

ORONOKO CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature		Printed Name		License Number

**ORONOKO CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN**

FINANCIAL REPORT

December 31, 2007

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ORONOKO CHARTER TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oronoko Charter Township's (the "Township") financial performance for the year ended December 31, 2007. Please read it in conjunction with financial statements following this section.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the fiscal year by \$5,739,873 (net assets). Of this amount, \$3,076,120 (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,989,648, an increase of \$438,674 in comparison with the prior year. Approximately 100% of the total amount, \$1,989,648 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$1,542,163.
- The Township's total debt fell to \$130,117 a decrease of \$53,467 (29%) during the current fiscal year, with no new debt acquired during the year.

Overview of the Financial Statements

The discussion and analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statement's focus is on both the Township as a whole (government-wide) and on the major individual funds. Both perspectives allow users to address relevant questions, broaden a basis for comparison and enhance the Township's accountability. This report also contains supplementary information in addition to the basic financial statements which further explains and supports the information presented in these statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The Statement of Net Assets and the Statement of Activities are two financial statements that should help answer the question: Is the Township, as a whole, better off or worse off as a result of this year's activities? These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Township also has the Police Fund as a major fund. The Improvement Fund, Debt Retirement Fund, and Street Lighting Fund are

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

considered to be non-major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$5,739,873 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (47 percent) reflects its investment in capital assets (e.g., land, buildings, water and sewer systems, and equipment) less any related debt used to acquire or construct these assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Oronoko Township's Net Assets

	Governmental Activities	
	Current Year	Prior Year
	<u>Total</u>	<u>Total</u>
Current and other assets	\$ 3,131,770	\$ 1,777,988
Capital assets	<u>2,814,430</u>	<u>2,679,808</u>
Total Assets	<u>5,946,200</u>	<u>4,457,796</u>
Long-term liabilities	91,054	130,117
Other liabilities	<u>115,273</u>	<u>67,279</u>
Total liabilities	<u>206,327</u>	<u>197,396</u>
Net assets:		
Invested in capital assets, net of related debt	2,663,753	2,496,224
Restricted	0	0
Unrestricted	<u>3,076,120</u>	<u>1,764,176</u>
Total net assets	<u>\$ 5,739,873</u>	<u>\$ 4,260,400</u>

The unrestricted net assets \$3,076,120 may be used to meet the Township's ongoing obligations to citizens and creditors.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Oronoko Township's Change in Net Assets

	Governmental Activities	
	Current Year	Prior Year
	<u>Total</u>	<u>Total</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 202,415	\$ 194,471
Operating Grants	2,614	0
Capital Grants	14,594	165,203
General Revenues:		
General taxes	177,805	166,042
Taxes restricted for public safety	865,802	0
Taxes restricted for debt service	38,834	43,297
State of Michigan aid, unrestricted	589,693	597,595
Special assessments	1,900	1,900
Interest and investment earnings	111,742	63,571
Other	38,831	515
Gain (loss) on sale of fixed assets	3,473	28,831
Special item-police contribution	<u>1,143,620</u>	<u>0</u>
Total Revenues	<u>3,191,323</u>	<u>1,261,425</u>
Expenses:		
General government	533,410	535,145
Public safety	1,020,319	408,336
Public works	93,166	76,880
Community and economic development	6,910	12,151
Recreation and culture	50,093	43,810
Interest on long-term debt	<u>7,952</u>	<u>14,407</u>
Total Expenses	<u>1,711,850</u>	<u>1,090,729</u>
Change in Net Assets	1,479,473	170,696
Net Assets – Beginning of Year	4,260,400	3,929,704
Prior Period Adjustment	0	160,000
Adjusted Net Assets, Beginning of Year	<u>4,260,400</u>	<u>4,089,704</u>
Net Assets – End of Year	<u>\$ 5,739,873</u>	<u>\$ 4,260,400</u>

The Township's net assets increased by \$1,479,473 during the current fiscal year as discussed in the following paragraph.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental Activities:

Governmental activities increased the Township's net assets by \$1,479,473. A key element of this increase was keeping expenditures under budgeted amounts. The Township also assumed control of the Berrien Springs Oronoko Township Police Department and the fund has been added to the financial statements of the Township's this year. The police department is operated by a property tax millage and also had a contribution from the Village of Berrien Springs. The Township also had an increase in revenue from interest and investment earnings.

