

BERRIEN TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL STATEMENT

March 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board
Berrien Township, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Berrien Township (the "Township"), as of and for the year ended March 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Berrien Township'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 opinions.

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 Berrien Township as of March 31, 2009, 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 on pages 2 through 5 and pages 20 and 21 are not a required part of the basic financial statements, but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Schaffer & Layher".

Schaffer & Layher
September 14, 2009

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

Our discussion and analysis of Berrien Township's financial performance provides an overview of the Townships' financial activities for the fiscal year ended March 31, 2009. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in the discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2009:

- The Township's total net assets decreased by \$26,922. The increases in general government and depreciation expense contributed to this decrease in net assets.
- It should also be noted that during this past year, our general fund expenses exceeded revenues by \$44,900. In comparing general fund balances of this current fiscal year with the year ended March 31, 2009, we find that our fund balance has decreased from \$1,245,003 to \$1,200,103.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about Township's activities.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2009.

	<u>Governmental</u> <u>Activities</u>	
	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Current Assets	\$ 1,030,022	\$ 1,008,030
Other Assets	219,800	269,800
Capital Assets, Net	884,948	865,516
Total Assets	<u>\$ 2,134,770</u>	<u>\$ 2,143,346</u>
Current Liabilities	<u>\$ 35,402</u>	<u>\$ 17,056</u>
Total Liabilities	<u>\$ 35,402</u>	<u>\$ 17,056</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 884,948	\$ 865,516
Unrestricted	<u>1,214,420</u>	<u>1,260,774</u>
Total Net Assets	<u>\$ 2,099,368</u>	<u>\$ 2,126,290</u>

Unrestricted net assets are the part of net assets that can be used to finance day-to day operations. The current level of undesignated and unreserved general fund balance stands at \$983,324 or about 164% percent of March 31, 2009 expenditures and transfers. The benchmark used to measure the health of a Township’s unreserved fund balance is the ability to absorb three to six months worth of operating expenditures. The Township has exceeded this benchmark.

The government-wide net assets of the Township decreased by \$26,922 during the fiscal year ended March 31, 2009. However, the Township’s overall financial health remains strong. The Township has been able to pursue projects as planned and budgeted.

The following table shows, in condensed format, the changes of the net assets during the current year.

	<u>Governmental Activities</u>	
	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Program Revenues		
Charges for Services	\$ 41,258	\$ 50,063
Operating Grants and Contributions	93,640	67,130
General Revenues		
Property Taxes	110,371	101,233
State Shared Revenues	322,372	316,688
Unrestricted investment earnings	42,187	45,275
Franchise Fees	16,844	19,651
Miscellaneous	27,985	24,500
Total Revenues	\$ 654,657	\$ 624,540
Program Expenses		
General Government	\$ 289,004	\$ 275,689
Cemetery Care	28,569	30,284
Highway and Streets	22,277	22,688
Public Safety	179,855	181,861
Community Development	64,392	56,858
Parks and Recreation	16,181	14,647
Depreciation	81,301	73,083
Total Expenses	\$ 681,579	\$ 655,110
Change in Net Assets	\$ (26,922)	\$ (30,570)

Governmental Activities

- Total 2009 governmental revenue increased from 2008 by \$30,117, mostly due to a increase in operating grants, property taxes and state shared revenues.
- Total governmental expenses increased by \$26,469 from the prior year due primarily to an increase in general government and depreciation expenditures.

The Township's Funds

Our analysis of the Township's major funds begins on page 8, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2009 are the General Fund and Special Revenue – Fire Fund.

General Fund Budgetary Highlights

The General Fund pays for most of the Township's governmental services. The primary services provided include general government, cemetery services, and community development.

During the course of the year, the Township amended the budget as expectations with regard to revenues and expenditures changed slightly. Total expenditures were approximately \$28,454 less than budgeted; additionally, revenues came in over budget by approximately \$12,176.

Capital Asset and Debt Administration

The Township's capital expenditures consisted mainly the purchase of a new fire truck and fire equipment.

