TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN, STURGIS, AND FAWN RIVER TOWNSHIPS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED MARCH 31, 2006

AUDITING PROCEDURES REPORT

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

Local Government Type	Local Government Name	County
☐ City ☐ Township ☐ Village ☒ Other	Tri-Township Fire Assoc. Sturgis, Sherman, and Fawn River Twps	St. Joseph

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
march 31, 2006	Aug 25, 2006	September 8, 2006

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 in 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 the 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.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)			
David F. Locey, CPA			
Street Address: 67036 N. M-66	City: Sturgis	State: MI	ZIP: 49091
Accountant Signature: David Locey			

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
FOR THE YEAR ENDED MARCH 31, 2006

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

P.O. Box 7037
67036 N. M-66
Sturgis, Michigan 49091

Phone (269) 651-4225
Fax (269) 651-1989

Independent Auditor's Report

To Board of
Tri-Township Fire Association of Sherman,
Sturgis, and Fawn River Townships

We have audited the accompanying financial statements of the governmental activities of the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships as of and for the year ended March 31, 2006, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships as of March 31, 2006, and the respective changes in financial position where applicable, 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, budgetary comparison schedules are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2006 on our consideration of the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and related statements, as of March 31, 2006.

David F. Locey, CPA, PC
August 25, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Department's financial performance provides an overview of the Department's financial activities for the year ended March 31, 2006.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 – 9) provide information about the activities of the Department as a whole and present a longer-term view of the Department's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Department's operations in more detail than the government-wide statements by providing information about the Department's general funds.

Reporting the Department as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Department as a whole begins on page 5. One of the most important questions asked about the Department's finances, is, "Is the Department as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Department as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Department's net assets and changes in them. You can think of the Department's net assets-the difference between assets and liabilities-as one way to measure the Department's financial health, or financial position. Over time, increases or decreases in the Department's net assets are one indicator of whether its financial health is improving or deteriorating.

Statement of Net Assets and the Statement of Activities:

- Governmental activities-The Department's basic services are reported here, fire protection. Grants, Township contributions, and fire runs finance most of these activities.

Reporting the Department's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 10 and provide detailed information about the general fund-not the Department as a whole.

- Governmental funds-All of the Department's services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Department's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

THE DEPARTMENT AS A WHOLE

For the years ended March 31, 2006 and 2005 net assets changed as follows:

	Governmental Activities	
	2005	2006
Beginning net assets	$ 764,445	$881,370
Increase in net assets	116,925	(53,637)
Ending net assets	$ 881,370	$827,733

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed, then revenues from that particular program reported second. The result is a Net(Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Department's Townships. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

THE DEPARTMENT'S FUNDS

The following schedule presents a summary of general, special revenue, capital project, debt service, and permanent fund revenues and expenditures for the fiscal years ended March 31, 2005, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	FYE 05 Amount	FYE 06 Amount
Interest and Miscellaneous Income	$ 3,619	$ 38
Township Support	86,800	52,350
Charges for Services	22,710	22,416
Total Revenues	$113,129	$74,804

Expenditures:	FYE 05 Amount	FYE 06 Amount
Wages	$ 28,358	$28,870
Insurance	12,517	13,827
Utilities – Telephone	2,843	3,063
Fuel – Maintenance	14,492	7,192
Equipment	34,492	0
Miscellaneous	4,818	13,220
Total Expenditures	$ 97,520	$66,172

CAPITAL ASSET

Capital Assets

At the end of March 31, 2006, the Department had $758,152 invested in capital assets.

	Governmental Activities
Equipment & Building	$ 758,152
TOTALS	$ 758,152

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships, 70164 Big Hill Rd, Sturgis, MI 49091.

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
STATEMENT OF NET ASSETS
MARCH 31, 2006

ASSETS	Governmental Activities
Current Assets:	
Cash and cash equivalents	$6,208
Accounts receivable	60,197
Prepaid insurance	4,010
Total current assets	70,415
Noncurrent Assets:	
Capital assets	
Fire trucks	540,000
Building	129,094
Radio	15,975
SCBA equipment	66,195
Rescue tools	63,173
Other equipment	119,619
Accumulated depreciation	(175,904)
Total noncurrent assets	758,152
Total assets	828,567
LIABILITIES	
Current Liabilities:	
Accounts payable	582
Other accrued expenses	252
Total liabilities	834
NET ASSETS	
Invested in Capital Assets	758,152
Unrestricted	69,581
Total net assets	$827,733

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

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Governmental Activities:	
Expenses	
Public safety	$128,442
Total expenses	128,442
Charges for services	22,416
Net (expenses)	106,026
General Revenues:	
Grant revenue and interest income	38
Township support	52,350
Total general revenues	52,388
Change in net assets	(53,638)
Net assets-beginning	881,371
Net assets-ending	$827,733

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

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
BALANCE SHEET
GOVERNMENTAL FUND
MARCH 31, 2006

ASSETS	
Cash and cash equivalents	$6,208
Accounts receivable	60,197
Prepaid insurance	4,010
Total assets	$70,415
LIABILITIES	
Accounts payable-expenses	$834
Total liabilities	834
FUND BALANCE	
Unreserved	69,581
Total fund balance	69,581
Total liabilities and fund balance	$70,415

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 funds, net of accumulated depreciation of $175,904	758,152