Financial Analysis of the Township's Funds

As the Township completed the year, its governmental funds reported combined fund balances of \$1,989,648. Of this amount, \$1,989,648 (100%) was unreserved fund balance, which is available for appropriations for the general purpose of the funds.

General Fund

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance was \$1,542,163. The total fund balance increased by \$31,135.

The difference between the original budget and the final amended budget for revenues and expenditures was \$0. The Townships final amended budget for revenues was \$1,121,120 and the actual was \$1,033,219. The difference between the final amended budget for expenditures was \$1,251,130 and the actual expenditures of \$996,652(20.3% difference).

During the year, the Township's revenues were less than the budgetary estimates and the expenditures were also less than budgetary estimates, thus there was no need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets:

The Township's investment in capital assets for its governmental activities as of December 31, 2007 amounts to \$2,814,430 (net of accumulated depreciation). This investment in capital assets includes: land, land improvements, buildings and improvements, furniture, equipment, utility systems and vehicles.

ORONOKO CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Major capital asset events during the current fiscal year included the following:

- The cemetery department purchased a 2007 Chevrolet truck for \$22,669.
- The police department replaced two vehicles with purchases of a 2007 and a 2008 Chevrolet Impala for \$36,435.
- The township purchased property next to the township hall for future expansion of Feather Park for \$141,710.

Long-term Debt:

At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$130,117. Of this amount, \$55,000 is in General Obligation bonds for the Library which is paid each year by millage for taxes levied by the Township. The balance of \$75,117 is for bonds for water and sewer improvements in the Township and is paid for through transfers from the General Fund. This debt is backed by the full faith and credit of the government. No new debt was acquired during the current year.

Economic Condition and Outlook

The major revenue source of the Township continues to be revenue sharing from the State of Michigan. So far, the State is expecting to pay the Township the same amount of revenue sharing as last year, unless the economy continues to experience a slowdown, which then the payments may be less than projected by the state. The Township is planning to replace a tractor for the cemetery department, a car for the police department, and gear for the fire department in 2008. The Township is also reviewing plans to possibly build an addition on to the Township hall.

Requests for Information

This financial report is designed to provide a general overview of Oronoko Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Supervisor
Oronoko Charter Township
4583 E Snow Road
PO Box 214
Berrien Springs, MI 49103

**ORONOKO CHARTER TOWNSHIP
TOWNSHIP BOARD**

Ernest Hildebrand.....Supervisor
Suzanne Renton..... Clerk
Kendall Hill..... Treasurer
Rae Holman.....Trustee
Dorothy Hildebrand.....Trustee
Philipp Riess.....Trustee
Robert Pagel, Jr.....Trustee

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

March 10, 2008

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Oronoko Charter Township
Berrien County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oronoko Charter Township, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit 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, each major fund, and the respective changes in financial position 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 I through VII, and page 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Right. On time.

INDEPENDENT AUDITOR'S REPORT - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oronoko Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor 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.

Beckel & Company, P.C.

ORONOKO CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2007

Assets	Governmental Activities
Current Assets	
Cash and cash equivalents	\$ 1,967,156
Taxes receivable	786,661
Assessment receivable	5,568
Due from other funds	259,903
Due from other governments	104,448
Interest receivable	7,958
Note receivable	55
Other receivable	21
Capital assets (net of accumulated depreciation):	
Land	656,249
Land improvements	40,537
Buildings and improvements	1,334,365
Furniture and equipment	267,380
Utility systems	201,002
Vehicles	<u>314,897</u>
Total Assets	<u>\$ 5,946,200</u>
Liabilities	
Accounts payable	\$ 24,601
Salaries and withholding payable	27,491
Interest payable	1,359
Due to other funds	2,199
Noncurrent liabilities:	
Bonds payable, due within one year	59,623
Due in more than one year	70,495
Compensated absences due in more than one year	<u>20,559</u>
Total Liabilities	<u>\$ 206,327</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 2,663,753
Unrestricted	<u>3,076,120</u>
TOTAL NET ASSETS	<u>\$ 5,739,873</u>

