TOWNSHIP OF BUCKEYE

GLADWIN COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

Township Officials

Supervisor	John Spenser
Clerk	Roger Bates
Treasurer	Beverly VanTiem

Trustees

Ron Brabon

Wendy Ouimet

Buckeye Township

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Keskine, Cook, Miller & Alexander, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Jeffrey B. Cook, CPA
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Terry J. Distel, CPA (Ret.)
Joseph G. Okrei, CPA (Ret.)
Walter J. Keskine, CPA (Ret.)
Ronald D. Alexander, CPA (Ret.)

Independent Auditor's Report

October 27, 2008

To the Township Board
Buckeye Township
Gladwin County, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Township of Buckeye, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 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.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and the major fund activity of the Township of Buckeye as of March 31, 2008, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2-5 and budgetary comparison information on pages 21-22 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 supplementary information. However, we did not audit the information and express no opinion on it.

Keskine, Cook, Miller & Alexander LLP

KESKINE, COOK, MILLER & ALEXANDER, LLP

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BUCKEYE TOWNSHIP
Gladwin County, Michigan

Management's Discussion and Analysis

Overall revenues as of March 31, 2008 as reported in the Statement of Activities totals 255,185, 94,098 were State shared revenue, 71,295 Garbage collection fees, 33,860 for fire protection and the remainder is primarily from general tax collection.

Township expenses for the fiscal year 2007-08 totaled 285,085 of which badly needed road improvements amounted to 100,583, Garbage collection was 62,571, Fire Protection 34,565, with capital improvements of the Township Hall and grounds totaling 19,391 for repairs and the new roof to go along with the 16,012 for a new parking lot and septic system in 2006-07. These improvements were made possible because of the harvesting of trees from Township property in 2006-07 and the Township Board dedicating the 35,000 to Township Hall and grounds improvements. Total road improvement expenditures were down in 2007-08 as compared to 2006-07 mainly due to the uncertainty of the future availability of State shared revenues.

Future improvements for the Township include Township Hall and grounds parking lot lighting/possibly paving as funds become available. Continuation of the River road improvement project as an alternate emergency north/south route in the event of an M-18 closure along with Howard road being the alternate east/west route in case of an M-61 or a Knox road closure.

Analysis of Township Funds

General Fund- The general fund is used to record all activities of the Township not required to be recorded in a separate fund. The major source of revenue for the general fund is from the Township tax base and revenue sharing from the State of Michigan. The major expenses for the year include general operating activities of the Township; Fire protection services and road improvements.

Long Term Debt

The township has no outstanding long term debt.

This financial report is designed to provide our taxpayers, creditors and customers with a general overview of the Townships finances and to demonstrate the Townships accountability for the revenues it receives. If there are any questions concerning this report please contact Roger Bates Clerk at 1710 W. Howard rd Beaverton Michigan 48612.

Roger Bates, Clerk
Buckeye Township

TOWNSHIP OF BUCKEYE
STATEMENT OF NET ASSETS
MARCH 31, 2008

	Governmental Activities
ASSETS	
Current Assets:	
Cash	$ 95,074
Receivables	26,921
Total Current Assets	121,995
Non-Current Assets:	
Capital assets not being depreciated	2,000
Capital assets being depreciated - net	43,046
Total Non-Current Assets	45,046
Total Assets	167,041
LIABILITIES	
Current Liabilities:	
Payroll Taxes Due	541
Due to Other Funds	705
Total Liabilities	1,246
NET ASSETS	
Investment in capital assets	45,046
Unrestricted	120,749
Total Net Assets	$ 165,795

See accompanying notes to financial statements

TOWNSHIP OF BUCKEYE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Functions/Programs					
Primary Government:					
General Government	$ 87,013	$ 10,711	$ -	$ -	$ (76,302)
Public Safety	35,356	-	-	-	(35,356)
Public Works	163,313	71,295	-	-	(92,018)
Total Government Activities	$ 285,682	$ 82,006	-	-	$ (203,676)

General Revenues:	
Property taxes	72,321
State shared revenue (not restricted to a specific purpose)	94,098
Interest	1,452
Miscellaneous	5,308
	173,179
Change In Net Assets	(30,497)
Net Assets - April 1, 2007	196,072
Net Assets - March 31, 2008	$ 165,575

See accompanying notes to financial statements

TOWNSHIP OF BUCKEYE
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

	Major Funds		
	General	Fire	Total
ASSETS			
Cash	$ 95,074	$ -	$ 95,074
Receivables	26,921	-	26,921
Total Assets	$ 121,995	$ -	$ 121,995
LIABILITIES AND FUND BALANCE			
Liabilities			
Due to other funds	$ 705	$ -	$ 705
Payroll taxes due	541	-	541
Fund Balance			
Undesignated	120,749	-	120,749
Total liabilities and fund balance	$ 121,995	$ -	$ 121,995

