

NEW BUFFALO TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

June 30, 2009

Paul Hill

**NEW BUFFALO TOWNSHIP
Berrien County, Michigan
June 30, 2009**

TOWNSHIP BOARD

Rosann Dudiak

Supervisor

Paul Oselka

Clerk

Jack Rogers

Treasurer

Peter Rahm

Trustee

Robert Heit

Trustee

NEW BUFFALO TOWNSHIP
Berrien County, Michigan
June 30, 2009

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Berrien County, Michigan
June 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Buffalo Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of New Buffalo Township, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of New Buffalo Township, Michigan'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 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 the 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, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of New Buffalo Township, Michigan, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of New Buffalo Township, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 38 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Buffalo Township, Michigan's basic financial statements. The individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Schaffer & Layher
December 23, 2009

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



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

To the Board of Trustees
New Buffalo Township, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of New Buffalo Township, Michigan, as of and for the year ended June 30, 2009, which collectively comprise New Buffalo Township, Michigan's basic financial statements and have issued our report thereon dated December 23, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Buffalo Township, Michigan'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 New Buffalo Township, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Buffalo Township, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting 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 combination of control deficiencies, that adversely affects New Buffalo Township, Michigan'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 New Buffalo Township, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the New Buffalo Township, Michigan's internal control. We consider the deficiencies described as 2009-1 and 2009-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or 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 New Buffalo Township, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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

To the Board of Trustees
New Buffalo Township, Michigan

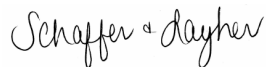
Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Buffalo Township, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of New Buffalo Township, Michigan, in a separate letter dated December 23, 2009.

New Buffalo Township, Michigan's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit New Buffalo Township, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, 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.



Schaffer & Layher
December 23, 2009

Schedule of Findings and Responses

The following findings have been identified as significant deficiencies:

Finding 2009-1

Financial Reporting Process

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.

Management Response

We are aware of this deficiency. However, due to budgetary constraints we have not developed these processes. During fiscal 2010, we will continue to assess the feasibility and cost of contracting with a qualified third-party to improve our internal controls over financial reporting.

Finding 2009-2

Segregation of Duties

The Township lacks an appropriate segregation of incompatible duties with appropriate control objectives. We understand this is primarily due to financial constraints.

Management Response

We are aware of this deficiency; however, given the size of our entity and our available resources, it is difficult to provide for appropriate segregation of incompatible duties for all accounting functions. However, we will evaluate available options to administer limited segregation of duties for key accounting functions given our current resources.

Using this Annual Report

This 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. Fund financial 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 Township's operations in more detail than the government-wide financial statements.

Financial Highlights

The Township's combined net assets increased 8.8% from a year ago—increasing from \$10,707,278 to \$11,654,040. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net assets of \$896,967 during the year, while the business-type activities experienced an increase in net assets of \$49,795.

Overview of the Financial Statements

This report consists of four parts---*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents financial statements for the non-major governmental fund. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Township government, reporting the Township's operations in more detail than the government-wide statements.
 - The *governmental funds statements* tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.
 - *Fiduciary fund statements* provide information about the financial relationships, in which the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required parts of the report, we have included a section with financial statements that provide details about our non-major governmental fund. The following table summarizes the major features of the Township's financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements, Concluded

Major Features of New Buffalo Township's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds) and the Township's Component units.	The activities of the Township that are not proprietary or fiduciary, such as ambulance, building, and liquor.	Activities that the Township operates similar to private businesses: the water and sewer system.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements.	> Statement of net assets >Statement of activities.	> Balance Sheet >Statement of revenues, expenditures, and changes in fund balances.	> Statement of net assets >Statement of revenue, expenses, and changes in net assets. >Statement of cash flows	> Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township’s net assets and how they have changed. Net assets are the difference between the Township’s assets and liabilities, which is one way to measure the Township’s financial health, or position.

- Over time, increases or decreases in the Township’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township’s property tax base and condition of the Township’s infrastructure.

Government-wide Statements, Concluded

The government-wide financial statements of the Township are divided into three categories:

- Governmental activities—Most of the Township's basic services are included here, such as general government, public safety, public works, and recreation and culture.
- Business-type activities—The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system are included here.
- Component units—The Township includes one other entity in its report—the New Buffalo Township Library. Although legally separate, the “component unit” is important because the Township is financially accountable for it.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds—not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law or by bond covenants.
- The Township Board establishes other funds to control and manage money for a particular purpose (i.e. building or liquor sales tax monies) or to show that it is properly using certain taxes and grants (i.e. ambulance monies).

The Township has the following three kinds of funds:

- *Governmental Funds*—Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary Funds*—Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary Funds*—The Township is the trustee, or fiduciary, for its property tax collections. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis of the Township As A Whole

The Township's combined net assets were \$11,654,040. In a condensed format the following table below shows a breakdown of the net assets:

	Governmental Activities	Business-Type Activities	Total	
			June 30, 2009	June 30, 2008
Current assets	\$ 3,156,679	\$ 4,248,403	\$ 7,405,082	\$ 6,054,306
Equity investment	-	4,212,820	4,212,820	4,208,803
Capital assets	639,227	9,404,707	10,043,934	10,067,112
Other assets	-	71,455	71,455	75,631
Total Assets	<u>\$ 3,795,906</u>	<u>\$ 17,937,385</u>	<u>\$ 21,733,291</u>	<u>\$ 20,405,852</u>
Long-term debt outstanding	\$ -	\$ 8,835,691	\$ 8,835,691	\$ 9,231,719
Other liabilities	1,104,560	139,000	1,243,560	466,855
Total Liabilities	<u>\$ 1,104,560</u>	<u>\$ 8,974,691</u>	<u>\$ 10,079,251</u>	<u>\$ 9,698,574</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 639,227	\$ 3,845,592	\$ 4,484,819	\$ 4,208,793
Unrestricted	2,052,119	4,963,664	7,015,783	5,895,319
Restricted for Capital Outlay	-	153,438	153,438	603,166
Total Net Assets	<u>\$ 2,691,346</u>	<u>\$ 8,962,694</u>	<u>\$ 11,654,040</u>	<u>\$ 10,707,278</u>

Current assets increased \$1,350,776 from prior year. This is primarily due to the increase in the receivable due from the Local Revenue Sharing Board of \$1,145,878. Other liabilities increased \$776,705 from prior year. This is primarily the result of an increase of \$533,931 in the amount due to the Pokagon Fund for repayment of loans used to pay for casino related police protection services. Additionally, accounts payable increased by \$103,020 due to costs incurred for work on the Memorial Park project near year-end.