ORONOKO CHARTER TOWNSHIP
Statement of Activities
December 31, 2007

Functions/Programs	Program Revenues				Governmental Activities Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants	Capital Grants		
Governmental Activities:					
General Government	\$ 533,410	\$ 96,318	\$ -	\$ -	\$ (437,092)
Public Safety	1,020,319	105,117	2,614	10,229	(902,359)
Public Works	93,166	-	-	4,365	(88,801)
Community and Economic Development	6,910	-	-	-	(6,910)
Recreation and Culture	50,093	980	-	-	(49,113)
Interest on long-term debt	7,952	-	-	-	(7,952)
	<u>\$ 1,711,850</u>	<u>\$ 202,415</u>	<u>\$ 2,614</u>	<u>\$ 14,594</u>	<u>\$ (1,492,227)</u>
 General Revenues:					
Taxes					
Property taxes, levied for general operations					\$ 177,805
Property taxes, levied for public safety					865,802
Property taxes, levied for debt service					38,834
Special assessments					1,900
State of Michigan aid, unrestricted					589,693
Interest and investment earnings					111,742
Other					38,831
Gain on sale of fixed assets					3,473
Special item - police contribution					1,143,620
					<u>\$ 2,971,700</u>
 Total General Revenues and Special Items					
					\$ 1,479,473
Change In Net Assets					\$ 1,479,473
Net Assets - Beginning of Year					4,260,400
NET ASSETS - END OF YEAR					<u>\$ 5,739,873</u>

**ORONOKO CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
For the Year Ended December 31, 2007**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Currents Assets:				
Cash and cash equivalents	\$ 1,446,435	\$ 492,612	\$ 20,702	\$ 1,959,749
Monies on deposit with county	-	-	7,407	7,407
Receivables:				
Property tax	133,082	624,692	27,977	785,751
Interest	7,958	-	-	7,958
Assessments	-	-	6,478	6,478
Other	-	76	-	76
Due from other governments	104,448	-	-	104,448
Due from other funds	46,870	201,971	11,062	259,903
	<u>1,738,793</u>	<u>1,319,351</u>	<u>73,626</u>	<u>3,131,770</u>
Total Current Assets	<u>\$ 1,738,793</u>	<u>\$ 1,319,351</u>	<u>\$ 73,626</u>	<u>\$ 3,131,770</u>
	<u>\$ 1,738,793</u>	<u>\$ 1,319,351</u>	<u>\$ 73,626</u>	<u>\$ 3,131,770</u>
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 13,805	\$ 10,796	\$ -	\$ 24,601
Due to other funds	-	2,199	-	2,199
Payroll liabilities	5,175	22,316	-	27,491
Deferred revenue	177,650	864,664	45,517	1,087,831
	<u>196,630</u>	<u>899,975</u>	<u>45,517</u>	<u>1,142,122</u>
Total Current Liabilities	<u>\$ 196,630</u>	<u>\$ 899,975</u>	<u>\$ 45,517</u>	<u>\$ 1,142,122</u>
	<u>\$ 196,630</u>	<u>\$ 899,975</u>	<u>\$ 45,517</u>	<u>\$ 1,142,122</u>
Fund Balances:				
Unreserved, reported in				
General Fund	\$ 1,542,163	\$ -	\$ -	\$ 1,542,163
Special Revenue	-	419,376	9,650	429,026
Debt Service	-	-	18,459	18,459
	<u>1,542,163</u>	<u>419,376</u>	<u>28,109</u>	<u>1,989,648</u>
Total Fund Balances	<u>\$ 1,542,163</u>	<u>\$ 419,376</u>	<u>\$ 28,109</u>	<u>\$ 1,989,648</u>
	<u>\$ 1,738,793</u>	<u>\$ 1,319,351</u>	<u>\$ 73,626</u>	<u>\$ 3,131,770</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,738,793</u>	<u>\$ 1,319,351</u>	<u>\$ 73,626</u>	<u>\$ 3,131,770</u>

ORONOKO CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended December 31, 2007

Fund balances of governmental funds	\$ 1,989,648
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	2,814,430
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(130,117)
Government-wide statements recognize interest expense in the period in which it accrues rather than the period in which payment is made.	(1,360)
Compensated absences are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(20,559)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>1,087,831</u>
Net assets of governmental activities	<u>\$ 5,739,873</u>

