessor	24 000 00	25 500 00	24 320 00	(1 180 00)
Clerk	27 800 00	27 800 00	26 611 73	(1 188 27)
Board of Review	3 500 00	3 500 00	1 916 88	(1 583 12)
Treasurer	27 600 00	27 600 00	22 091 83	(5 508 17)
Building and grounds	30 000 00	20 000 00	7 250 99	(12 749 01)
Cemetery	22 000 00	22 000 00	15 210 43	(6 789 57)
Public safety:				
Protective inspection	10 000 00	10 000 00	7 945 00	(2 055 00)
Planning and zoning	66 500 00	65 000 00	31 585 64	(33 414 36)
Public works:				
Highways and streets	600 00	600 00	356 76	(243 24)
Drains at large	5 000 00	5 000 00	1 780 77	(3 219 23)
Sanitation	4 000 00	4 000 00	2 361 02	(1 638 98)
Culture and recreation:				
Parks	1 000 00	1 000 00	500 00	(500 00)
Other:				
Insurance	25 000 00	25 000 00	23 603 00	(1 397 00)
Payroll taxes	10 000 00	10 000 00	7 469 50	(2 530 50)
Contingency	150 000 00	150 000 00	-	(150 000 00)
Capital outlay	10 000 00	20 000 00	18 655 99	(1 344 01)
Total expenditures	499 800 00	499 800 00	265 778 70	(234 021 30)
Excess (deficiency) of revenues over expenditures	(224 675 00)	(224 675 00)	55 753 38	280 428 38
Other financing sources (uses)				
Operating transfers in	20 000 00	20 000 00	20 000 00	-
Operating transfers out	(55 000 00)	(55 000 00)	-	55 000 00
Total other financing sources (uses)	(35 000 00)	(35 000 00)	20 000 00	55 000 00
Excess (deficiency) of revenues and other sources over expenditures and other uses	(259 675 00)	(259 675 00)	75 753 38	335 428 38
Fund balance, July 1	388 450 00	388 450 00	412 535 25	24 085 25
Fund Balance, June 30	128 775 00	128 775 00	488 288 63	359 513 63

TOWNSHIP OF GANGES
Allegan County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROADS FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	259 351 00	259 351 00	260 577 85	1 226 85
Interest	<u>2 000 00</u>	<u>2 000 00</u>	<u>14 243 58</u>	<u>12 243 58</u>
Total revenues	<u>261 351 00</u>	<u>261 351 00</u>	<u>274 821 43</u>	<u>13 470 43</u>
Expenditures:				
Public works:				
Highways and streets	<u>650 000 00</u>	<u>650 000 00</u>	<u>534 034 57</u>	<u>(115 965 43)</u>
Total expenditures	<u>650 000 00</u>	<u>650 000 00</u>	<u>534 034 57</u>	<u>(115 965 43)</u>
Excess (deficiency) of revenues over expenditures	(388 649 00)	(388 649 00)	(259 213 14)	129 435 86
Fund balance, July 1	<u>516 513 00</u>	<u>516 513 00</u>	<u>541 157 24</u>	<u>24 644 24</u>
Fund Balance, June 30	<u><u>127 864 00</u></u>	<u><u>127 864 00</u></u>	<u><u>281 944 10</u></u>	<u><u>154 080 10</u></u>

TOWNSHIP OF GANGES
 Allegan County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
 Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	67 710 00	67 710 00	68 035 14	325 14
Interest	3 000 00	3 000 00	10 748 17	7 748 17
Miscellaneous	<u>55 000 00</u>	<u>55 000 00</u>	<u>504 84</u>	<u>(54 495 16)</u>
Total revenues	<u>125 710 00</u>	<u>125 710 00</u>	<u>79 288 15</u>	<u>(46 421 85)</u>
Expenditures:				
Public safety:				
Fire	65 150 00	67 335 00	64 171 63	(3 163 37)
Capital outlay	<u>285 000 00</u>	<u>282 815 00</u>	<u>10 919 24</u>	<u>(271 895 76)</u>
Total expenditures	<u>350 150 00</u>	<u>350 150 00</u>	<u>75 090 87</u>	<u>(275 059 13)</u>
Excess (deficiency) of revenues over expenditures	(224 440 00)	(224 440 00)	4 197 28	228 637 28
Fund balance, July 1	<u>227 908 00</u>	<u>227 908 00</u>	<u>236 181 93</u>	<u>8 273 93</u>
Fund Balance, June 30	<u><u>3 468 00</u></u>	<u><u>3 468 00</u></u>	<u><u>240 379 21</u></u>	<u><u>236 911 21</u></u>