The following table shows the changes of net assets for the years ended June 30, 2009 and 2008.

	Governmental Activities	Business-Type Activities	Total	
			June 30, 2009	June 30, 2008
Program Revenues				
Charges for Services	\$ 269,555	\$ 1,341,185	\$ 1,610,740	\$ 1,787,042
Operating Grants and Contributions	1,273,281	95,445	1,368,726	499,958
General Revenues				
Property Taxes	529,677	-	529,677	487,426
Payments in Lieu of Taxes	70,033	-	70,033	-
State Shared Revenues	139,601	-	139,601	140,125
Tap Fees - Infrastructure	-	153,460	153,460	333,704
Interest and Rentals	111,537	33,233	144,770	182,833
Miscellaneous	41,782	-	41,782	49,252
Special Items	-	4,017	4,017	17,283
Total Revenues	<u>\$ 2,435,466</u>	<u>\$ 1,627,340</u>	<u>\$ 4,062,806</u>	<u>\$ 3,497,623</u>
Program Expenses				
General Government	\$ 792,581	\$ -	\$ 792,581	\$ 647,230
Public Safety	725,161	-	725,161	465,455
Public Works	12,042	-	12,042	16,346
Recreation and Culture	8,715	-	8,715	14,216
Water	-	860,228	860,228	883,873
Sewer	-	717,317	717,317	602,214
Total Expenses	<u>\$ 1,538,499</u>	<u>\$ 1,577,545</u>	<u>\$ 3,116,044</u>	<u>\$ 2,629,334</u>
Change in Net Assets	<u>\$ 896,967</u>	<u>\$ 49,795</u>	<u>\$ 946,762</u>	<u>\$ 868,289</u>

Governmental Activities

The Township's total revenues and expenses for governmental activities increased by \$799,115 and \$395,252, respectively. The revenue increase was primarily due to an increase in Local Revenue Sharing receipts of \$719,442 over prior year. Additionally, Casino payments in lieu of taxes were \$70,033 in the current year. There were no such payments in the prior year. Total expenses increased due to several factors. First, police protection expenses increased \$272,973 from prior year due to the first full year of police coverage. Also, general government expenditures increased by \$143,814.

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Funds. The Township provides water to its residents from New Buffalo Township's water system and sewage treatment through the GRSD Sewer Authority sewage treatment plant. In 2009, total revenues decreased by \$233,932, which related to decreases in both water and sewer revenues. Water revenues decreased \$34,737. Sewer revenues decreased by \$199,195. The decrease in total sewer revenues is primarily due to the decrease of \$180,244 from prior year in funds received from the State of Michigan to fund the MDOT Welcome Center project.

Total business-type activities expenses increased \$91,458 from the prior fiscal year. Water related expenses decreased \$23,645. Sewer related expenses increased \$115,103 primarily due to the increase of \$35,374 in sewer charges paid to the GRSD, an increase in depreciation expense of \$22,062, and an increase in interest expense of \$17,621.

The Township's Funds

Our analysis of the Township's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The Township's major funds for 2009 included the General Fund, Ambulance Fund, Building Fund, Local Revenue Sharing Fund, and the Park Millage Fund.

The General Fund pays for most of the Township's governmental services, including legislative, fire, cemetery, and other services. The most significant services are legislative, assessing equalization, and fire, which had expenditures of \$172,833, \$105,158, and \$84,741, respectively, in 2009. The services are supported by general revenue sources of the General Fund.

General Fund Budgetary Highlights

The Township did not make amendments to the budget during fiscal 2009.

Capital Asset and Debt Administration

At the end of June 30, 2009, the Township had investment in capital assets for its governmental and business-type activities of \$10,043,934 (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, water and sewer lines, and construction in progress. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statement because of Michigan law, which makes these roads the property of the Berrien County Road Commission, along with the responsibility to maintain them. The Township chose not to retroactively report any other infrastructure assets, and will only report any additions prospectively in accordance with G.A.S.B. #34.

In the current year, the Township expended an additional \$65,086 to complete the Wilson Road expansion project and an additional \$177,935 to complete the MDOT Welcome Center project. The Township also expended \$224,241 on the Memorial Park project which is currently recorded as construction in progress at June 30, 2009.

Capital Asset and Debt Administration, Concluded

During fiscal 2009, the Township continued making principal and interest payments on its debt obligations in accordance with their respective payment schedules.

Economic Factors and Next Year's Budgets and Rates

The Township anticipates revenue over expenditures in the governmental funds, and the business-type activity funds will attempt to have positive cash flows.

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 the clerk's office.

The financial report of the discretely presented component unit, New Buffalo Township Library, can be obtained directly from the management of the Library.

**GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2009**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 1,568,995	\$ 1,935,191	\$ 3,504,186	\$ 183,021
Restricted Cash	-	153,438	153,438	-
Total Cash & Equivalents	\$ 1,568,995	\$ 2,088,629	\$ 3,657,624	\$ 183,021
Certificates of deposit > 90 days	63,054	339,077	402,131	-
Special Assessment Receivable, net	-	1,520,811	1,520,811	-
Other Receivables, net	1,479,969	166,369	1,646,338	-
Internal Balances	4,018	133,517	137,535	-
Prepaid Expenses	40,643	-	40,643	-
Noncurrent Assets				
Equity Investment	-	4,212,820	4,212,820	-
Capital Assets, Net	639,227	9,404,707	10,043,934	848,826
Deferred Charges	-	71,455	71,455	-
Total Assets	\$ 3,795,906	\$ 17,937,385	\$ 21,733,291	\$ 1,031,847
Liabilities				
Accounts Payable	\$ 122,340	\$ 59,153	\$ 181,493	\$ 1,135
Deferred Grant Revenue	51,849	-	51,849	-
Accrued Other Liabilities	796,854	75,829	872,683	1,456
Internal Balances	133,517	4,018	137,535	-
Noncurrent Liabilities				
Due Within One Year	-	397,800	397,800	-
Due in More Than One Year	-	8,437,891	8,437,891	-
Total Liabilities	\$ 1,104,560	\$ 8,974,691	\$ 10,079,251	\$ 2,591
Net Assets				
Invested in Capital Assets Net of Related Debt	\$ 639,227	\$ 3,845,592	\$ 4,484,819	\$ 848,826
Unrestricted	2,052,119	4,963,664	7,015,783	13,959
Restricted for Capital Outlay	-	153,438	153,438	166,471
Total Net Assets	\$ 2,691,346	\$ 8,962,694	\$ 11,654,040	\$ 1,029,256