**ORONOKO CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2007**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 166,384	\$ 810,214	\$ 43,480	\$ 1,020,078
Special assessments	-	-	1,900	1,900
Licenses and permits	58,591	-	-	58,591
State grants	594,058	9,680	-	603,738
Contributions from local units	25,219	-	-	25,219
Federal grants	2,324	-	-	2,324
Fines and forfeiture	-	2,538	-	2,538
Charges for services	95,096	15,880	-	110,976
Interest and rents	82,982	27,921	1,560	112,463
Fire department revenue	6,649	-	-	6,649
Miscellaneous	1,916	23,447	-	25,363
	<u>\$ 1,033,219</u>	<u>\$ 889,680</u>	<u>\$ 46,940</u>	<u>\$ 1,969,839</u>
Total Revenues				
Expenditures:				
Current:				
General government	\$ 668,395	\$ -	\$ -	\$ 668,395
Public safety	180,377	841,967	-	1,022,344
Public works	37,829	-	-	37,829
Health and welfare	45,891	-	-	45,891
Community and economic development	14,067	-	-	14,067
Recreation and cultural	50,093	-	-	50,093
Debt service:				
Principal retirement	-	-	53,467	53,467
Interest and fiscal charges	-	-	10,138	10,138
Utilities	-	-	1,140	1,140
Miscellaneous	-	-	364	364
	<u>\$ 996,652</u>	<u>\$ 841,967</u>	<u>\$ 65,109</u>	<u>\$ 1,903,728</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 36,567</u>	<u>\$ 47,713</u>	<u>\$ (18,169)</u>	<u>\$ 66,111</u>
Other Financing Sources (Uses):				
Operating transfer in (out)	\$ (6,332)	\$ -	\$ 6,332	\$ -
Insurance recoveries	-	12,749	-	12,749
Police contribution	-	355,181	-	355,181
Proceeds from sale of assets	900	3,733	-	4,633
	<u>\$ (5,432)</u>	<u>\$ 371,663</u>	<u>\$ 6,332</u>	<u>\$ 372,563</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	\$ 31,135	\$ 419,376	\$ (11,837)	\$ 438,674
Fund Balances - Beginning of Year	<u>1,511,028</u>	<u>-</u>	<u>39,946</u>	<u>1,550,974</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,542,163</u>	<u>\$ 419,376</u>	<u>\$ 28,109</u>	<u>\$ 1,989,648</u>

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

ORONOKO CHARTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$	438,674
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which depreciation exceeded capital outlays in the current period.		135,784
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.		53,467
The net effect of trade-ins and sales involving capital assets is to decrease net assets.		(1,160)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reportable as expenditures in governmental funds.		2,627
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		61,642
Police contribution		788,439
		1,479,473
Change in net assets of governmental activities	\$	1,479,473

**ORONOKO CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Fiduciary Net Assets
December 31, 2007**

	Expendable Trust Fund	Tax Collection Fund
Assets		
Cash and cash equivalents	\$ 5,936	\$ 419,145
TOTAL ASSETS	<u>\$ 5,936</u>	<u>\$ 419,145</u>
Liabilities		
Due to other funds	\$ -	\$ 257,704
Due to other governments	-	161,441
Undistributed revenue for Garr, Morrow and Sprague Memorials	<u>5,936</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 5,936</u>	<u>\$ 419,145</u>

**ORONOKO CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Changes in Net Assets
December 31, 2007**

	Expendable Trust Fund
Additions	
Interest	\$ <u>180</u>
Total Additions	\$ <u>180</u>
Deductions	
Memorials:	
Garr - Oak Grove	\$ 50
Sprague - Rosehill	50
Morrow - Rosehill	<u>50</u>
Total Deductions	\$ <u>150</u>
Changes in net assets	\$ 30
Net Assets - Beginning of Year	<u>5,906</u>
NET ASSETS - END OF YEAR	<u>\$ 5,936</u>

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Oronoko Township, Michigan, conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

Berrien Springs-Oronoko Township Joint Fire Administrative Board. This potential component unit is disclosed as a joint venture. See Note 3 for further information on the joint venture.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are 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 services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Township does not maintain any proprietary funds.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Oronoko Charter Township reports the following major governmental fund:

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.