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

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	Governmental Activities
REVENUES	
Grant revenue and interest income - Fawn River Township	$10
Grant revenue and interest income - Sherman Township	13
Grant revenue and interest income - Sturgis Township	16
Township support - Fawn River	11,750
Township support - Sherman	17,700
Township support - Sturgis	22,900
Fire Runs	22,416
Total revenues	74,805
EXPENDITURES	
Volunteer wages	21,520
Officer wages	7,350
Insurance	13,827
Utilities and telephone	3,063
Fuel and maintenance	7,192
Bookkeeping/audit	1,900
Miscellaneous	4,850
Supplies/expendible	6,470
Total expenditures	66,172
Excess (deficiency) of revenues over expenditures	8,633
Fund balance-beginning	60,948
Fund balance-ending	$69,581

Reconciliation of the change in fund balances-total governmental funds to the change in net assets of governmental activities:

Net change in fund balances-total governmental funds	$8,633
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation expense	(62,271)
Change in Net Assets of Governmental Activities	($53,638)

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

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	Budget	Actual	Variance
REVENUES			
Grant revenue and interest income - Fawn River Township	$50	$10	($40)
Grant revenue and interest income - Sherman Township	50	13	(37)
Grant revenue and interest income - Sturgis Township	50	16	(34)
Township support - Fawn River	15,940	11,750	(4,190)
Township support - Sherman	26,085	17,700	(8,385)
Township support - Sturgis	30,425	22,900	(7,525)
Fire Runs	9,700	22,416	12,716
Total revenues	82,300	74,805	(7,495)
EXPENDITURES			
Volunteer wages	20,530	21,520	(990)
Officer wages	8,100	7,350	750
Insurance	11,300	13,827	(2,527)
Utilities and telephone	4,750	3,063	1,687
Fuel and maintenance	8,700	7,192	1,508
Bookkeeping/audit	1,900	1,900	0
Miscellaneous	7,020	4,850	2,170
Supplies/expendible	20,000	6,470	13,530
Total expenditures	82,300	66,172	16,128
Excess (deficiency) of revenues over expenditures	0	8,633	8,633
Fund balance-beginning	60,948	60,948	0
Fund balance-ending	$60,948	$69,581	$8,633

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

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships, by law, is not a separate entity, but a fund shared by the participating Townships. The Township boards have allowed the Association to report as a separate unit.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government. Governmental activities generally are financed through intergovernmental revenues and other revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses.

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund - This fund is the primary operating fund of the Department, it is used to account for all activities.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONT'D)

Measurement Focus

On the Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

> All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditure (including capital outlay) are recorded when the related fund liability is incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

ASSETS, LIABILITIES, AND EQUITY

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at market value, or estimated market value if actual is unavailable. Estimated market value was used to value the majority of the assets acquired prior to April 1, 2004.

Prior to April 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets (back to April 1, 2004) have been valued at estimated market value.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of deprecation. The range of estimated useful lives by type of asset is as follows:

Machinery and Equipment	15 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

CASH AND CASH EQUIVALENTS

Deposits

The Department's policies regarding deposits of cash are discussed below. The table presented below is designed to disclose the level of custody credit risk assumed by the Department based upon how its deposits were insured or secured with collateral at March 31, 2006. The categories of credit risk are defined as follows:

Category 1-Insured by FDIC or collateralized with securities held by the Department or its agent in its name

Category 2-Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Department's name

Category 3-Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Department's name; or collateralized with no written or approved collateral Agreement

Type of Deposits	Total Bank Balance	Custody 1	Credit Risk 2	Category 3	Total Carrying Value
Demand deposits	$6,208	$6,208	$ 0	$ 0	$6,208
Total Deposits	$6,208	$6,208	$ 0	$ 0	$6,208

TRI-TOWNSHIP FIRE ASSOCIATION OF SHERMAN,
STURGIS, AND FAWN RIVER TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONT'D)

CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2006, was as follows:

	Balance at April 1, 2005	Additions	Disposals	Balance at March 31, 2006
Governmental Activities:				
Machinery and equipment	$934,056	$0	$0	$934,056
Total at market value	934,056	0	0	934,056
Less accumulated depreciation				
Machinery and equipment	(113,634)	(62,270)	0	(175,904)
Total accumulated depreciation	(113,634)	(62,270)	0	(175,904)
Governmental activities capital assets, net	$820,422	($62,270)	$0	$758,152

OTHER ASSETS

COMPENSATED ABSENCE

None.

POST EMPLOYMENT BENEFITS

No benefits are available.

COMMITMENTS AND CONTINGENCIES

Management of the Department is not aware of any material commitments or contingent liabilities.

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

P.O. Box 7037
67036 N. M-66
Sturgis, Michigan 49091

Phone (269) 651-4225
Fax (269) 651-1989

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

Tri-Township Fire Association of Sherman,
Sturgis, and Fawn River Townships
Sturgis, Michigan

We have audited the general purpose financial statements of the Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships, as of and for the year ended March 31, 2006, and have issued our report thereon dated August 25, 2006. 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 Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships' 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 Tri-Township Fire Association of Sherman, Sturgis, and Fawn River Townships' 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, Department 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.

Sturgis, Michigan
August 25, 2006

David F. Locey, CPA, PC

P.O. Box 7037
67036 N. M-66
Sturgis, MI 49091

(269)-651-4225 Phone
(269)-651-1989 Fax

COMMENTS AND RECOMMENDATIONS

Tri-Township Fire Association of Sherman,
Sturgis, and Fawn River Townships
Sturgis, Michigan

We appreciated the opportunity of examining the records for the year ended March 31, 2006 and the assistance given during the examination.

During the course of the examination we noted no matters that were of material importance to point out to the Association for future reference.

Again, we appreciate the opportunity of being of service to you.

DAVID F. LOCEY, CPA., PC.
August 25, 2006