The notes to the financial statements are an integral part of these statements

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>			
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary Government							
<i>Governmental Activities</i>							
General Government	\$ 792,581	\$ 269,555	\$ 78,623	\$ (444,403)		\$ (444,403)	
Public Safety	725,161	-	901,777	176,616		176,616	
Public Works	12,042	-	-	(12,042)		(12,042)	
Recreation and Culture	8,715	-	292,881	284,166		284,166	
Total Governmental Activities	<u>\$ 1,538,499</u>	<u>\$ 269,555</u>	<u>\$ 1,273,281</u>	<u>\$ 4,337</u>		<u>\$ 4,337</u>	
<i>Business-Type Activities</i>							
Water	\$ 860,228	\$ 649,518	\$ 75,180		\$ (135,530)	\$ (135,530)	
Sewer	717,317	691,667	20,265		(5,385)	(5,385)	
Total Business-Type Activities	<u>\$ 1,577,545</u>	<u>\$ 1,341,185</u>	<u>\$ 95,445</u>		<u>\$ (140,915)</u>	<u>\$ (140,915)</u>	
Total Primary Government	<u>\$ 3,116,044</u>	<u>\$ 1,610,740</u>	<u>\$ 1,368,726</u>	<u>\$ 4,337</u>	<u>\$ (140,915)</u>	<u>\$ (136,578)</u>	
Component Units							
New Buffalo Township Library	<u>\$ 288,066</u>	<u>\$ 65,124</u>	<u>\$ 14,462</u>				<u>\$ (208,480)</u>
General Revenues							
Property Taxes				\$ 529,677	\$ -	\$ 529,677	\$ 228,164
Payments in Lieu of Taxes				70,033	-	70,033	-
Tap Fees - Infrastructure				-	153,460	153,460	-
State Shared Revenues				139,601	-	139,601	4,248
Interest and Rentals				111,537	33,233	144,770	19,535
Miscellaneous				41,782	-	41,782	22,010
Special Items - Income from Joint Venture				-	4,017	4,017	-
Total General Revenues and Special Items				<u>\$ 892,630</u>	<u>\$ 190,710</u>	<u>\$ 1,083,340</u>	<u>\$ 273,957</u>
Change in net assets				\$ 896,967	\$ 49,795	\$ 946,762	\$ 65,477
Net Assets-Beginning				1,794,379	8,912,899	10,707,278	963,779
Net Assets-Ending	<u>\$ 2,691,346</u>	<u>\$ 8,962,694</u>	<u>\$ 11,654,040</u>	<u>\$ 8,962,694</u>	<u>\$ 8,962,694</u>	<u>\$ 11,654,040</u>	<u>\$ 1,029,256</u>

The notes to the financial statements are an integral part of these statements

	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Building Fund</u>	<u>Local Revenue Sharing Fund</u>	<u>Park Millage Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets							
Cash and cash equivalents	\$ 594,625	\$ 347,390	\$ 15,255	\$ 170	\$ 601,409	\$ 10,146	\$ 1,568,995
Certificates of deposit > 90 days	22,722	40,332	-	-	-	-	63,054
Receivables, net	11,599	-	3,610	1,406,836	-	-	1,422,045
Due from other governmental funds	109,051	25,828	-	-	16,374	-	151,253
Due from fiduciary funds	57,924	-	-	-	-	-	57,924
Due from proprietary funds	4,018	-	-	-	-	-	4,018
Prepaid expenses	40,643	-	-	-	-	-	40,643
Total Assets	<u>\$ 840,582</u>	<u>\$ 413,550</u>	<u>\$ 18,865</u>	<u>\$ 1,407,006</u>	<u>\$ 617,783</u>	<u>\$ 10,146</u>	<u>\$ 3,307,932</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 20,158	\$ -	\$ 46	\$ -	\$ 102,136	\$ -	\$ 122,340
Deferred grant revenue	-	-	-	-	51,849	-	51,849
Other current liabilities	1,965	-	-	-	-	-	1,965
Due to Pokagon Fund	-	-	-	794,889	-	-	794,889
Due to other governmental funds	-	-	2,596	148,657	-	-	151,253
Due to proprietary funds	38,072	-	-	95,445	-	-	133,517
Total Liabilities	<u>\$ 60,195</u>	<u>\$ -</u>	<u>\$ 2,642</u>	<u>\$ 1,038,991</u>	<u>\$ 153,985</u>	<u>\$ -</u>	<u>\$ 1,255,813</u>
Fund Balances							
Reserved for Prepaid expenses	\$ 40,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,643
Unreserved:							
Designated	30,803	-	-	-	-	-	30,803
Undesignated	708,941	413,550	16,223	368,015	463,798	10,146	1,980,673
Total Fund Balances	<u>\$ 780,387</u>	<u>\$ 413,550</u>	<u>\$ 16,223</u>	<u>\$ 368,015</u>	<u>\$ 463,798</u>	<u>\$ 10,146</u>	<u>\$ 2,052,119</u>
Total Liabilities and Fund Balances	<u>\$ 840,582</u>	<u>\$ 413,550</u>	<u>\$ 18,865</u>	<u>\$ 1,407,006</u>	<u>\$ 617,783</u>	<u>\$ 10,146</u>	

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

Net Assets of Governmental Activities

639,227
\$ 2,691,346

The notes to the financial statements are an integral part of these statements

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2009**

	General Fund	Ambulance Fund	Building Fund	Local Revenue Sharing Fund	Park Millage Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues							
Taxes	\$ 227,721	\$ 184,680	\$ -	\$ -	\$ 117,276	\$ -	\$ 529,677
Payments in Lieu of Taxes	27,831	25,828	-	-	16,374	-	70,033
Service and Tax Administrator Fees	159,146	-	-	-	-	-	159,146
Licenses and Permits	917	-	-	-	-	-	917
State Shared Revenue	139,601	-	-	-	-	-	139,601
Local Revenue Sharing	78,623	-	-	901,777	-	-	980,400
Charges for Services	25,831	-	83,661	-	-	-	109,492
Fines and Forfeits	8,569	-	-	-	-	-	8,569
Grants	68,640	-	-	-	224,241	-	292,881
Interest and Rentals	103,916	1,686	1,041	137	4,757	-	111,537
Other Revenues	27,443	-	97	-	-	5,673	33,213
Total Revenues	\$ 868,238	\$ 212,194	\$ 84,799	\$ 901,914	\$ 362,648	\$ 5,673	\$ 2,435,466
Expenditures							
Current							
General Government	\$ 553,243	\$ -	\$ 175,044	\$ -	\$ -	\$ 5,024	\$ 733,311
Public Safety	84,741	106,489	-	533,931	-	-	725,161
Public Works	12,042	-	-	-	-	-	12,042
Recreation and Culture	2,839	-	-	-	5,876	-	8,715
Capital Outlay	-	-	-	-	224,241	-	224,241
Total Expenditures	\$ 652,865	\$ 106,489	\$ 175,044	\$ 533,931	\$ 230,117	\$ 5,024	\$ 1,703,470
Excess(Deficiency) of Revenues Over(Under) Expenditures	\$ 215,373	\$ 105,705	\$ (90,245)	\$ 367,983	\$ 132,531	\$ 649	\$ 731,996
Other Financing Sources(Uses)							
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess(Deficiency) of Revenues and Other Sources Over(Under) Expenditures and Other Uses	\$ 215,373	\$ 105,705	\$ (90,245)	\$ 367,983	\$ 132,531	\$ 649	\$ 731,996
Fund Balances-June 30, 2008	565,014	307,845	106,468	32	331,267	9,497	1,320,123
Fund Balances-June 30, 2009	\$ 780,387	\$ 413,550	\$ 16,223	\$ 368,015	\$ 463,798	\$ 10,146	\$ 2,052,119