The Township currently has no debt.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for next fiscal year reflects a slight increase in state-shared revenues, as well as an increase in revenues overall. Expenditures are also expected to increase slightly. As a result, the board has adopted a conservative budget that retains current fund balance, but also facilitates community priorities and quality services.

The Township has had preliminary talks with architects and engineers regarding renovating and updating the Township's town hall.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact Paul Sprung, Treasurer, at the Township office.

BERRIEN TOWNSHIP**GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MARCH 31, 2009**

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Unit</u>
Assets		
Cash	\$ 270,197	\$ 93,668
Investments	738,245	-
Accounts Receivable	4,017	22
Taxes Receivable	7,601	-
Prepaid Expenses	-	2,462
Due from Fiduciary Funds	9,962	-
Receivable from Berrien County Road Commission	219,800	-
Capital Assets, Net	884,948	507,751
Total Assets	<u>\$ 2,134,770</u>	<u>\$ 603,903</u>
Liabilities		
Accounts Payable	\$ 26,336	\$ 14,294
Accrued and Other Liabilities	9,066	3,234
Long-Term Debt:		
Due within one year	-	3,592
Due after one year	-	2,491
Total Liabilities	<u>\$ 35,402</u>	<u>\$ 23,611</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 884,948	\$ 507,751
Unrestricted	1,214,420	72,541
Total Net Assets	<u>\$ 2,099,368</u>	<u>\$ 580,292</u>

See accompanying notes to financial statements.

BERRIEN TOWNSHIP**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
MARCH 31, 2009**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Component Unit
Primary Government						
<i>Governmental Activities</i>						
General Government	\$ 289,004	\$ 31,977	\$ -	\$ -	\$ (257,027)	
Cemetery Care	28,569	9,281	-	-	(19,288)	
Highway and Streets	22,277	-	-	-	(22,277)	
Public Safety	179,855	-	93,640	-	(86,215)	
Community Development	64,392	-	-	-	(64,392)	
Park and Recreation	16,181	-	-	-	(16,181)	
Depreciation	81,301	-	-	-	(81,301)	
Total Governmental Activities	<u>\$ 681,579</u>	<u>\$ 41,258</u>	<u>\$ 93,640</u>	<u>\$ -</u>	<u>\$ (546,681)</u>	
Component Units						
Eau Claire District						
Library	<u>\$ 202,757</u>	<u>\$ 78,816</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (123,941)</u>
General Revenues						
Property Taxes					\$ 110,371	\$ 137,558
State-Shared Revenues					322,372	7,900
Unrestricted Investments Earnings					42,187	439
Franchise Fees					16,844	-
Miscellaneous					27,985	(287)
Total General Revenues					<u>\$ 519,759</u>	<u>\$ 145,610</u>
Change in Net Assets					\$ (26,922)	\$ 21,669
Net Assets-Beginning					2,126,290	558,623
Net Assets-Ending					<u>\$ 2,099,368</u>	<u>\$ 580,292</u>

See accompanying notes to financial statements.

BERRIEN TOWNSHIP**GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2009**

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Assets			
Cash	\$ 251,700	\$ 18,497	\$ 270,197
Investments	738,245	-	738,245
Accounts Receivable	4,017	-	4,017
Taxes Receivable	7,601	-	7,601
Due from Fiduciary Funds	9,962	-	9,962
Receivable from Berrien County Road Commission	219,800	-	219,800
Total Assets	\$ 1,231,325	\$ 18,497	\$ 1,249,822
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$ 25,000	\$ 1,336	\$ 26,336
Accrued and Other Liabilities	6,222	2,844	9,066
Total Liabilities	\$ 31,222	\$ 4,180	\$ 35,402
Fund Balance			
Reserved for Long-Term Receivable	\$ 219,800	\$ -	\$ 219,800
Unreserved:			
Undesignated	969,007	14,317	983,324
Designated	11,296	-	11,296
Total Fund Equity	\$ 1,200,103	\$ 14,317	\$ 1,214,420
Total Liabilities and Fund Equity	\$ 1,231,325	\$ 18,497	
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 are not reported in the funds			884,948
Net Assets of Governmental Activities			\$ 2,099,368

See accompanying notes to financial statements.