Additionally, Oronoko Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

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

Amounts reported as program revenues 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. All taxes are reported as general taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgetary Data

The Supervisor submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted by the Board of Trustees in summary form prior to December 15.

The Supervisor can transfer budgeted amounts between departments within a fund, but usually requests approval from the Board of Trustees before making any such transfers. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statement (statement of revenues, expenditures, and changes in fund balance - budget and actual) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law. A comparison of actual results of operations to the budget as adopted by the Board is included in the financial statements.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Oronoko Charter Township as assets with a cost of more than \$1,500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net assets.

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. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Township property taxes are levied on December 1 and are payable without penalty through February 14. The Township bills and collects its own property taxes and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized as revenues in the calendar year following the levy date.

H. Investments

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of one year or less when purchased are defined as cash equivalents.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE 2 - CASH AND INVESTMENTS

Cash and Short-term Investments - The Township is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Township is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Township is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, P.A. 1982 states that the Township's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at December 31, 2007.

Long-term Investments - The Township's policy does not address investments other than short-term highly liquid assets.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 2 - CASH AND INVESTMENTS - Continued

Interest Rate Risk - It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Township is not exposed to interest rate risk.

Credit Risk - State statute allows for the deposit of funds into financial institutions provided those institutions are a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch located in the State of Michigan under the laws of Michigan or the United States.

Concentration of Credit Risk - Assets shall be diversified to eliminate the risk of loss from overconcentration in a specific maturity, individual financial institutions, or a specific class of securities. The Township is not exposed to concentration of credit risk.

Custodial Credit Risk - The Township is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Township will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of December 31, 2007, the Township's funds were deposited in eleven institutions meeting these requirements. As of December 31, 2007, the Township had a book balance of \$2,393,237 with a respective bank balance of \$2,453,571 of which \$1,243,571 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,243,571
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NOTE 3 - JOINT VENTURE

Berrien Springs-Oronoko Joint Fire Administrative Board

On December 9, 1986, the Village of Berrien Springs and Oronoko Charter Township entered into a joint venture to form a joint fire administrative board. The purpose of the board is to establish an annual budget, to establish annual billing rates, to recommend to the Village and Township any request for financial assistance and the purchase of any additional equipment as is deemed necessary from time to time.

The Board is composed of five members. Oronoko Charter Township selects two members and the Village of Berrien Springs selects two members. One member is selected at large. This board annually elects a president, vice-president, and a secretary. The Fire Chief is appointed by the President of the Village subject to the approval of the Village Council and the approval of the Township Board.

The cost of future capital purchases and operations are split 70% Oronoko Charter Township and 30% Village of Berrien Springs. Fire calls are allocated per call at a rate of 67% Oronoko Charter Township and 33% Village of Berrien Springs. Therefore, the countywide equipment is not factored into the split. The total operating expenditures for the department amounted to \$132,659. The Township's share of Fire Board operating expenditures for the year ended December 31, 2007 was \$107,440.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2007 were as follows:

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2007</u>
Governmental Activities				
Land	\$ 514,249	\$ 142,000	\$ -	\$ 656,249
Buildings	\$ 1,913,275	\$ -	\$ -	\$ 1,913,275
Land Improvements	83,219	4,200	-	87,419
Utility Systems	377,851	-	-	377,851
Vehicles	538,424	72,509	(9,489)	601,444
Furniture and Equipment	470,456	71,643	(22,970)	519,129
Subtotal	\$ 3,383,225	\$ 148,352	\$ (32,459)	\$ 3,499,118
Less: Accumulated Depreciation	(1,217,666)	(154,568)	31,299	(1,340,935)
Total Capital Assets Other Than Land	\$ 2,165,559	\$ (6,216)	\$ (1,160)	\$ 2,158,183

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:

General government	\$ 28,543
Public safety	113,499
Public works	9,446
Recreation and cultural	3,080
Total	<u>\$ 154,568</u>

NOTE 5 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended December 31, 2007:

	<u>Bonds</u>	<u>Compensated Absences</u>
As of January 1, 2007	\$ 183,584	\$ -
Additions	-	20,559
(Reductions)	53,467	-
As of December 31, 2007	<u>\$ 130,117</u>	<u>\$ 20,559</u>

