

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

AUDITING PROCEDURES REPORT

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

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 Tekonsha	County Calhoun
Audit Date March 31, 2007	Opinion Date June 13, 2007	Date Accountant Report Submitted to State: June 21, 2007	

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

We affirm that:

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

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

You must check the applicable box for each item below.

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

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

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			Zip 48707
Accountant Signature <i>Campbell, Kusterer & Co., P.C.</i>			

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

June 13, 2007

To the Township Board
Township of Tekonsha
Calhoun County, Michigan

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

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

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

Campbell, Kusterer & Co., P.C.

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

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

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$915,246.66 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$293,788.55 from governmental activities. Governmental activities had a \$16,404.10 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

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

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

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

ENTITY-WIDE FINANCIAL STATEMENTS

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

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

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

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

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Library Fund, the Cemetery Perpetual Care Fund, the Agency Fund, and the Current Tax Collection Fund.

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

FUND FINANCIAL STATEMENTS

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

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Library Fund, and the Cemetery Perpetual Care Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$210,776.38.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$18,434.92 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at 517-767-3366, or P.O. Box 91, Tekonsha, Michigan 49092.

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	486 772 83
Taxes receivable	12 363 56
Accounts receivable	<u>800 00</u>
Total Current Assets	<u>499 936 39</u>
NON-CURRENT ASSETS:	
Capital Assets	703 134 92
Less: Accumulated Depreciation	<u>(286 207 79)</u>
Total Non-current Assets	<u>416 927 13</u>
TOTAL ASSETS	<u><u>916 863 52</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>1 616 86</u>
Total Current Liabilities	<u>1 616 86</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>1 616 86</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	416 927 13
Unrestricted	<u>498 319 53</u>
Total Net Assets	<u>915 246 66</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>916 863 52</u></u>

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	30 274 15	-	(30 274 15)
General government	86 983 93	30 424 22	(56 559 71)
Public safety	91 713 14	30 559 00	(61 154 14)
Public works	5 680 88	801 55	(4 879 33)
Culture and recreation	62 732 35	6 634 55	(56 097 80)
Total Governmental Activities	<u>277 384 45</u>	<u>68 419 32</u>	<u>(208 965 13)</u>
General Revenues:			
Property taxes			119 056 90
State revenue sharing			74 803 06
Interest			8 669 63
Miscellaneous			<u>22 839 64</u>
Total General Revenues			<u>225 369 23</u>
Change in net assets			16 404 10
Net assets, beginning of year			<u>898 842 56</u>
Net Assets, End of Year			<u>915 246 66</u>

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	General	Library	Other Funds	Total
<u>Assets</u>				
Cash in bank	419 995 51	66 619 23	-	486 614 74
Taxes receivable	8 655 32	3 708 24	-	12 363 56
Accounts receivable	800 00	-	-	800 00
Due from other funds	158 09	-	-	158 09
Total Assets	429 608 92	70 327 47	-	499 936 39
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	1 616 86	-	-	1 616 86
Total liabilities	1 616 86	-	-	1 616 86
Fund equity:				
Fund balances:				
Reserved for cemetery	-	-	-	-
Unreserved:				
Undesignated	427 992 06	70 327 47	-	498 319 53
Total fund equity	427 992 06	70 327 47	-	498 319 53
Total Liabilities and Fund Equity	429 608 92	70 327 47	-	499 936 39

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	498 319 53
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	703 134 92
Accumulated depreciation	<u>(286 207 79)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>915 246 66</u>