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds **\$ 731,996**

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

Governmental funds report capital outlays as expenditures;
in the statement of activities, these costs are allocated
over their estimated useful lives as depreciation.

Depreciation expense	(59,270)
Capital outlay	<u>224,241</u>

Change in Net Assets of Governmental Activities **\$ 896,967**

**PROPRIETARY FUNDS STATEMENT OF NET ASSETS
June 30, 2009**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 966,236	\$ 968,955	\$ 1,935,191
Restricted Cash	-	153,438	153,438
Total Cash and Equivalents	<u>966,236</u>	<u>1,122,393</u>	<u>2,088,629</u>
Certificates of Deposit > 90 days	60,492	278,585	339,077
Special assessment receivables, net	1,026,236	494,575	1,520,811
Other receivables, net	20,139	146,230	166,369
Due from other governmental funds	113,252	20,265	133,517
Due from other proprietary funds	107,208	-	107,208
Total Current Assets	<u><u>\$ 2,293,563</u></u>	<u><u>\$ 2,062,048</u></u>	<u><u>\$ 4,355,611</u></u>
Noncurrent Assets			
Equity Investment	\$ -	\$ 4,212,820	\$ 4,212,820
Capital Assets	6,127,063	3,277,644	9,404,707
Deferred Charges	53,714	17,741	71,455
Total Noncurrent Assets	<u><u>\$ 6,180,777</u></u>	<u><u>\$ 7,508,205</u></u>	<u><u>\$ 13,688,982</u></u>
Total Assets	<u><u>\$ 8,474,340</u></u>	<u><u>\$ 9,570,253</u></u>	<u><u>\$ 18,044,593</u></u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 20,684	\$ 38,469	\$ 59,153
Accrued interest	43,892	28,337	72,229
Deferred revenue	3,600	-	3,600
Due to other governmental funds	1,692	2,326	4,018
Due to other proprietary funds	-	107,208	107,208
Current portion of noncurrent liabilities	216,300	181,500	397,800
Total Current Liabilities	<u><u>\$ 286,168</u></u>	<u><u>\$ 357,840</u></u>	<u><u>\$ 644,008</u></u>
Noncurrent Liabilities			
Bonds payable, less current portion	<u>4,436,034</u>	<u>4,001,857</u>	<u>8,437,891</u>
Total Liabilities	<u><u>\$ 4,722,202</u></u>	<u><u>\$ 4,359,697</u></u>	<u><u>\$ 9,081,899</u></u>
Net Assets			
Invested in Capital Assets-Net of related debt	\$ 1,474,729	\$ 2,370,863	\$ 3,845,592
Unrestricted	2,277,409	2,686,255	4,963,664
Restricted for Capital Outlay	-	153,438	153,438
Total Net Assets	<u><u>\$ 3,752,138</u></u>	<u><u>\$ 5,210,556</u></u>	<u><u>\$ 8,962,694</u></u>

The notes to the financial statements are an integral part of these statements

NEW BUFFALO TOWNSHIP**PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009**

	Water Fund	Sewer Fund	Total Proprietary Funds
Operating Revenues			
Water Sales	\$ 443,959	\$ -	\$ 443,959
Sewage Disposal Services	-	594,052	594,052
Penalties and Interest Charges	107,609	45,275	152,884
Installation and Other Miscellaneous Charges	97,950	52,340	150,290
Total Operating Revenues	<u>\$ 649,518</u>	<u>\$ 691,667</u>	<u>\$ 1,341,185</u>
Operating Expenses			
Personnel Services	\$ 81,751	\$ 12,353	\$ 94,104
Water Purchases	157,810	-	157,810
Contractual Services	20,000	297,175	317,175
Repairs and Maintenance	14,797	9,828	24,625
Other Supplies and Expenses	113,123	57,160	170,283
Depreciation	263,102	168,068	431,170
Total Operating Expenses	<u>\$ 650,583</u>	<u>\$ 544,584</u>	<u>\$ 1,195,167</u>
Operating Income (Loss)	<u>\$ (1,065)</u>	<u>\$ 147,083</u>	<u>\$ 146,018</u>
Nonoperating Revenues(Expenses)			
Tap Fees - Infrastructure	\$ -	\$ 153,460	\$ 153,460
Local Revenue Sharing	75,180	20,265	95,445
Interest and Investment Revenue	14,937	18,296	33,233
Gain from Joint Venture	-	4,017	4,017
Interest Expense	(209,645)	(172,733)	(382,378)
Total Nonoperating Revenues(Expenses)	<u>\$ (119,528)</u>	<u>\$ 23,305</u>	<u>\$ (96,223)</u>
Change in Net Assets	\$ (120,593)	\$ 170,388	\$ 49,795
Total Net Assets-Beginning	<u>3,872,731</u>	<u>5,040,168</u>	<u>8,912,899</u>
Total Nets Assets-Ending	<u><u>\$ 3,752,138</u></u>	<u><u>\$ 5,210,556</u></u>	<u><u>\$ 8,962,694</u></u>