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at December 31, 2007 is comprised of the following individual issues:

	<u>Balance</u> <u>January 1,</u> <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2007</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities -					
Primary Activities					
1989 Library Building and Site Bonds (General Obligation Unlimited Tax Bonds) due in annual installments of \$15,000 to \$55,000 through May 1, 2008; interest varies from 7.15% to 9.00%.	\$ 105,000	\$ -	\$ 50,000	\$ 55,000	\$ 55,000
Berrien County Water and Sewer Improvements Project No. 26 Bonds, Series 2000 due in annual installments of \$3,467 to \$8,090 through May 1, 2020; interest varies from 4.50% to 5.65%.	78,584	-	3,467	75,117	4,623
Compensated Absences - General Fund, Public Safety, Building Department	-	20,559	-	20,559	-
Total Primary Government	<u>\$ 183,584</u>	<u>\$ 20,559</u>	<u>\$ 53,467</u>	<u>\$ 150,676</u>	<u>\$ 59,623</u>

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

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 59,623	\$ 5,983
2009	4,623	3,689
2010	4,623	3,455
2011	4,623	3,217
2012	4,623	2,975
2013-2017	30,047	10,366
2018-2020	<u>21,955</u>	<u>1,919</u>
Total	<u>\$ 130,117</u>	<u>\$ 31,604</u>

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Individual Funds - Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 46,870	Current Tax Fund	\$ 257,704
Police Fund	201,971	Police Fund	<u>2,199</u>
Library Debt Service Fund	10,747		
Street Lighting Fund	<u>315</u>		
	<u>\$ 259,903</u>		<u>\$ 259,903</u>

The outstanding balances between funds result mainly from winter tax collections undistributed by the tax fund at year-end. The Police Fund owes the General Fund for payroll expenditures.

B. Individual Funds - Interfund Operating Transfers

Individual fund operating transfers for the year ended December 31, 2007, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 6,332
Improvement Fund	1	-
Debt Service Fund	<u>6,331</u>	<u>-</u>
	<u>\$ 6,332</u>	<u>\$ 6,332</u>

The General Fund transferred \$6,331 to the Debt Service Fund for payment on the Berrien County Water and Sewer Improvements Project No. 26 Bonds and \$1 to the Improvement Fund to keep the account active.

NOTE 7 - RETIREMENT PLAN

The Township maintains a defined contribution retirement plan, which is administered by John Hancock Insurance Company, covering all full-time employees. Participants contribute a minimum amount per \$1,000 of their compensation and the Township matches participant contributions on a three-for-one basis, subject to certain limitations.

The Township's total payroll during the current year was \$323,413. The current year contribution was calculated based on covered payroll of \$213,214, resulting in an employer contribution of \$27,943, and employee contributions of \$9,544.

All participants are fully vested in the plan. The plan is a money purchase plan qualified under section 401(a) of the Internal Revenue Code.

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Police Department participates with the Village of Berrien Springs in the Michigan Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan that covers all full-time employees of the Village and Police Department. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report can be obtained by writing to the System at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding Policy - The obligation to contribute to and maintain the System for Police employees was established by negotiation with Police Department management and requires a contribution from the employees of 1.00 percent of gross wages. For the year ended December 31, 2007, the Department's annual pension cost was \$83,343.

NOTE 9 - VACATION AND SICK PAY

Vacation and sick pay are expensed when paid. Vacation pay does not accumulate beyond the current year. Unused sick leave accumulates from year to year up to a maximum of one hundred twenty (120) days. Sick days accumulate, but can only be taken as compensated time off in the future and are not eligible for cash payment upon termination of employment. When a police department employee retires under the employer's retirement program, he or she shall be entitled to be paid one-half of his or her accumulated sick leave as of the date of retirement.

NOTE 10 - ROAD REPAIR AND MAINTENANCE

Subsequently all road repairs and improvements are done by the Berrien County Road Commission with funds provided by Township and County revenues. All disbursements to the Road Commission are included in the combined financial statements as an expenditure at the time of disbursement. Accordingly, a portion of the disbursement may represent an advance of road improvement funds before such a project is begun or completed by the Road Commission.