See accompanying notes to financial statements

TOWNSHIP OF BUCKEYE
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008

Total Fund Balance - Governmental Funds (per Balance Sheet - page 5)	$	120,749
Amounts reported for governmental activities in the Statement of Net Assets (page 5) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not used in the funds		45,046
Total net assets of governmental activities (per Statement of Net Assets - page 3)	$	165,795

See accompanying notes to financial statements

TOWNSHIP OF BUCKEYE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Major Funds		
	General	Fire	Total
Revenues:			
Property taxes	$ 109,051	$ 34,565	$ 143,616
Other taxes	1,086	-	1,086
State revenue sharing	94,098	-	94,098
Charges for services	12,238	-	12,238
Hall rentals	2,050	-	2,050
Interest	1,452	-	1,452
Miscellaneous	645	-	645
Total revenues	220,620	34,565	255,185
Expenditures:			
Current:			
General Government	86,416	-	86,416
Public Works	163,313	-	163,313
Public Safety	791	34,565	35,356
Total expenditures	250,520	34,565	285,085
Excess (deficiency) of revenues over expenditures	(29,900)	-	(29,900)
Fund Balance - April 1, 2007	150,649	-	150,649
Fund Balance - March 31, 2008	$ 120,749	$ -	$ 120,749

See accompanying notes to financial statements

TOWNSHIP OF BUCKEYE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2008

Net Change in Fund Balance - Governmental Activities (Page 7)	$	(29,900)
Amounts reported for governmental activities in the Statement of Activities (page 4) are different because:		
Depreciation Expense is recorded in the Statement of Activities but not in the fund financial statements		(597)
Change in Net Assets of Governmantal Activities (Page 4)	$	(30,497)

See accompanying notes to financial statements

TOWNSHIP OF BUCKEYE
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
AS OF MARCH 31, 2008

	Assets	
Cash		$ 433
	Liabilities	
Due to other funds		$ 433

See accompanying notes to financial statements

NOTE 1: ENTITY

The Township of Buckeye is a general law township of the State of Michigan, located in Gladwin County, Michigan. It operates under an elected board and provides services to its residents in many areas including public safety, community enrichment, and human services. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements include all of the governmental functions of Buckeye Township.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Buckeye Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Buckeye Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities.

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION (CONTINUED))

Government-Wide Financial Statements (Continued)

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Township of Buckeye has two governmental funds, general and fire. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major governmental fund:

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 inter-governmental revenues.

Other Funds

Fire Fund - This fund is used to collect for property taxes designated for the purpose of fire protection in the township. As the property taxes are received they are paid out to the fire department responsible for the townships protection.

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, fees, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property taxes are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements (Continued)

A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2007 are recorded as revenue in the current year. The Township's taxable value for the 2007 tax year totaled $36,396,099.

The tax rates for the year ended March 31, 2008, were as follows:

Purpose	Rate / Assessed Valuation
General	0.7546 mills per $1,000
Fire	0.1000 mills per $1,000

BUDGET

Each year the unit formulates and adopts a budget as follows:

1. In January or February a preliminary budget is prepared for all funds.

2. Review and annual budget hearing are held in March.

3. Budget is adopted at the Township Board meeting in March of each year.

The budget as prepared conformed to P.A. 621 of 1978.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional and activity basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level. The Township experienced no significant budget overages for the year ended March 31, 2008.

CAPITAL ASSETS AND DEPRECIATION

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of $1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	100 years
Land improvements	100 years

Land is not depreciated.

For information describing capital assets, see Note 4.

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as much, include amounts based on informed estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

NOTE 3: CASH AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of its funds. The Investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs.

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

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

As of March 31, 2008, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and investments	$ 95,074	$ 433	$ 95,507

The Township's cash and investments consist entirely of bank deposits as follows:

Bank deposits - checking and savings accounts	$ 95,507
Certificates of deposit	-
Total	$ 95,507

Deposits

The bank balance of the Township's deposits totals $95,507, all of which is covered by federal depository insurance. The Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated level are used as depositories.

NOTE 4: CAPITAL ASSETS

Capital asset activity of the Township was as follows:

Governmental Activities:	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
Capital assets not being depreciated - Land	$ 2,000	$ -	$ -	$ 2,000
Capital assets being depreciated:				
Buildings and grounds	41,969	19,391	-	61,360
Furniture and equipment	-	-	-	-
Subtotal	41,969	19,391	-	61,360
Accumulated depreciation:				
Buildings and grounds	17,717	597	-	18,314
Furniture and equipment	-	-	-	-
Subtotal	17,717	597	-	18,314
Net capital assets being depreciated	24,252	18,794	-	43,046
Net capital assets	$ 26,252	$ 18,794	$ -	$ 45,046

Depreciation expense was charged entirely to the general government activity.