The notes to the financial statements are an integral part of these statements

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

	Proprietary Funds
Cash Flows From Operating Activities	
Receipts from Customers	\$ 1,373,770
Payments to Suppliers	(664,991)
Payments to Employees	(96,828)
Net Cash Provided by Operating Activities	\$ 611,951
Cash Flows From Capital and Related Financing Activities	
Purchases of Capital Assets	\$ (243,021)
Tap Fees - Infrastructure Proceeds	153,460
Principal paid on Capital Debt	(402,824)
Interest paid on Capital Debt	(380,190)
Net Cash Used by Capital and Related Financing Activities	\$ (872,575)
Cash Flow From Investing Activities	
Interest received	\$ 33,233
Net change in certificates of deposit	(1,371)
Special assessment payments received	246,748
Net Cash Provided by Investing Activities	\$ 278,610
Net Increase in Cash and Cash Equivalents	\$ 17,986
Cash and Cash Equivalents-Beginning	\$ 2,070,643
Cash and Cash Equivalents-Ending	\$ 2,088,629
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 146,018
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	431,170
Change in Assets and Liabilities	
Trade receivables, net	32,585
Due from other governments	-
Due from fiduciary funds	-
Deferred charges	4,839
Accounts Payable	63
Due from other governmental funds	(2,724)
Deferred revenue	-
Net Cash Provided by Operating Activities	\$ 611,951

The notes to the financial statements are an integral part of these statements

**FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
June 30, 2009**

	Agency Funds		
	Property Tax Collection Fund	Trust & Agency Fund	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 57,322	\$ 14,826	\$ 72,148
Liabilities			
Due to other governmental funds	\$ 57,322	\$ 602	\$ 57,924
Other Accruals	-	14,224	14,224
Total Liabilities	\$ 57,322	\$ 14,826	\$ 72,148

The notes to the financial statements are an integral part of these statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the New Buffalo 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 five-member council (the “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 are 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 is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. There were no such units at June 30, 2009.

Discretely Presented Component Units—The following component units are reported within the “component units” column in the government-wide financial statements. The 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.

New Buffalo Township Library (the “Library”)—The Library, which was established under P.A. 164 of 1877 as amended, is governed by a five member board selected by public ballot. Monies received are deposited in the local unit treasury to the credit of the Library Fund. A millage is assessed and collected in the same manner as other township taxes. Complete financial statements as of December 31, 2008 may be obtained directly from the Library at the following address:

New Buffalo Township Library
33 North Thompson
New Buffalo, MI 49117

Jointly Governed Organization—Cemetery Board—The Township, along with the City of New Buffalo (the “City”), has entered into an agreement which created a joint Cemetery Board (the “Board”) for the operation, care, and control of certain lands jointly used for the Pine Grove Cemetery.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**A. Reporting Entity, concluded**

The Board is comprised of five (5) members; two (2) appointed by the City's Council and two (2) by the Township's Board and the last member, the Chairperson, appointed by the other four (4) members from the elector-at-large. The Township provides, by appropriation, 50% of the total amount requested by the Board for operating the Pine Grove Cemetery. The Township's contribution for 2009 was \$24,000. The budget is submitted annually by the Board and approved by the City and Township.

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Cemetery Board are not included within the body of the financial statements of the Township. Financial statements are available from the Board, with the following audited summary financial information on the Board as of June 30, 2003. Audited financial statements for subsequent years are unavailable.

Total Assets	\$ 6,331
Total Liabilities	452
Total Net Assets	5,879
Total Revenues	48,443
Total Expenditures	58,638
Decrease in Net Assets	(10,195)

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.

The statement of activities demonstrates the degree to which the 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 segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 proprietary fund and 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, debt service expenditures, expenditures relating to compensated absences, and 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 so 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.

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 15 of the succeeding year.

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

The Township's 2008 ad valorem tax is levied and collectible on December 1, 2008 and it 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 2008 taxable valuation of the Township totaled \$484.1 million, on which ad valorem taxes levied which consisted of .4125 mills for the Township's operating purposes, .3825 mills for ambulance services, and .2430 for the Park Fund. These amounts are recognized in the respective General and Special Revenue Funds' financial statements as taxes receivable—current or as tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Ambulance Fund accounts for taxes levied and related expenditures used for ambulance service in the Township.

The Building Fund accounts for revenues generated (i.e. building, electrical and mechanical permit fees) and related expenditures related to the inspection and monitoring of building activity in the Township.

The Local Revenue Sharing Fund accounts for shared gaming revenues collected from the Local Revenue Sharing Board and related expenditures related to the casino located within the Township.

The Park Millage Fund accounts for taxes levied and related expenditures for the construction and maintenance of the Township's parks.

The Township reports the following major proprietary funds:

The Water Fund and Sewer Fund account for the activities of the water distribution system and sewage collection system.

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

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

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

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.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments—Cash and cash equivalents are considered to be 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

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

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—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.

Prepaid Items—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.

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 or business-type 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 \$5,000 and an estimated useful life in excess of two years. 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.

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
Water and Sewer Lines	50 to 75 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

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

Compensated Absences (Vacation and Sick Leave)—It is the Township’s policy to permit employees to accumulate earned but not unused sick and vacation pay benefits. There is no liability for unpaid accumulated vacation and sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

Long-Term Obligations—In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

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 for all governmental funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing July 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.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

The budget document presents information by fund 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 July 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 were no amendments 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>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General Government-Legislative	\$ 117,100	\$ 172,833	\$ (55,733)
General Government-Elections	6,300	7,720	(1,420)
General Government-Assessing Equalization	46,914	105,158	(58,244)
General Government-Board of Review	1,500	1,587	(87)
General Government-Treasurer	63,026	63,898	(872)
General Government-Building and Grounds	37,100	52,706	(15,606)
General Government-Cemetery	24,000	25,406	(1,406)
General Government-Planning Commission	10,800	27,791	(16,991)
General Government - All Other General Government	6,500	6,576	(76)
Building Fund			
General Government	\$ 158,608	\$ 175,044	\$ (16,436)
Local Revenue Sharing Fund			
Public Safety	\$ 450,000	\$ 533,931	\$ (83,931)
Park Millage Fund			
Capital Outlay	\$ -	\$ 224,241	\$ (224,241)

Funds 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

Fund Deficits—The Township has no accumulated fund balance/retained earning deficits in their reported funds.

NOTE 3. DEPOSITS AND INVESTMENTS

At June 30, 2009, the Township’s deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents	\$ 1,568,995	\$ 2,088,629	\$ 3,657,624	\$ 72,148	\$ 183,021
Certificates of Deposit > 90 days	63,054	339,077	402,131	-	-
Total	\$ 1,632,049	\$ 2,427,706	\$ 4,059,755	\$ 72,148	\$ 183,021

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank Deposits (checking and savings accounts)	\$ 3,656,924	\$ 72,148	\$ 183,021
Certificates of Deposit > 90 days	402,131	-	-
Petty Cash and Cash on Hand	700	-	-
	\$ 4,059,755	\$ 72,148	\$ 183,021

Deposits. All cash of the Township is on deposit with financial institutions which provide FDIC insurance coverage or in highly liquid pooled money funds.