BERRIEN TOWNSHIP

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
MARCH 31, 2009**

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
Revenues			
Taxes	\$ 110,371	\$ -	\$ 110,371
Licenses and Permits	31,977	-	31,977
State Sources	322,372	-	322,372
Interest on Investments	42,187	-	42,187
Franchise Fees	16,844	-	16,844
Fire Department Contributions	-	93,640	93,640
Charges for Services	9,281	-	9,281
Other	20,194	7,791	27,985
Total Revenues	\$ 553,226	\$ 101,431	\$ 654,657
Expenditures			
Current			
General Government	\$ 289,004	\$ -	\$ 289,004
Cemetery Care	28,569	-	28,569
Highway and Streets	22,277	-	22,277
Public Safety	-	179,855	179,855
Community Development	64,392	-	64,392
Parks and Recreation	16,181	-	16,181
Capital Outlay	5,211	95,522	100,733
Total Expenditures	\$ 425,634	\$ 275,377	\$ 701,011
Excess (Deficit) of Revenues over (under) Expenditures			
	\$ 127,592	\$ (173,946)	\$ (46,354)
Other Financing Sources (Uses)			
Operating Transfers In	\$ -	\$ 172,492	\$ 172,492
Operating Transfers Out	(172,492)	-	(172,492)
Total Other Financing Sources (Uses)	\$ (172,492)	\$ 172,492	\$ -
Excess of Revenue and Other Sources Over Expenditures and Other Uses			
	\$ (44,900)	\$ (1,454)	\$ (46,354)
Fund Balance- Beginning of Year	1,245,003	15,771	
Fund Balance- End of Year	<u>\$ 1,200,103</u>	<u>\$ 14,317</u>	

Amounts reported for governmental activities in the statement of activities are different because:

*Governmental funds report capital outlay as expenditures: in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	19,432
Change in Net Assets of Governmental Activities	<u>\$ (26,922)</u>

See accompanying notes to financial statements.

BERRIEN TOWNSHIP**FIDUCIARY FUND – STATEMENT OF NET ASSETS
MARCH 31, 2009****Assets**

Cash and cash equivalents	\$	5,129
Accounts receivable		1,984
Accounts receivable - embezzlement		16,203
Total Assets	\$	<u>23,316</u>

Liabilities

Due to other governmental funds:		
General Fund	\$	9,962
Due to other governmental units		8,854
Due to other		4,500
Total Liabilities	\$	<u>23,316</u>

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Berrien Township (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected seven-member council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria are established under GASB #39 for which organizations is to be included in the reporting entity. See the following criteria and descriptions for the component units reported:

Blended Component Units – A blended component unit is a legally separate entity from the Township, but is so intertwined with the unit that it is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. The Township currently has one blended component unit. The joint Fire Department between Berrien and Pipestone Townships is a blended component unit, and the Fire Department activity is reported as a Special Revenue Fund within Berrien Township's financial statements.

Discretely Presented Component Units – A discretely presented component unit is an entity that is legally separate from the Township, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit's financial statements to be misleading or incomplete. The Eau Claire District Library is a discretely presented component unit of the Township. Activity of the Library is presented in the Government-Wide Statement of Net Assets and Government-Wide Statement of Activities. This information is from the Library's financial statements for the year-ended July 31, 2008, which is the most recent information available. Copies of the Eau Claire District Library's financial statements can be obtained from the Library, located at 6528 East Main Street; Eau Claire, MI 49111.

Jointly Governed Organization – The Township is not part of any jointly governed organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**B. Government-Wide and Fund Financial Statements, Concluded**

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segments; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

C. 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, as are the fiduciary fund financial statements. 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.