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

	General	Library	Other Funds	Total
Revenues:				
Property taxes	78 682 95	40 373 95	-	119 056 90
Licenses and permits	6 879 00	-	-	6 879 00
State revenue sharing	72 612 92	2 190 14	-	74 803 06
Penal fines	-	6 634 55	-	6 634 55
Charges for services:				
Fire	23 680 00	-	-	23 680 00
Property tax administration	14 896 72	-	-	14 896 72
Other	15 527 50	-	-	15 527 50
Interest	7 677 42	992 21	-	8 669 63
Special assessments	801 55	-	-	801 55
Miscellaneous	11 866 27	10 973 37	-	22 839 64
Total revenues	232 624 33	61 164 22	-	293 788 55
Expenditures:				
Legislative:				
Township Board	30 274 15	-	-	30 274 15
General government:				
Supervisor	6 855 04	-	-	6 855 04
Elections	6 131 14	-	-	6 131 14
Assessor	17 311 61	-	-	17 311 61
Clerk	10 178 54	-	-	10 178 54
Board of Review	887 66	-	-	887 66
Treasurer	11 600 04	-	-	11 600 04
Building and grounds	5 952 13	-	-	5 952 13
Cemetery	24 179 45	-	-	24 179 45
Tax roll	1 943 72	-	-	1 943 72
Public safety:				
Fire protection	63 941 16	-	-	63 941 16
Planning and zoning	4 522 98	-	-	4 522 98
Protective inspection	6 749 00	-	-	6 749 00
Public works:				
Drains	4 792 52	-	-	4 792 52
Street lights	888 36	-	-	888 36
Culture and recreation:				
Library	-	53 625 81	-	53 625 81
Capital outlay	14 568 88	3 866 04	-	18 434 92
Total expenditures	210 776 38	57 491 85	-	268 268 23
Excess (deficiency) of revenues over expenditures	21 847 95	3 672 37	-	25 520 32
Other financing sources (uses):				
Operating transfers in	470 00	-	-	470 00
Operating transfers out	-	-	(470 00)	(470 00)
Total other financing sources (uses)	470 00	-	(470 00)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	22 317 95	3 672 37	(470 00)	25 520 32
Fund balances, April 1	405 674 11	66 655 10	470 00	472 799 21
Fund Balances, March 31	427 992 06	70 327 47	-	498 319 53

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	25 520 32
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	(27 551 14)
Capital Outlay	<u>18 434 92</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>16 404 10</u>

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Tekonsha, Calhoun 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 Tekonsha. 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 TEKONSHA
Calhoun County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

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

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for amounts received for maintenance of the cemetery.

Fiduciary Funds

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

Assets, Liabilities and Net Assets or Equity

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

Receivables

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

Inventories

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

Property Taxes

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

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 2.8315 mills, and the taxable value was \$40,414,705.00.

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

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

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,500.00 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:

Buildings, additions and improvements	25-30 years
Furniture and equipment	20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

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

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

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

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

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

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

	<u>Carrying Amounts</u>
Total Deposits	<u>491 875 97</u>

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

	<u>Bank Balances</u>
Insured (FDIC)	255 731 23
Uninsured and Uncollateralized	<u>237 407 34</u>
Total Deposits	<u>493 138 57</u>

The Township of Tekonsha did not have any investments as of March 31, 2007.

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 4 – Capital Assets

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

	<u>Balance</u> <u>4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/07</u>
<u>Governmental Activities:</u>				
Land	10 000 00	-	-	10 000 00
Buildings	280 000 00	-	-	280 000 00
Equipment	<u>394 700 00</u>	<u>18 434 92</u>	-	<u>413 134 92</u>
Total	684 700 00	18 434 92	-	703 134 92
Accumulated Depreciation	<u>(258 656 65)</u>	<u>(27 551 14)</u>	-	<u>(286 207 79)</u>
Net Capital Assets	<u><u>426 043 35</u></u>	<u><u>(9 116 22)</u></u>	<u><u>-</u></u>	<u><u>416 927 13</u></u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

Note 7 – Risk Management

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

Note 8 – Building Permits

As of March 31, 2007, the Township had building permit revenues of \$6,879.00 and building permit expenses of \$6,749.00.