TOWNSHIP OF GANGES
 Allegan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
 Year ended June 30, 2007

Township Board:	
Salaries	9 880 00
Supplies	5 161 33
Professional services	4 679 26
Audit	3 000 00
Legal	24 817 13
Transportation	85 44
Printing and publishing	1 998 31
Miscellaneous	305 94
	<u>49 927 41</u>
Supervisor:	
Salary	18 000 00
Supplies	40 70
Communication	32 14
Transportation	294 28
	<u>18 367 12</u>
Elections:	
Salaries	3 681 75
Professional services	620 00
Travel	295 49
Supplies	359 80
Miscellaneous	867 59
	<u>5 824 63</u>
Assessor:	
Contracted services	<u>24 320 00</u>
Clerk:	
Salary	26 000 00
Deputy	400 00
Supplies	41 85
Transportation	169 88
	<u>26 611 73</u>
Board of Review:	
Salaries	1 260 00
Miscellaneous	656 88
	<u>1 916 88</u>
Treasurer:	
Salary	19 800 00
Deputy	1 000 00
Supplies	529 35
Transportation	706 71
Rent	45 77
Miscellaneous	10 00
	<u>22 091 83</u>
Building and grounds:	
Supplies	1 031 08
Contracted services	2 452 41
Utilities	2 830 94
Miscellaneous	936 56
	<u>7 250 99</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Cemetery:	
Salary	4 337 50
Supplies	355 12
Grave openings	3 052 50
Professional services	7 465 31
	<u>15 210 43</u>
Protective inspection	<u>7 945 00</u>
Planning and zoning:	
Planning Commission:	
Salaries	13 867 09
Supplies	368 43
Contracted services	14 427 12
Printing and publishing	2 244 00
Education	679 00
	<u>31 585 64</u>
Highways and streets	<u>356 76</u>
Drains at large	<u>1 780 77</u>
Sanitation	<u>2 361 02</u>
Parks:	
Miscellaneous	<u>500 00</u>
Insurance	<u>23 603 00</u>
Payroll taxes	<u>7 469 50</u>
Capital outlay	<u>18 655 99</u>
Total Expenditures	<u>265 778 70</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
June 30, 2007

	<u>Roads</u>	<u>Ambulance</u>	<u>Fire</u>	<u>First Responder</u>
<u>Assets</u>				
Cash in bank	<u>281 944 10</u>	<u>68 996 25</u>	<u>240 379 21</u>	<u>42 021 51</u>
Total Assets	<u><u>281 944 10</u></u>	<u><u>68 996 25</u></u>	<u><u>240 379 21</u></u>	<u><u>42 021 51</u></u>
<u>Liabilities and Fund Balances</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved:				
Undesignated	<u>281 944 10</u>	<u>68 996 25</u>	<u>240 379 21</u>	<u>42 021 51</u>
Total Liabilities and Fund Balances	<u><u>281 944 10</u></u>	<u><u>68 996 25</u></u>	<u><u>240 379 21</u></u>	<u><u>42 021 51</u></u>

<u>Building</u>	<u>Total</u>
<u>40 469 40</u>	<u>673 810 47</u>
<u>40 469 40</u>	<u>673 810 47</u>
<u>-</u>	<u>-</u>
<u>40 469 40</u>	<u>673 810 47</u>
<u>40 469 40</u>	<u>673 810 47</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended June 30, 2007