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. The Township maintains cash balances primarily using sweep accounts to invest idle cash in U.S. Government backed securities. Non-sweep accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2009, \$940,493 of the Township’s non-sweep account bank deposit balance of \$1,779,594 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Township’s name. As of June 30, 2009, the Township had sweep account balances totaling \$2,469,347 that were invested in U.S. Government backed securities. With regard to New Buffalo Township Library, a component unit of the Township, all of the Library’s bank balances of were fully insured by the FDIC.

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 and 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. The Township has put further restrictions on those investments through its current policy, and the following investment is permitted by law and policy.

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

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, 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 mutual 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 a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2009, the Township had no investment.

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 or issuer will be minimized. As of June 30, 2009, the Township had no investment.

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 June 30, 2009, the Township had no investments.

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

NOTE 4. RECEIVABLES

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>	Water and <u>Sewer</u>	Other-Major <u>Funds</u>	<u>Total</u>
Trade Receivables	\$ 5,230	\$ 166,369	\$ 3,610	\$ 175,209
Due from Local Revenue Sharing Board	-	-	1,406,836	1,406,836
Special Assessments	-	1,520,811	-	1,520,811
Intergovernmental	286	-	-	286
Other	6,083	-	-	6,083
Less: Allowance for Uncollectible	-	-	-	-
Net Receivables	<u>\$ 11,599</u>	<u>\$ 1,687,180</u>	<u>\$ 1,410,446</u>	<u>\$ 3,109,225</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 44,674	\$ -	\$ -	\$ 44,674
Construction in progress	-	224,241	-	224,241
	<u>\$ 44,674</u>	<u>\$ 224,241</u>	<u>\$ -</u>	<u>\$ 268,915</u>
Capital assets being depreciated				
Land improvements	\$ 96,469	\$ -	\$ -	\$ 96,469
Building improvements	253,031	-	-	253,031
Equipment	856,207	-	-	856,207
Subtotal	<u>\$ 1,205,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,707</u>
Less: Accumulated depreciation	<u>(776,125)</u>	<u>(59,270)</u>	<u>-</u>	<u>(835,395)</u>
Net capital assets being depreciated	<u>\$ 429,582</u>	<u>\$ (59,270)</u>	<u>\$ -</u>	<u>\$ 370,312</u>
Net capital assets	<u>\$ 474,256</u>	<u>\$ 164,971</u>	<u>\$ -</u>	<u>\$ 639,227</u>

NOTE 5. CAPITAL ASSETS, CONCLUDED

Depreciation expense was charged to programs of the primary government as follows:
Governmental Activities;

General Government	\$59,270			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 15,920	\$ -	\$ -	\$ 15,920
Construction in progress	655,611	-	(655,611)	-
	<u>\$ 671,531</u>	<u>\$ -</u>	<u>\$ (655,611)</u>	<u>\$ 15,920</u>
Capital assets being depreciated				
Infrastructure	\$ 13,217,493	\$ 898,632	\$ -	\$ 14,116,125
Equipment	69,248	-	-	69,248
Subtotal	<u>\$ 13,286,741</u>	<u>\$ 898,632</u>	<u>\$ -</u>	<u>\$ 14,185,373</u>
Less: Accumulated depreciation	<u>(4,365,416)</u>	<u>(431,170)</u>	<u>-</u>	<u>(4,796,586)</u>
Net capital assets being depreciated	<u>\$ 8,921,325</u>	<u>\$ 467,462</u>	<u>\$ -</u>	<u>\$ 9,388,787</u>
Net capital assets	<u><u>\$ 9,592,856</u></u>	<u><u>\$ 467,462</u></u>	<u><u>\$ (655,611)</u></u>	<u><u>\$ 9,404,707</u></u>

Depreciation was charged to programs for the business-type activities as follows:

Water	\$ 263,102
Sewer	168,068
	<u>\$ 431,170</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Component Unit Activities</i>				
Capital assets not being depreciated				
Land	\$ 322,817	\$ -	\$ -	\$ 322,817
Capital assets being depreciated				
Buildings and improvements	\$ 470,367	\$ 2,610	\$ -	\$ 472,977
Furniture and fixtures	178,268	18,882	(9,306)	187,844
Office and library equipment	484,237	32,172	(17,263)	499,146
Subtotal	<u>\$ 1,132,872</u>	<u>\$ 53,664</u>	<u>\$ (26,569)</u>	<u>\$ 1,159,967</u>
Less: Accumulated depreciation	<u>(596,321)</u>	<u>(57,604)</u>	<u>19,967</u>	<u>(633,958)</u>
Net capital assets being depreciated	<u>\$ 536,551</u>	<u>\$ (3,940)</u>	<u>\$ (6,602)</u>	<u>\$ 526,009</u>
Net capital assets	<u><u>\$ 859,368</u></u>	<u><u>\$ (3,940)</u></u>	<u><u>\$ (6,602)</u></u>	<u><u>\$ 848,826</u></u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances and transfers is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Building	\$ 2,596
	Local Revenue Sharing	106,455
	Property Tax Collection	57,322
	Trust & Agency	602
	Water	1,692
	Sewer	2,326
Ambulance	Local Revenue Sharing	25,828
Park Millage	Local Revenue Sharing	16,374
Water	General	38,072
	Local Revenue Sharing	75,180
	Sewer	107,208
Sewer	Local Revenue Sharing	20,265
Total		<u><u>\$ 453,920</u></u>

There were no inter-fund transfers during fiscal 2009.

NOTE 7. DESIGNATED NET ASSETS

The Township had the following designated net assets:

Governmental Activities:	
Fire Reserve	\$ 8,081
Park I-Water	7,014
Park II-Equipment	2,041
Park III-Land	13,667
	<u><u>\$ 30,803</u></u>

NOTE 8. LONG TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities							
<i>General Obligation Bonds</i>							
2006 General Obligation Limited Tax Bonds, Series A	4.20%	5/1/2021	\$ 390,000	\$ -	\$ (25,000)	\$ 365,000	\$ 25,000
2007 General Obligation Limited Tax Bonds	4.00 to 4.20%	5/1/2032	2,600,000	-	-	2,600,000	65,000
2007 Series B General Obligation Limited Tax Bonds	3.50 to 4.40%	11/1/2027	535,538	-	(16,500)	519,038	16,500
<i>Revenue Bonds</i>							
1998 Series A Special Assessment Bond	4.25 to 5.80%	3/1/2018	83,200	-	(9,600)	73,600	9,600
1998 Series B Special Assessment Bond	4.25 to 5.00%	3/1/2019	69,000	-	(9,200)	59,800	9,200
1999 Special Assessment Bond	4.29 to 5.50%	3/1/2013	160,000	-	(95,000)	65,000	15,000
2000 Special Assessment Bond	4.75 to 5.40%	3/1/2015	370,000	-	(60,000)	310,000	55,000
2004 Special Assessment Bond, Series A-Federal loan	4.25%	9/1/2044	393,500	-	(5,000)	388,500	5,000
2004 Special Assessment Bond, Series B-Federal loan	4.75%	9/1/2044	77,500	-	(1,000)	76,500	1,000
2005 Capital Improvement Bonds	2.50 to 4.65%	3/1/2020	235,000	-	(15,000)	220,000	15,000
Unamortized Discounts			(27,512)	-	2,408	(25,104)	(2,408)
Subtotal Water Fund			\$ 4,886,226	\$ -	\$ (233,892)	\$ 4,652,334	\$ 213,892

