

**ALGANSEE TOWNSHIP
FINANCIAL STATEMENT
MARCH 31, 2007**

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 <i>Algonse Township</i>	County <i>Branch</i>
Fiscal Year End <i>March 31, 2007</i>	Opinion Date <i>August 28, 2007</i>	Date Audit Report Submitted to State <i>September 5, 2007</i>	

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.)
- 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.
 - 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.
 - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - The local unit has adopted a budget for all required funds.
 - A public hearing on the budget was held in accordance with State statute.
 - 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.
 - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - The local unit only holds deposits/investments that comply with statutory requirements.
 - The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - 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.
 - The local unit is free of repeated comments from previous years.
 - The audit opinion is UNQUALIFIED.
 - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - The board or council approves all invoices prior to payment as required by charter or statute.
 - 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 type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) <i>David F. Lacey, CPA</i>		Telephone Number	
Street Address <i>6703 N. Middle</i>		City <i>Sturgis</i>	State <i>MI</i>
Authorizing CPA Signature <i>[Signature]</i>		Printed Name	Zip <i>49091</i>
		License Number	

ALGANSEE TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Algansee Township
Quincy, Michigan

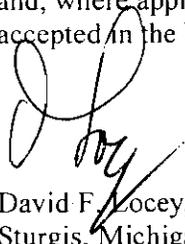
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Algansee Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Algansee Township, Michigan's management. Our responsibility is to express an opinion 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 opinions.

As discussed in the notes to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Algansee Township, Michigan, as of March 31, 2007, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Algansee Township, Michigan, as of March 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



David F. Locey, CPA, PC
Sturgis, Michigan
August 28, 2007

Algansee Township - Branch County
 Combined Balance Sheet
 All Fund Types
 March 31, 2007

	Governmental Fund Types		Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Special Revenue	Trust and Agency	General Fixed Assets	Reporting Entity
ASSETS					
Cash and Interest-Bearing Deposits	\$575,093	(\$32)	\$35,791		\$610,852
Due From State of Michigan	34,077				34,077
Receivable - Tax Delinquent	12,788				12,788
Receivable - Special Projects	0				0
Prepaid Expense	493				493
Future Assessment Receivable	0	52,502			52,502
Due From Tax Account	5,530				5,530
Investment in Fixed Assets	0	0	0	153,002	153,002
Total Assets	\$627,981	\$52,470	\$35,791	\$153,002	\$869,244
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$2,877				\$2,877
Deferred Revenue		52,470			52,470
Due to(from) Other Government Units			21,943		21,943
Due to General Fund	0	0	5,530	0	5,530
Total Liabilities	2,877	52,470	27,473	0	82,821
Fund Equity					
Reserved for Perpetual Care Special Assessment Projects Unreserved--Undesignated Investment In Fixed Assets	0	0	0	153,002	153,002
Total Fund Equity	625,103	0	8,318	153,002	786,423
Total Liabilities and Fund Equity	\$627,981	\$52,470	\$35,791	\$306,004	\$869,244

Alganssee Township - Branch County
 Combined Statement of Revenues, Expenditures And Changes In Fund Balances - All
 Governmental Fund Types
 For the Year Ended March 31, 2007

	Governmental Funds		Total (Memorandum Only)
	General	Special Revenue	Reporting Entity
Revenues			
Taxes	\$68,128	\$0	\$68,128
Licenses and Permits	8,368	0	8,368
State Grants	144,807	0	144,807
Charges for Services	525	0	525
Interest and Rentals	20,611	0	20,611
Other Revenue	3,003	0	3,003
Total Revenues	\$245,442	\$0	\$245,442
Expenditures			
Current			
Legislative	31,541	0	31,541
General Government	66,646	0	66,646
Public Safety	58,277	0	58,277
Public Works	104,515	0	104,515
Capital Outlay	0	0	0
Total Expenditures	260,978	0	260,978
Excess of Revenues Over (Under) Expenditures	(15,537)	0	(15,537)
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(15,537)	0	(15,537)
Prior Period Adjustment	0	(10,603)	(10,603)
Fund Balance - Beginning of the Year	640,640	10,603	651,243
Fund Balance - End of the Year	\$625,103	\$0	\$625,103

Notes to the financial statement are an integral part of this statement.