	Roads	Ambulance	Fire	First Responder
Revenues:				
Property taxes	260 577 85	40 793 82	68 035 14	-
Licenses and permits	-	-	-	-
Interest	14 243 58	4 291 60	10 748 17	754 51
Miscellaneous	-	-	504 84	100 00
	<u>274 821 43</u>	<u>45 085 42</u>	<u>79 288 15</u>	<u>854 51</u>
Total revenues				
Expenditures:				
Public safety:				
Ambulance:				
Contracted services	-	14 394 38	-	-
First Responder:				
Wages	-	-	-	19 876 00
Payroll taxes	-	-	-	1 520 50
Supplies	-	-	-	3 692 36
Utilities	-	-	-	1 020 78
Miscellaneous	-	-	-	180 87
Education	-	-	-	659 50
Fire:				
Wages	-	-	28 396 00	-
Payroll taxes	-	-	2 172 31	-
Supplies	-	-	4 034 45	-
Contracted services	-	-	870 76	-
Education	-	-	1 580 00	-
Utilities	-	-	8 206 13	-
Repairs and maintenance	-	-	16 968 72	-
Miscellaneous	-	-	1 943 26	-
Protective inspection:				
Wages	-	-	-	-
Payroll taxes	-	-	-	-
Contracted services	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Miscellaneous	-	-	-	-
Public works:				
Roads:				
Contracted services	534 034 57	-	-	-
Capital outlay	-	-	10 919 24	2 313 00
	<u>534 034 57</u>	<u>14 394 38</u>	<u>75 090 87</u>	<u>29 263 01</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(259 213 14)</u>	<u>30 691 04</u>	<u>4 197 28</u>	<u>(28 408 50)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	45 000 00
Operating transfers out	-	(45 000 00)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(45 000 00)</u>	<u>-</u>	<u>45 000 00</u>

<u>Building</u>	<u>Total</u>
-	369 406 81
32 915 00	32 915 00
2 113 63	32 151 49
-	<u>604 84</u>
<u>35 028 63</u>	<u>435 078 14</u>
-	14 394 38
-	19 876 00
-	1 520 00
-	3 692 36
-	1 020 78
-	180 87
-	659 50
-	28 396 00
-	2 172 31
-	4 034 45
-	870 76
-	1 580 00
-	8 206 13
-	16 968 72
-	1 943 26
10 843 00	10 843 00
829 49	829 49
17 413 00	17 413 00
241 79	241 79
161 48	161 48
682 12	682 12
-	534 034 57
-	<u>13 232 24</u>
<u>30 170 88</u>	<u>682 953 71</u>
<u>4 857 75</u>	<u>(247 875 57)</u>
-	45 000 00
<u>(20 000 00)</u>	<u>(65 000 00)</u>
<u>(20 000 00)</u>	<u>(20 000 00)</u>

TOWNSHIP OF GANGES
 Allegan County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
 Year ended June 30, 2007

	<u>Roads</u>	<u>Ambulance</u>	<u>Fire</u>	<u>First Responder</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(259 213 14)	(14 308 96)	4 197 28	16 591 50
Fund balances, July 1	<u>541 157 24</u>	<u>83 305 21</u>	<u>236 181 93</u>	<u>25 430 01</u>
Fund Balances, June 30	<u><u>281 944 10</u></u>	<u><u>68 996 25</u></u>	<u><u>240 379 21</u></u>	<u><u>42 021 51</u></u>

<u>Building</u>	<u>Total</u>
(15 142 25)	(267 875 57)
<u>55 611 65</u>	<u>941 686 04</u>
<u>40 469 40</u>	<u>673 810 47</u>

TOWNSHIP OF GANGES
 Allegan County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year ended June 30, 2007

	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/07</u>
<u>Assets</u>				
Cash in Bank	<u>1 951 47</u>	<u>4 328 923 98</u>	<u>4 329 339 42</u>	<u>1 536 03</u>
<u>Liabilities</u>				
Due to other funds	1 951 47	470 468 06	470 883 50	1 536 03
Due to others	<u>-</u>	<u>3 858 455 92</u>	<u>3 858 455 92</u>	<u>-</u>
Total Liabilities	<u>1 951 47</u>	<u>4 328 923 98</u>	<u>4 329 339 42</u>	<u>1 536 03</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 21, 2007

To the Township Board
Township of Ganges
Allegan County, Michigan

We have audited the financial statements of the Township of Ganges for the year ended June 30, 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 Ganges 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 Ganges
Allegan 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 June 30, 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