NOTE 11 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building permits	\$ <u>42,357</u>
Expenditures	
Salary and wages	\$ 16,798
Payroll taxes	1,259
Professional development	1,035
Retirement	1,747
Travel	1,956
Life and health insurance	<u>13,934</u>
Total Expenditures	\$ <u>36,729</u>
Revenues over Expenditures	<u>\$ 5,628</u>

ORONOKO CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2007

NOTE 12 - FUND EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Township was adopted at the department level. The approved budget of the Police Department was adopted on a line item level. During the year ended December 31, 2007, the Township was not over budget in any departments. During the year ended December 31, 2007, the Police Department was over budget in the following areas:

	<u>Budgeted</u>	<u>Actual</u>	<u>Over</u>
	<u>Amount</u>	<u>Amount</u>	<u>Budget</u>
Salaries	\$ 385,000	\$ 417,446	\$ 32,446
Retirement	83,000	83,343	343
Uniforms and cleaning	10,000	12,115	2,115
Capital outlay	57,000	58,527	1,527

NOTE 13 - RISK MANAGEMENT

The Police Department is exposed to various risks of loss relating to property loss, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Police Department participates in the Michigan Municipal League risk pool for claims relating to all risks.

**ORONOKO CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds**

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Improvement Fund - This fund is used to account for capital improvements of the Township.

Street Lighting Fund - This fund is used to account for the expenditure of funds to provide for the lighting by artificial means of roads, highways, and bridges.

Debt Service Funds

Debt service funds are used to account for monies collected to satisfy payments on bonds.

Debt Fund - This fund is used to satisfy bond payments for the Library Building and Site Bonds and the Sewer Assessment No. 26 Bonds.

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes	\$ 165,000	\$ 165,000	\$ 166,384	\$ 1,384
Licenses and permits	47,500	47,500	58,591	11,091
State grants	620,000	620,000	594,058	(25,942)
Federal grants	111,120	111,120	2,324	(108,796)
Contributions from local units	28,000	28,000	25,219	(2,781)
Charges for services	95,000	95,000	95,096	96
Interest	40,000	40,000	82,982	42,982
Fire department revenue	10,000	10,000	6,649	(3,351)
Other	4,500	4,500	1,916	(2,584)
	<u>\$ 1,121,120</u>	<u>\$ 1,121,120</u>	<u>\$ 1,033,219</u>	<u>\$ (87,901)</u>
Total Revenues				
Expenditures:				
General government	\$ 758,810	\$ 750,910	\$ 668,395	\$ 82,515
Public safety	274,095	274,695	180,377	94,318
Public works	96,500	96,675	37,829	58,846
Health and welfare	48,000	48,000	45,891	2,109
Community and economic development	8,725	15,675	14,067	1,608
Recreation and cultural	65,000	65,175	50,093	15,082
	<u>\$ 1,251,130</u>	<u>\$ 1,251,130</u>	<u>\$ 996,652</u>	<u>\$ 254,478</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (130,010)</u>	<u>\$ (130,010)</u>	<u>\$ 36,567</u>	<u>\$ 166,577</u>
Other Financing Sources (Uses):				
Operating transfers out	\$ (8,001)	\$ (8,001)	\$ (6,332)	\$ 1,669
Proceeds from sale of assets	-	-	900	900
	<u>\$ (8,001)</u>	<u>\$ (8,001)</u>	<u>\$ (5,432)</u>	<u>\$ 2,569</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	\$ (138,011)	\$ (138,011)	\$ 31,135	\$ 169,146
Fund Balances - Beginning of Year	<u>1,511,028</u>	<u>1,511,028</u>	<u>1,511,028</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,373,017</u>	<u>\$ 1,373,017</u>	<u>\$ 1,542,163</u>	<u>\$ 169,146</u>