Alganssee Township - Branch County
Statement of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual
General Fund
For the Year Ended March 31, 2007

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$63,900	\$68,128	\$4,228
Licenses and Permits	2,050	8,368	6,318
State Grants	146,800	144,807	(1,993)
Charge for Services	500	525	25
Interest and Rentals	2,000	20,611	18,611
Other Revenue	2,000	3,003	1,003
Total Revenue	217,250	245,442	28,192
Expenditures			
Legislative	93,820	31,541	62,279
General Government	179,750	66,646	113,104
Public Safety	67,210	58,277	8,933
Public Works	117,100	104,515	12,585
Capital Outlay	6,000	0	6,000
Total Expenditures	463,880	260,978	202,902
Excess of Revenues Over (Under) Expenditures	(246,630)	(15,537)	231,093
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(246,630)	(15,537)	231,093
Fund Balance - Beginning of the Year	640,640	640,640	0
Fund Balance - End of the Year	\$394,010	\$625,103	\$231,093

Notes to the financial statement are an integral part of this statement.

Alganssee Township - Branch County
Statement of Revenues, Expenditures And Changes In Fund Balances - Expendable Trust Fund
For the Year Ended March 31, 2007

	FIDUCIARY FUND TYPE
	Expendable Cemetery Trust
Nonoperating Revenues	
Interest Earned on Investments	\$267
Total Nonoperating Revenues	267
Nonoperating Income (Loss)	0
Nonoperating Revenues (Expenses)	
Transfers In (Out)	0
Total Nonoperating Revenues (Expenses)	0
Net Income	267
Fund Balance - Beginning of the Year	5,226
Fund Balance - End of the Year	\$5,493

Alganssee Township - Branch County
 Statement of Cash Flows
 Expendable Trust Fund
 For the Year Ended March 31, 2007

	FIDUCIARY FUND TYPE
	Expendable Cemetery Trust
Cash Flows From Noncapital Financing Activities	
Transfers In (Out)	\$0
Net Cash Provided by Noncapital Financing Activities	0
Cash Flows From Investing Activities	
Interest on Investments	267
Net Cash Provided by Investing Activities	267
Net Increase (Decrease) in Cash and Cash Equivalents	267
Cash and Cash Equivalents at Beginning of Year	5,226
Cash and Cash Equivalents at End of Year	\$5,493

Alganssee Township
Notes to Financial Statements
For the Year Ended March 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Alganssee Township is located in Branch County and provides services in many areas including public safety, highways and streets, general administrative services, and community enrichment. The Township became a general law Township in 1843, and is governed by a five member board elected by the citizens of Alganssee Township. The board consists of the supervisor, clerk, treasurer and two trustees who reside in the community.

PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES
REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component units (none). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included.

BASIS OF PRESENTATION

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUNDS

General Fund - This is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State revenue sharing distributions and permits.

Special Funds - These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Alganssee Township
Notes to Financial Statements
For the Year Ended March 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for the assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. These include: agency funds and a nonexpendable cemetery trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. Nonexpendable trust funds are treated in the same manner as proprietary fund types.

ACCOUNT GROUPS

General Fixed Assets Account Group - These assets are used in governmental fund type operations (general fixed assets) are accounted for in general fixed assets account group, rather than in governmental funds. Assets are stated at cost or market value at the date of original acquisition. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs and gutters are not capitalized.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

GOVERNMENTAL FUNDS

All governmental funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred.

FIDUCIARY FUNDS

The fiduciary funds are maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

Expendable trust fund uses the full accrual basis of accounting. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred.

Alganssee Township
Notes to Financial Statements
For the Year Ended March 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

BUDGETS AND BUDGETARY ACCOUNTING

Primary Government

The annual budget is prepared by the Township Board and adopted by the Township Board at the annual public hearing. All subsequent amendments to the budget are approved by the Township Board. The General Fund and Special Revenue Funds are under formal budgetary control. The budget has been prepared in accordance with generally accepted accounting principles. The budget has been adopted on an activity basis.

Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Property Taxes

The Township's 2007 ad valorem tax is levied and collectible on December 1, 2007, based on the assessments made the previous December 31. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the Township operations. Property taxes are recognized when levied since the County purchases the delinquent taxes each year.

TOTAL COLUMN ON COMBINED STATEMENTS -- OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund elimination's have not been made in the aggregation of these data.

Algansee Township
Notes to Financial Statements
For the Year Ended March 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

CASH AND CASH EQUIVALENTS

Deposits are carried at cost. Deposits of the Township are at four banks in the name of Algansee Township. Michigan Compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public fund may not be deposited in financial institutions located in states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Reporting Unit</u>
	<u>Carrying</u> <u>Amount</u>
Insured (FDIC)	\$489,915
Uninsured	<u>120,937</u>
Total Deposits	<u><u>\$601,852</u></u>

Algansee Township
Notes to Financial Statements
For the Year Ended March 31, 2007

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.

POSTEMPLOYMENT BENEFITS

The Township does not provide postemployment benefits.

GASB 34 REPORTING FINANCIAL

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/07 also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

CAPITAL ASSETS

A summary of change in general fixed assets follows:

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>March 31, 2007</u>
Land	\$5,915			\$ 5,915
Town Hall	29,111	5,618		34,729
Cemetery Equipment	402			402
Cemetery Improvements	1,085			1,085
Fence	594			594
Fire Equipment	103,259	6,861		110,120
Office Furniture and Equipment	<u>157</u>	<u>0</u>	<u> </u>	<u>157</u>
Totals	<u>\$140,523</u>	<u>\$12,479</u>	<u>\$0</u>	<u>\$153,002</u>

Alganssee Township - Branch County
Statement of Revenues And Other Sources Budget And Actual - General Fund
For the Year Ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes			
Current Property Taxes	\$47,600	\$53,820	\$6,220
Property Tax Administration Fees	16,300	14,308	(1,992)
Total Property Taxes	<u>63,900</u>	<u>68,128</u>	<u>4,228</u>
Licenses and Permits			
Zoning Permits/Ordinance Fees	2,050	8,368	6,318
Total Licenses and Permits	<u>2,050</u>	<u>8,368</u>	<u>6,318</u>
State Aid	146,800	144,807	(1,993)
Total State Aid	<u>146,800</u>	<u>144,807</u>	<u>(1,993)</u>
Charge for Services			
Lot Sales/Fees	500	525	25
Total Charge for Services	<u>500</u>	<u>525</u>	<u>25</u>
Interest	2,000	20,611	18,611
Total Interest	<u>2,000</u>	<u>20,611</u>	<u>18,611</u>
Other Revenue			
Rcfunds and Reimbursements	0	0	0
Miscellaneous - Other Revenue	2,000	3,003	1,003
Total Other Revenue	<u>2,000</u>	<u>3,003</u>	<u>1,003</u>
Total Revenue	<u>\$217,250</u>	<u>\$245,442</u>	<u>\$28,192</u>

Alganssee Township - Branch County
Statement of Expenditures Budget And Actual - General Fund
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Legislative			
Township Board	\$93,820	\$31,541	\$62,279
Total Legislative	<u>93,820</u>	<u>31,541</u>	<u>62,279</u>
General Government			
Supervisor	9,150	8,264	886
Elections	4,100	4,148	(48)
Assessor	23,700	15,860	7,840
Township Hall	111,000	10,429	100,571
Clerk	11,550	10,923	627
Board of Review	2,675	1,157	1,518
Treasurer	14,400	15,030	(630)
Cemetery	3,175	835	2,340
Total General Government	<u>179,750</u>	<u>66,646</u>	<u>113,104</u>
Public Safety			
Fire Protection	40,960	40,413	547
Planning Commission Board of Appeals	26,250	17,863	8,387
Total Public Safety	<u>67,210</u>	<u>58,277</u>	<u>8,933</u>
Public Works			
Drain	5,000	5,416	(416)
Roads	100,000	87,151	12,849
Library	12,100	11,948	152
Total Public Works	<u>117,100</u>	<u>104,515</u>	<u>12,585</u>
Capital Outlay			
Board	6,000	0	6,000
Town Hall	0	0	0
Fire	0	0	0
Total Capital Outlay	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Total Expenditures	<u>\$463,880</u>	<u>\$260,978</u>	<u>\$202,902</u>