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, claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Concluded**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Property Taxes—The Township’s property taxes attach as an enforceable lien on December 1st, on the taxable valuation of property (as defined by State statutes) located in the Township and payable on February 15th of the succeeding year. The Township’s 2008 ad valorem tax is levied and collectible on December 1st, 2008 and is recognized as revenue in the current year when the proceeds of this levy are budgeted and made “available” for the financing of operations. “Available” means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2009 taxable valuation of the Township totaled \$147.5 million, on which ad valorem taxes levied consisted of .7179 mills for the Township’s operating purposes. These amounts are recognized in the General Fund financial statements as taxes receivable-current or as tax revenue.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value and consist of only certificates of deposit greater than 90 days.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**D. Assets, Liabilities, and Net Assets or Equity, Concluded**

Capital Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Township has chosen not to retroactively report any other infrastructure assets and will only report any additions prospectively in accordance with G.A.S.B. #34.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there were no assets under construction and no interest expense to capitalize.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Land Improvements	10 to 20 years
Vehicles	3 to 15 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave)—Employees are allowed to accrue varying amounts of sick leave each year. However, no liability for unused sick leave is accrued as such amounts cannot be reasonably estimated as compensation for future absences are contingent upon absences being caused by future illness. Vacation accruals have not been recorded in the financial statements for those employees who earn and are allowed to accrue and be paid for unused vacation upon termination as these amounts have been determined immaterial.

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. At March 31, 2009 there was a designation for budgeted general fund deficit for the fiscal year ending March 31, 2010 of \$11,296.

Estimates—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental major funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing April 1st and public hearings are conducted to obtain taxpayer comments. After submission, the Township Board formally adopts the budget and any future transfers or amendments must be approved by the Township Board.

The budget document presents information by fund and then its function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1st. Expenditures in excess of the amounts budgeted is violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Townships to amend its budgets during the year. There was one amendment during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Major Budgeted Funds—During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General Government:			
Trustees	\$ 15,966	\$ 16,727	\$ (761)
Supervisor	20,286	21,480	(1,194)
Clerk	22,402	23,596	(1,194)
Treasurer	20,582	21,783	(1,201)
Financial and Office	52,844	77,737	(24,893)

Fund sufficient to provide for the excess expenditures were made available from other functions within the fund, and had no impact on the financial results of the Township.

NOTE 3. DEPOSITS AND INVESTMENTS

At year end, the Township’s deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Total Primary Government	Fiduciary Funds	Component Unit
Cash and cash equivalents	\$ 270,197	\$ 270,197	\$ 5,129	\$ 93,668
Investments	738,245	738,245	-	-
Total	\$ 1,008,442	\$ 1,008,442	\$ 5,129	\$ 93,668

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit
Bank deposits (checking and savings accounts, CDs)	\$ 270,197	\$ 5,129	\$ 93,668
Certificates of deposit > 90 days	738,245	-	-
	\$ 1,008,442	\$ 5,129	\$ 93,668

Custodial Credit Risk-Deposits:

In the case of deposits, this is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. As of March 31, 2009, \$594,702 of the Township’s bank balance, including certificates of deposit, of \$1,285,000 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Township’s name.

Investments:

Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC of FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker’s acceptance of the United States Bank; and 6) Certain mutual funds.

Interest Rate Risk:

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. This is accomplished by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Township’s cash requirements.

Credit Risk:

State law limits investments in commercial paper and corporate bonds to prime or better ratings issued by nationally recognized statistical rating organizations (NRSRO’s). As of March 31, 2009, the Township had no such investments.

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

Concentration of Credit Risk:

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security issuer will be minimized. As of March 31, 2009, the Township had no such investments.

Custodial Credit Risk-Investments:

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the types of securities allowed by law, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. As of March 31, 2009, the Township had no such investments.

Foreign Currency Risk:

The Township is not authorized to invest in investments which have this type of risk.

NOTE 4. RECEIVABLES AND PAYABLES

The Berrien County Road Commission receivable represents an interest-free loan to the Road Commission for Township road improvements. The remaining outstanding balance at March 31, 2009 is \$219,800 which will be repaid at \$50,000 per year though October 1, 2012 with a final \$19,800 payment due on October 1, 2013. The fund balance in the General Fund has been reserved for this amount.