NOTE 8. LONG TERM DEBT, CONCLUDED

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>General Obligation Bonds</i>							
2003 GRSD Sewer Authority Bonds	2.00 to 4.70%	6/30/2029	\$ 3,013,400	\$ -	\$ (96,824)	\$ 2,916,576	\$ 98,800
2005 General Obligation Limited Tax Bonds, Series B	3.30 to 4.60%	5/1/2021	350,000	-	(25,000)	325,000	25,000
2007 Series B General Obligation Limited Tax Bonds	3.50 to 4.40%	11/1/2027	439,462	-	(13,500)	425,962	13,500
2007 GRSD Sewer Authority Bond	4.00%	5/31/2027	360,000	-	-	360,000	13,000
<i>Revenue Bonds</i>							
1998 Series A Special Assessment Bond	4.25 to 5.80%	3/1/2018	176,800	-	(20,400)	156,400	20,400
1998 Series B Special Assessment Bond	4.25 to 5.00%	3/1/2019	81,000	-	(10,800)	70,200	10,800
Unamortized Discounts			(74,506)	-	3,725	(70,781)	(3,725)
Subtotal Sewer Fund			<u>\$ 4,346,156</u>	<u>\$ -</u>	<u>\$ (162,799)</u>	<u>\$ 4,183,357</u>	<u>\$ 177,775</u>
Total Business-Type Activities			<u>\$ 9,232,382</u>	<u>\$ -</u>	<u>\$ (396,691)</u>	<u>\$ 8,835,691</u>	<u>\$ 391,667</u>

Interest expense was charged to programs for the business-type activities as follow:

Water	\$ 209,645
Sewer	<u>172,733</u>
	<u>\$ 382,378</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ended June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ -	\$ -	\$ 397,800	\$ 328,047
2011	-	-	411,752	318,435
2012	-	-	416,704	307,786
2013	-	-	415,656	296,556
2014	-	-	426,608	284,367
2015-2019	-	-	2,034,272	1,282,509
2020-2024	-	-	1,915,568	784,022
2025-2029	-	-	2,112,216	409,456
2030-2034	-	-	580,000	97,720
2035-2039	-	-	89,000	36,718
2040-2044	-	-	107,000	15,018
2045	-	-	25,000	-
Unamortized Discount	-	-	(95,885)	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,835,691</u>	<u>\$ 4,160,634</u>

NOTE 9. EQUITY INVESTMENT (PROPRIETARY FUND)

The Township participates with Chikaming and Lake Charter Townships, and the Cities of New Buffalo and Bridgman (admitted under 2000 agreement) in a joint venture investment known as the GRSD Sewer Authority (the "Authority"). The Authority provides sewage treatment and collection facilities for the residents of those municipalities.

The Authority is governed by a joint board of six members consisting of one member from each of the participating municipalities appointed by their respective governing bodies, and the sixth member appointed by the other five.

On dissolution of the Authority, net assets will be shared on a pro-rata basis as follows:

New Buffalo Township	16.60%
Chikaming Township	28.60%
Lake Charter Township	16.60%
City of New Buffalo	21.60%
City of Bridgman	16.60%
	<u>100.00%</u>

The Township has accounted for this investment using the equity method. Financial statements are available from the Authority, with the following audited summary financial information on the GRSD Authority as of and for the year ended December 31, 2008, with a report thereto dated May 22, 2009:

Assets	\$ 17,350,490
Liabilities	115,222
Net Assets	17,235,268
Operating Revenues	2,248,954
Operating Expenses	2,172,347
Nonoperating Expense	52,411
Net Earnings	24,196

The Township's net investment and share of the operating results of the Authority are reported in the Sewer Fund. The Township's equity investment was \$4,212,820 as of June 30, 2009.

NOTE 10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township carries insurance for these risks. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Certain claims, suits, and complaints arising in the ordinary course of business have been filed, appealed, or are pending against the Township.

In the opinion of management and legal counsel, all such matters are covered by insurance or if not so covered, are without merit and, in any event, their ultimate resolution will not have a material effect on the Township's financial position or operations.

NOTE 12. LEASES

Operating Leases—The Township leases a postage meter under a non-cancelable operating lease. Total costs for the leases was \$1,272 in the current year. The future minimum lease payments for these leases are as follows:

2010	\$	1,272
2011		106
	\$	<u>1,378</u>

REQUIRED SUPPLEMENTAL INFORMATION

NEW BUFFALO TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
June 30, 2009**

	Original and Final Budget	Actual	Variance
	\$ 565,014	\$ 565,014	\$ -
Beginning of Year Fund Balance			
Resources(Inflows)			
Taxes	\$ 204,300	\$ 227,721	\$ 23,421
Payment in lieu of taxes	15,000	27,831	12,831
Service and tax administrator fees	152,000	159,146	7,146
Licenses and Permits	2,532	917	(1,615)
State Shared Revenue	139,000	139,601	601
Grants	-	68,640	68,640
Charges for Services	24,050	25,831	1,781
Fines and Forfeits	100	8,569	8,469
Interest and Rentals	86,300	103,916	17,616
Local revenue sharing	-	78,623	78,623
Other Revenues	24,500	27,443	2,943
Transfers In	-	-	-
Amounts Available for Appropriation	<u>\$ 647,782</u>	<u>\$ 868,238</u>	<u>\$ 220,456</u>
Charges to Appropriations(Outflows)			
General Government			
Legislative	\$ 117,100	\$ 172,833	\$ (55,733)
Supervisor	20,200	19,763	437
Elections	6,300	7,720	(1,420)
Assessing Equalization	46,914	105,158	(58,244)
Clerk	51,526	38,975	12,551
Board of Review	1,500	1,587	(87)
Treasurer	63,026	63,898	(872)
Building and grounds	37,100	52,706	(15,606)
Cemetery	24,000	25,406	(1,406)
Planning Commission	10,800	27,791	(16,991)
Zoning Board	54,800	30,830	23,970
All other general government	6,500	6,576	(76)
Public Safety			
Fire	106,000	84,741	21,259
Public Works			
Public works, streets, highways, and lights	21,700	12,042	9,658
Recreation and Culture			
Parks and recreation	4,600	2,839	1,761
Debt Service	-	-	-
Capital Outlay	-	-	-
Total Charges to Appropriations	<u>\$ 572,066</u>	<u>\$ 652,865</u>	<u>\$ (80,799)</u>
End of Year Fund Balance	<u>\$ 640,730</u>	<u>\$ 780,387</u>	<u>\$ 139,657</u>