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	75 553 40	75 553 40	78 682 95	3 129 55
Licenses and permits	6 400 00	6 400 00	6 879 00	479 00
State revenue sharing	42 500 00	42 500 00	72 612 92	30 112 92
Charges for services:				
Fire	-	43 474 80	23 680 00	(19 794 80)
Property tax administration	14 386 53	14 386 53	14 896 72	510 19
Other	7 000 00	7 000 00	15 527 50	8 527 50
Interest	1 800 00	1 802 00	7 677 42	5 875 42
Special assessments	900 00	900 00	801 55	(98 45)
Miscellaneous	36 536 31	36 539 31	11 866 27	(24 673 04)
Total revenues	185 076 24	228 556 04	232 624 33	4 068 29
Expenditures:				
Legislative:				
Township Board	29 097 00	30 647 00	30 274 15	(372 85)
General government:				
Supervisor	7 875 00	7 875 00	6 855 04	(1 019 96)
Elections	9 000 00	10 000 00	6 131 14	(3 868 86)
Assessor	20 190 00	20 190 00	17 311 61	(2 878 39)
Clerk	10 775 00	10 775 00	10 178 54	(596 46)
Board of Review	1 010 00	1 610 00	887 66	(722 34)
Treasurer	12 675 00	12 675 00	11 600 04	(1 074 96)
Building and grounds	15 700 00	15 100 00	5 952 13	(9 147 87)
Cemetery	44 600 00	44 600 00	24 179 45	(20 420 55)
Tax roll	2 650 00	3 095 00	1 943 72	(1 151 28)
Public safety:				
Fire protection	63 252 00	103 853 00	63 941 16	(39 911 84)
Planning and zoning	9 425 00	8 732 48	4 522 98	(4 209 50)
Protective inspection	7 800 00	6 750 00	6 749 00	(1 00)
Public works:				
Drains	4 200 00	4 792 52	4 792 52	-
Street lights	900 00	900 00	888 36	(11 64)
Contingency	31 000 00	31 000 00	-	(31 000 00)
Capital outlay	4 500 00	15 055 00	14 568 88	(486 12)
Total expenditures	274 649 00	327 650 00	210 776 38	(116 873 62)
Excess (deficiency) of revenues over expenditures	(89 572 76)	(99 093 96)	21 847 95	120 941 91
Other financing sources (uses):				
Operating transfers in	-	11 500 00	470 00	(11 030 00)
Total other financing sources (uses)	-	11 500 00	470 00	(11 030 00)
Excess of revenues and other sources over expenditures and other uses	(89 572 76)	(87 593 96)	22 317 95	109 911 91
Fund balance, April 1	89 572 76	87 593 96	405 674 11	318 080 15
Fund Balance, March 31	-	-	427 992 06	427 992 06

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	40 000 00	40 000 00	40 373 95	373 95
State revenue sharing	1 700 00	1 700 00	2 190 14	490 14
Penal fines	5 500 00	5 500 00	6 634 55	1 134 55
Interest	500 00	500 00	992 21	492 21
Miscellaneous	<u>5 050 00</u>	<u>5 050 00</u>	<u>10 973 37</u>	<u>5 923 37</u>
Total revenues	<u>52 750 00</u>	<u>52 750 00</u>	<u>61 164 22</u>	<u>8 414 22</u>
Expenditures:				
Culture and recreation:				
Library	87 750 00	87 750 00	53 625 81	(34 124 19)
Capital outlay	<u>5 000 00</u>	<u>5 000 00</u>	<u>3 866 04</u>	<u>(1 133 96)</u>
Total expenditures	<u>92 750 00</u>	<u>92 750 00</u>	<u>57 491 85</u>	<u>(35 258 15)</u>
Excess (deficiency) of revenues over expenditures	(40 000 00)	(40 000 00)	3 672 37	43 672 37
Fund balance, April 1	<u>40 000 00</u>	<u>40 000 00</u>	<u>66 655 10</u>	<u>26 655 10</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>70 327 47</u>	<u>70 327 47</u>