Receivables as of year-end for the Township’s individual major and nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
Taxes Receivable	\$ 7,601	\$ -	\$ 7,601
Accounts	4,017	-	4,017
Less: Allowance for Uncollectible	-	-	-
	<u>\$ 11,618</u>	<u>\$ -</u>	<u>\$ 11,618</u>

Payables as of year-end for the Township’s individual major and nonmajor funds and fiduciary funds, in the aggregate, are as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
Payables:			
Trade	<u>\$ 25,000</u>	<u>\$ 1,336</u>	<u>\$ 26,336</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity of the Township’s governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 70,556	\$ 5,211	\$ -	\$ 75,767
Capital assets being depreciated				
Land improvements	\$ 51,970	\$ -	\$ -	\$ 51,970
Building and building improvements	408,752	-	-	408,752
Equipment	1,012,970	95,522	-	1,108,492
Subtotal	<u>\$1,473,692</u>	<u>\$ 95,522</u>	<u>\$ -</u>	<u>\$1,569,214</u>
Accumulated Depreciation				
Land improvements	\$ 36,422	\$ 1,475	\$ -	\$ 37,897
Building and building improvements	151,360	8,341	-	159,701
Equipment	490,950	71,485	-	562,435
Subtotal	<u>\$ 678,732</u>	<u>\$ 81,301</u>	<u>\$ -</u>	<u>\$ 760,033</u>
Net Capital Assets Being Depreciated	<u>\$ 794,960</u>	<u>\$ 14,221</u>	<u>\$ -</u>	<u>\$ 809,181</u>
Net Capital Assets	<u>\$ 865,516</u>	<u>\$ 19,432</u>	<u>\$ -</u>	<u>\$ 884,948</u>

Depreciation expense was not charged to programs of the primary government. The Township considers its assets to impact multiple activities and allocations are not practical.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit Activities				
Capital assets being depreciated				
Buildings	\$ 505,783	\$ -	\$ -	\$ 505,783
Improvements	55,116	-	-	55,116
Furniture & equipment	250,574	21,435	(6,484)	265,525
Book collection	75,174	23,777	(9,170)	89,781
Subtotal	<u>\$ 886,647</u>	<u>\$ 45,212</u>	<u>\$ (15,654)</u>	<u>\$ 916,205</u>
Accumulated depreciation	<u>383,993</u>	<u>39,828</u>	<u>15,367</u>	<u>408,454</u>
Net Capital Assets	<u>\$ 502,654</u>	<u>\$ 85,040</u>	<u>\$ (287)</u>	<u>\$ 507,751</u>

NOTE 6. RISK MANAGEMENT

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

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue - Fire Fund	General	<u>\$ 172,492</u>

The purpose of the general fund transfer was to support operating activities in the fire fund.

NOTE 8. SCHEDULE OF REVENUES AND EXPENDITURES FOR CONSTRUCTION ENFORCING AGENCIES

The Township charges fees for the inspection of buildings and for electrical permits. These fees charged are not intended to recover the full cost of the enforcing agency and the related revenues and costs are tracked within the general fund. Pursuant to Public Act 245 of 2002, the following schedule shows the breakdown of the related revenues and expenditures.

	<u>For the Period Ended 3/31/2009</u>
Revenues	\$ 31,977
Expenditures	<u>40,634</u>
Deficit of Revenues under Expenditures	<u>\$ (8,657)</u>