Alganssee Township - Branch County
Balance Sheet - Special Revenue Funds
March 31, 2007

	<u>Aquatic Weed and Road Fund</u>
ASSETS	
Cash	(\$32)
Accounts Receivable - Special Assessments	<u>52,502</u>
Total Assets	<u><u>\$52,470</u></u>
 LIABILITIES AND FUND EQUITY	
Deferred Revenue	\$52,470
Fund Equity	<u>0</u>
Total Fund Equity	<u><u>\$52,470</u></u>

Algansee Township - Branch County
Combining Statement Of Changes In Assets And Liabilities - Agency Funds
For the Year Ended March 31, 2007

TAX COLLECTION FUND	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
Assets				
Cash	<u>\$74,067</u>	<u>\$1,691,079</u>	<u>\$1,737,673</u>	<u>\$27,473</u>
Total Assets	<u><u>\$74,067</u></u>	<u><u>\$1,691,079</u></u>	<u><u>\$1,737,673</u></u>	<u><u>\$27,473</u></u>
Liabilities				
Due to General Fund	\$74,147	\$5,530	\$74,147	\$5,530
Due to Other Units of Government	<u>(80)</u>	<u>22,023</u>	<u>0</u>	<u>21,943</u>
Total Liabilities	<u><u>\$74,067</u></u>	<u><u>\$27,553</u></u>	<u><u>\$74,147</u></u>	<u><u>\$27,473</u></u>

Alganssee Township - Branch County
 Combining Balance Sheet - Trust And Agency Funds
 For the Year Ended March 31, 2007

	AGENCY FUND	TRUST FUND		Total
	Tax Collection	Expendable Cemetery	Non-Expendable Cemetery	
ASSETS				
Cash and Interest-Bearing Deposits	\$27,473	\$5,493	\$2,825	\$35,791
Total Assets	<u>\$27,473</u>	<u>\$5,493</u>	<u>\$2,825</u>	<u>\$35,791</u>
LIABILITIES AND FUND EQUITY				
Due to Other Government Units	\$21,943	\$0	\$0	\$21,943
Due to General Fund	<u>5,530</u>	<u>0</u>	<u>0</u>	<u>5,530</u>
Total Liabilities	<u>27,473</u>	<u>0</u>	<u>0</u>	<u>27,473</u>
Fund Equity				
Reserved for Perpetual Care	<u>0</u>	<u>5,493</u>	<u>2,825</u>	<u>8,318</u>
Total Fund Equity	<u>0</u>	<u>5,493</u>	<u>2,825</u>	<u>8,318</u>
Total Liabilities and Fund Equity	<u>\$27,473</u>	<u>\$5,493</u>	<u>\$2,825</u>	<u>\$35,791</u>

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

Algansee Township Board
Quincy, Michigan

We have audited the general purpose financial statements of the Township of Algansee, as of and for the year ended March 31, 2007, and have issued our report thereon dated August 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Algansee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'D. Locey', written over the printed name.

Sturgis, Michigan
August 28, 2007

David F. Locey, C.P.A., P.C.

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COMMENTS AND RECOMMENDATIONS

Township Board
Algansee Township
Branch County
Quincy, Michigan 49082

Dear Board Members:

We appreciated the opportunity of serving your board in performing the examination of your records for the year ended March 31, 2007 and look forward to future engagements. During the audit, we did not find any matters which we felt needed recommendation for future improvement.

The records are in the best shape since our involvement with the township. Again, thank you for the cooperation extended to us during the audit process.



DAVID F. LOCEY, CPA, PC
August 28, 2007