NOTE 5: PENSION PLAN

The Township of Buckeye does not contribute to a pension plan.

NOTE 6: CONTINGENCIES

INSURANCE

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Municipal Liability and Property Pool, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency.

NOTE 6: CONTINGENCIES (CONTINUED)

INSURANCE (CONTINUED)

The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

TOWNSHIP OF BUCKEYE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Revenues:				
Property taxes	$ 97,400	$ 97,400	$ 109,051	$ (11,651)
Other taxes	1,030	1,030	1,086	(56)
State revenue sharing	91,000	91,000	94,098	(3,098)
Charges for services-cemetary	9,100	9,100	12,238	(3,138)
Hall rentals	2,600	2,600	2,050	550
Interest	2,500	2,500	1,452	1,048
Miscellaneous	-	-	645	(645)
Total revenues	203,630	203,630	220,620	(16,990)
Expenditures:				
General government:				
Trustee Wages	27,000	27,000	13,141	13,859
Supervisor	6,000	6,000	5,820	180
Clerk	9,500	9,500	8,995	505
Board of Review	1,044	1,044	1,044	-
Treasurer	12,000	12,000	11,600	400
Assessor	14,500	14,500	14,083	417
Election	2,500	2,500	1,724	776
Township Hall	30,500	30,500	28,735	1,765
Cemetery	1,750	1,750	1,274	476
Total general government	104,794	104,794	86,416	18,378
Public safety:				
Liquor Law Enforcement	791	791	791	-
Total public saftey	791	791	791	-
Public works:				
Drains	160	160	160	-
Streets	120,215	120,215	100,582	19,633
Garbage Disposal	63,000	63,000	62,571	429
Total public works	183,375	183,375	163,313	20,062
Total expenditures	288,960	288,960	250,520	38,440
Excess (deficiency) of revenue over expenditures	(85,330)	(85,330)	(29,900)	(55,430)
Fund Balance - April 1, 2007	150,649	150,649	150,649	(150,649)
Fund Balance - March 31, 2008	$ 65,319	$ 65,319	$ 120,749	$ (55,430)

TOWNSHIP OF BUCKEYE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIRE FUND
YEAR ENDED MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual	Variance From Final Amended Budget
Revenues				
Property taxes	$ 32,000	$ 32,000	$ 34,565	$ (2,565)
Total revenues	32,000	32,000	34,565	(2,565)
Expenditures				
Fire Protection	34,565	34,565	34,565	-
Total expenditures	34,565	34,565	34,565	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund Balance - April 1, 2007	-	-	-	-
Fund Balance - March 31, 2008	$ -	$ -	$ -	$ -

Keskine, Cook, Miller & Alexander, LLP
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Ronald D. Alexander, CPA (Ret.)

October 27, 2008

To the Township Board
Buckeye Township
Gladwin County, MI

We have audited the financial statements of the governmental activities and the major fund of the Township of Buckeye (the Township) for the year ended March 31, 2008, and have issued our report thereon dated October 27, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 26, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on March 11, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of accumulated depreciation is based on the estimated useful life of the assets. We evaluated the key factors and assumptions used to develop the useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

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The disclosure of the Township's Measurement Focus and Basis of Accounting policy in Note 2 to the financial statements We evaluated standard governmental accounting policies and procedures in determining the adequacy of the disclosure from a neutral, consistent and clear perspective for the end user.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 27, 2008

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Segregation of Duties
A property designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements

The definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles (GAAP). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

Comments and Recommendations

Capital Assets and Depreciation

Management has estimated the useful lives of the Township's buildings and improvements and land improvements to be 100 years. Assets of these nature typically have useful lives of 25 – 40 years for buildings and improvements and 10 – 20 years for land improvements. We recommend that the remaining book life be compared to the estimated actual remaining life of the building and the land improvements. If there is a material difference, consideration should be given to changing the remaining useful life for book purposes. This should result in a more accurate reflection of the actual depreciation occurring and, thus, more accurate financial statements.

Conclusion

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

Respectfully submitted,

Keskine, Cook, Miller & Alexander LLP

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October 27, 2008

To the Township Board
Buckeye Township
Gladwin County, MI

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the Township of Buckeye (the Township) as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Segregation of Duties
A property designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township's staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected during normal activities.

Preparation of Financial Statements
The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other Governmental Units of its size.

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