REQUIRED SUPPLEMENTAL INFORMATION

BERRIEN TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
MARCH 31, 2009

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance with Amended <u>Budget</u>
Fund Balance- Beginning of Year	\$1,245,003	\$ 1,245,003	\$ 1,245,003	
Available for Appropriation (Inflows)				
Taxes	\$ 98,425	\$ 98,425	\$ 110,371	\$ 11,946
Licenses and Permits	35,500	35,500	31,977	(3,523)
State Sources	313,000	313,000	322,372	9,372
Interest on Investments	41,000	41,000	42,187	1,187
Franchise Fees	14,000	14,000	16,844	2,844
Charges for Services	10,600	10,600	9,281	(1,319)
Other	23,525	23,525	20,194	(3,331)
Streets and Highways	5,000	5,000	-	(5,000)
Total Revenue	<u>\$ 541,050</u>	<u>\$ 541,050</u>	<u>\$ 553,226</u>	
Expenditures				
General Government				
Trustees	\$ 15,889	\$ 15,966	\$ 16,727	(761)
Supervisor	20,281	20,286	21,480	(1,194)
Elections	7,340	7,340	5,977	1,363
Assessor	65,394	66,093	60,658	5,435
Clerk	22,398	22,402	23,596	(1,194)
Board of Review	720	869	869	-
Treasurer	20,483	20,582	21,783	(1,201)
Financial and Office	52,844	52,844	77,737	(24,893)
Township Hall and Grounds	30,405	30,405	13,525	16,880
Building Inspection	41,651	41,650	40,634	1,016
Board of Appeals	970	970	320	650
Planning Commission	6,250	12,000	10,909	1,091
Total General Government	<u>\$ 284,625</u>	<u>\$ 291,407</u>	<u>\$ 294,215</u>	
Cemetery Care	29,418	29,418	28,569	849
Highways and Streets	23,353	23,778	22,277	1,501
Community Development	59,331	64,392	64,392	-
Parks and Recreation	18,771	19,741	16,181	3,560
Transfer Out	197,844	197,844	172,492	25,352
Total Expenditures	<u>\$ 613,342</u>	<u>\$ 626,580</u>	<u>\$ 598,126</u>	
Deficiency of Revenue Under Expenditures	<u>\$ (72,292)</u>	<u>\$ (85,530)</u>	<u>\$ (44,900)</u>	
Fund Balance- End of Year	<u>\$1,172,711</u>	<u>\$ 1,159,473</u>	<u>\$ 1,200,103</u>	

BERRIEN TOWNSHIP**REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
MARCH 31, 2009**

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance with Amended <u>Budget</u>
Fund Balance- Beginning of Year	\$ 15,771	\$ 15,771	\$ 15,771	
Available for Appropriation (Inflows)				
Fire Department Contributions	\$ 107,395	\$ 107,395	\$ 93,640	\$ (13,755)
Miscellaneous	-	-	7,791	7,791
Transfer in	197,844	197,844	172,492	(25,352)
Total Revenue	<u>\$ 305,239</u>	<u>\$ 305,239</u>	<u>\$ 273,923</u>	
Expenditures				
Fire Protection	\$ 303,377	\$ 303,377	\$ 275,377	\$ 28,000
Total Expenditures	<u>\$ 303,377</u>	<u>\$ 303,377</u>	<u>\$ 275,377</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,862</u>	<u>1,862</u>	<u>(1,454)</u>	
Fund Balance- End of Year	<u>\$ 17,633</u>	<u>\$ 17,633</u>	<u>\$ 14,317</u>	



To the Board of Trustees
Berrien Township

In planning and performing our audit of the financial statements of Berrien Township as of and for the year ended March 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Berrien Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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 combination of control deficiencies, that adversely affects the entity'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 entity'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.

The size of the Township's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Trustees remain involved in the financial affairs of the Township to provide oversight and independent review functions, and continue to look at ways to enhance controls with the existing staff.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the Township does understand all information included in the annual financial statements, but obtains assistance in the preparation. Internal controls should be in place to provide reasonable assurance to the Township that management, prepare, monitor, and report annual financial activity without auditor intervention. The effect of this condition places a reliance on the independent auditor to be part of the Township's internal controls over financial reporting. The Township should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

In addition, and also consistent with many other small governmental entities, we have been asked to make material adjusting entries affecting Berrien Township's financial statements.

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

Sincerely,

A handwritten signature in cursive script that reads "Schaffer & Layher".

Schaffer & Layher
September 14, 2009