NEW BUFFALO TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE-AMBULANCE FUND
June 30, 2009**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning of Year Fund Balance	<u>\$ 307,845</u>	<u>\$ 307,845</u>	<u>\$ -</u>
Resources(Inflows)			
Taxes	\$ 186,000	\$ 184,680	\$ (1,320)
Payment in Lieu of Taxes	-	25,828	25,828
Interest & Rentals	3,200	1,686	(1,514)
Amounts Available for Appropriation	<u>\$ 189,200</u>	<u>\$ 212,194</u>	<u>\$ 22,994</u>
Charges to Appropriations(Outflows)			
Public Safety	<u>\$ 110,700</u>	<u>\$ 106,489</u>	<u>\$ 4,211</u>
Total Charges to Appropriations	<u>\$ 110,700</u>	<u>\$ 106,489</u>	<u>\$ 4,211</u>
End of Year Fund Balance	<u><u>\$ 386,345</u></u>	<u><u>\$ 413,550</u></u>	<u><u>\$ 27,205</u></u>

**BUDGETARY COMPARISON SCHEDULE-BUILDING FUND
June 30, 2009**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning of Year Fund Balance	\$ 106,468	\$ 106,468	\$ -
Resources(Inflows)			
Charges for Services	\$ 150,100	\$ 83,661	\$ (66,439)
Interest and Rentals	2,000	1,041	(959)
Other Revenues	-	97	97
Amounts Available for Appropriation	<u>\$ 152,100</u>	<u>\$ 84,799</u>	<u>\$ (67,301)</u>
Charges to Appropriations(Outflows)			
General Government	\$ 158,608	\$ 175,044	\$ (16,436)
Total Charges to Appropriations	<u>\$ 158,608</u>	<u>\$ 175,044</u>	<u>\$ (16,436)</u>
End of Year Fund Balance	<u>\$ 99,960</u>	<u>\$ 16,223</u>	<u>\$ (83,737)</u>

NEW BUFFALO TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE-PARK MILLAGE FUND
June 30, 2009**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning of Year Fund Balance	\$ 331,267	\$ 331,267	\$ -
Resources(Inflows)			
Taxes	\$ 118,000	\$ 117,276	\$ (724)
Payments in lieu of taxes	-	16,374	16,374
Interest & Rentals	-	4,757	4,757
Grants	-	224,241	224,241
Other Revenue	-	-	-
Amounts Available for Appropriation	<u>\$ 118,000</u>	<u>\$ 362,648</u>	<u>\$ 244,648</u>
Charges to Appropriations(Outflows)			
Recreation and Culture	\$ 118,000	\$ 5,876	\$ 112,124
Capital Outlay	-	224,241	(224,241)
Transfers Out	-	-	-
Total Charges to Appropriations	<u>\$ 118,000</u>	<u>\$ 230,117</u>	<u>\$ (112,117)</u>
End of Year Fund Balance	<u><u>\$ 331,267</u></u>	<u><u>\$ 463,798</u></u>	<u><u>\$ 132,531</u></u>

NEW BUFFALO TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE-LOCAL REVENUE SHARING BOARD
June 30, 2009**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Beginning of Year Fund Balance	\$ 32	\$ 32	\$ -
Resources(Inflows)			
Local Revenue Sharing	450,000	901,777	451,777
Interest and Rentals	-	137	137
Amounts Available for Appropriation	<u>\$ 450,000</u>	<u>\$ 901,914</u>	<u>\$ 451,914</u>
Charges to Appropriations(Outflows)			
Public Safety	\$ 450,000	\$ 533,931	\$ (83,931)
Total Charges to Appropriations	<u>\$ 450,000</u>	<u>\$ 533,931</u>	<u>\$ (83,931)</u>
End of Year Fund Balance	<u>\$ 32</u>	<u>\$ 368,015</u>	<u>\$ 367,983</u>

OTHER SUPPLEMENTAL INFORMATION

**BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUND
June 30, 2009**

	<u>Liquor Fund</u>
Assets	
Cash and Cash Equivalents	<u>\$ 10,146</u>
Liabilities and Fund Balance	
Liabilities	<u>\$ -</u>
Fund Balance	
Unreserved:	
Undesignated	<u>10,146</u>
Total Fund Balance	<u>\$ 10,146</u>
 Total Liabilities and Fund Balance	 <u>\$ 10,146</u>

NEW BUFFALO TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUND
For the Year Ended June 30, 2009**

	<u>Liquor Fund</u>
Revenues	
State Shared Revenue	\$ 5,673
Expenditures	
Current	
General Government	<u>5,024</u>
Excess of Revenues Over Expenditures	\$ 649
Fund Balance-July 1, 2008	<u>9,497</u>
Fund Balance-June 30, 2009	<u><u>\$ 10,146</u></u>



December 23, 2009

To the Board of Trustees
New Buffalo Township, Michigan

In planning and performing our audit of the financial statements of New Buffalo Township (“Township”) for the year ended June 30, 2009, we considered the Township’s internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving the internal control structure and its operation that we consider opportunities for strengthening internal controls and operating efficiency.

CURRENT YEAR RECOMMENDATION:

Water and Sewer Accounts Receivable

During our review of the Township’s water and sewer usage billing/collection and accounts receivable reconciliation processes, we noted that certain miscellaneous adjustments made to the Township’s subsidiary accounts receivable ledgers are not always posted timely to the general ledger. Although, these differences are identified in the accounts receivable reconciliation processes, it results in additional time incurred to identify the source of the discrepancies. We recommend the Township develop a formal process for ensuring all adjustments made to the underlying subsidiary ledger detail are appropriately reflected in the general ledger in a timelier manner.

PRIOR YEAR RECOMMENDATION:

The Township is continuing to formalize an effective process to address the “Water and Sewer Accounts Receivable” recommendation noted above.

We would be happy to discuss the recommendation with you at your convenience. We would also like to express our appreciation for the courtesy and cooperation extended to us during the engagement.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the Township.

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

Schaffer & Layher
St. Joseph, Michigan

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