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

Township Board:	
Salaries	2 400 00
Supplies	5 158 18
Audit and legal	7 972 83
Printing and publishing	207 32
Payroll taxes	4 359 83
Insurance	7 895 00
Memberships and dues	913 41
Miscellaneous	1 367 58
	<u>30 274 15</u>
Supervisor:	
Salary	6 800 04
Miscellaneous	55 00
	<u>6 855 04</u>
Elections:	
Wages	2 211 00
Professional services	1 710 00
Supplies	1 056 75
Printing and publishing	1 153 39
	<u>6 131 14</u>
Assessor:	
Contracted services	15 915 00
Miscellaneous	1 396 61
	<u>17 311 61</u>
Clerk:	
Salary	10 048 54
Miscellaneous	130 00
	<u>10 178 54</u>
Board of Review:	
Wages	607 50
Miscellaneous	280 16
	<u>887 66</u>
Treasurer:	
Salary	11 600 04
	<u>11 600 04</u>
Building and grounds:	
Operating	5 952 13
	<u>5 952 13</u>
Cemetery:	
Salaries	1 200 00
Contracted services	20 860 63
Miscellaneous	2 118 82
	<u>24 179 45</u>
Tax roll:	
Supplies	1 498 72
Miscellaneous	445 00
	<u>1 943 72</u>
Fire protection:	
Contracted services	63 941 16
	<u>63 941 16</u>

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

Planning and zoning	<u>4 522 98</u>
Protective inspection	<u>6 749 00</u>
Drains at large	<u>4 792 52</u>
Street lighting: Utilities	<u>888 36</u>
Capital outlay	<u>14 568 88</u>
Total Expenditures	<u><u>210 776 38</u></u>

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

Library:	
Salaries	15 495 64
Books	7 802 82
Payroll taxes	2 311 07
Rent	20 075 14
Repairs and maintenance	659 66
Supplies	501 19
Dues	726 80
Utilities	4 457 66
Miscellaneous	1 595 83
Capital outlay	<u>3 866 04</u>
Total expenditures	<u><u>57 491 85</u></u>

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

BALANCE SHEET – PERMANENT FUND
March 31, 2007

	<u>Cemetery Perpetual Care</u>
<u>Assets</u>	
Cash in bank	-
Total Assets	-
<u>Liabilities and Fund Balances</u>	
Liabilities	-
Fund balances: Reserved	-
Total Liabilities and Fund Balances	-

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

	Cemetery Perpetual Care
Revenues:	
Miscellaneous	-
Total revenues	-
Expenditures – Cemetery	-
Excess (deficiency) of revenues over expenditures	-
Other financing sources (uses):	
Operating transfers out	(470 00)
Total other financing sources (uses)	(470 00)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(470 00)
Fund balance, April 1	470 00
Fund Balance, March 31	-

TOWNSHIP OF TEKONSHA
Calhoun County, Michigan

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

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>82 88</u>	<u>1 424 922 90</u>	<u>1 424 847 69</u>	<u>158 09</u>
<u>Liabilities</u>				
Due to other funds		126 050 76	125 975 55	158 09
Due to other units	<u>-</u>	<u>1 298 872 14</u>	<u>1 298 872 14</u>	<u>-</u>
Total Liabilities	<u>82 88</u>	<u>1 424 922 90</u>	<u>1 424 847 69</u>	<u>158 09</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>-</u>	<u>8 236 26</u>	<u>3 135 24</u>	<u>5 101 02</u>
<u>Liabilities</u>				
Due to other funds	-	1 000 12	411 08	589 04
Due to other units	<u>-</u>	<u>7 236 14</u>	<u>2 724 16</u>	<u>4 511 98</u>
Total Liabilities	<u>-</u>	<u>8 236 26</u>	<u>3 135 24</u>	<u>5 101 02</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>82 88</u>	<u>1 433 159 16</u>	<u>1 427 982 93</u>	<u>5 259 11</u>
<u>Liabilities</u>				
Due to other funds	-	127 050 88	126 386 63	747 13
Due to other units	<u>82 88</u>	<u>1 306 108 28</u>	<u>1 301 596 30</u>	<u>4 511 98</u>
Total Liabilities	<u>82 88</u>	<u>1 433 159 16</u>	<u>1 427 982 93</u>	<u>5 259 11</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 13, 2007

To the Township Board
Township of Tekonsha
Calhoun County, Michigan

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

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

We conducted our audit of the financial statements of the Township of Tekonsha 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 Tekonsha
Calhoun County, Michigan

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

SIGNIFICANT ACCOUNTING POLICIES

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

OTHER COMMUNICATIONS

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

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

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

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

SEGREGATION OF DUTIES

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

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

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

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

SUMMARY

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

Sincerely,



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