ORONOKO CHARTER TOWNSHIP
Police Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 805,000	\$ 805,000	\$ 810,214	\$ 5,214
Interest	20,000	20,000	27,921	7,921
State grants	900	900	9,680	8,780
Police service reimbursements	5,200	5,200	15,880	10,680
Fines	1,800	1,800	836	(964)
Liquor license	2,600	2,600	2,514	(86)
Safe and sober	500	500	839	339
Drug forfeiture	5,000	5,000	1,702	(3,298)
Miscellaneous	1,000	1,000	20,094	19,094
Total Revenues	\$ 842,000	\$ 842,000	\$ 889,680	\$ 47,680
Expenditures:				
Salaries	\$ 457,000	\$ 385,000	\$ 417,446	\$ (32,446)
Payroll taxes	34,850	31,650	30,539	1,111
Fringe benefits	105,360	90,360	77,804	12,556
Retirement	26,000	83,000	83,343	(343)
Workmen's compensation	10,000	10,100	10,085	15
Supplies	6,200	6,630	4,886	1,744
Uniforms and cleaning	6,130	10,000	12,115	(2,115)
Audit	4,500	4,500	4,270	230
Bookkeeping	6,000	7,250	7,072	178
Legal	13,000	13,000	12,217	783
Dues and subscriptions	7,200	23,750	22,582	1,168
Telephone	8,000	8,000	6,936	1,064
Gasoline and oil	19,000	19,000	18,198	802
Travel	3,100	2,000	276	1,724
Conference and workshops	6,000	3,000	1,457	1,543
Printing and publishing	1,200	1,200	392	808
Insurance	37,000	34,000	33,868	132
Utilities	7,500	7,900	7,712	188
Repairs and maintenance - building	3,200	8,000	7,907	93
Repairs and maintenance - equipment	21,900	22,500	21,093	1,407
Capital outlay	45,000	57,000	58,527	(1,527)
Miscellaneous	3,200	3,500	3,242	258
Total Expenditures	\$ 831,340	\$ 831,340	\$ 841,967	\$ (10,627)
Excess of Revenues Over Expenditures	\$ 10,660	\$ 10,660	\$ 47,713	\$ 37,053

ORONOKO CHARTER TOWNSHIP
Police Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - Continued
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Insurance recoveries	\$ 2,500	\$ 2,500	\$ 12,749	\$ 10,249
Police contribution	-	-	355,181	355,181
Proceeds from sale of assets	<u>3,000</u>	<u>3,000</u>	<u>3,733</u>	<u>733</u>
Total Other Financing Sources	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 371,663</u>	<u>\$ 366,163</u>
Net Change in Fund Balances	\$ 16,160	\$ 16,160	\$ 419,376	\$ 403,216
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 16,160</u>	<u>\$ 16,160</u>	<u>\$ 419,376</u>	<u>\$ 403,216</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
For the Year Ended December 31, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,243	\$ 18,459	\$ 20,702
Monies on deposit with county	7,407	-	7,407
Receivables:			
Property taxes	-	27,977	27,977
Assessments	910	5,568	6,478
Due to other funds	315	10,747	11,062
TOTAL ASSETS	<u>\$ 10,875</u>	<u>\$ 62,751</u>	<u>\$ 73,626</u>
 Liabilities and Fund Balances			
Current Liabilities:			
Deferred revenue	<u>\$ 1,225</u>	<u>\$ 44,292</u>	<u>\$ 45,517</u>
Total Liabilities	<u>\$ 1,225</u>	<u>\$ 44,292</u>	<u>\$ 45,517</u>
 Fund Balances:			
Unreserved, reported in			
Special Revenue	\$ 9,650	\$ -	\$ 9,650
Debt Service	-	18,459	18,459
Total Fund Balances	<u>\$ 9,650</u>	<u>\$ 18,459</u>	<u>\$ 28,109</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,875</u>	<u>\$ 62,751</u>	<u>\$ 73,626</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ 43,480	\$ 43,480
Interest and rents	57	1,503	1,560
Special assessments	<u>1,225</u>	<u>675</u>	<u>1,900</u>
 Total Revenues	 <u>\$ 1,282</u>	 <u>\$ 45,658</u>	 <u>\$ 46,940</u>
 Expenditures:			
Debt service:			
Principal retirement	\$ -	\$ 53,467	\$ 53,467
Interest and fiscal charges	-	10,138	10,138
Utilities	1,140	-	1,140
Miscellaneous	<u>-</u>	<u>364</u>	<u>364</u>
 Total Expenditures	 <u>\$ 1,140</u>	 <u>\$ 63,969</u>	 <u>\$ 65,109</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 142</u>	 <u>\$ (18,311)</u>	 <u>\$ (18,169)</u>
 Other Financing Sources:			
Operating transfers in	<u>\$ 1</u>	<u>\$ 6,331</u>	<u>\$ 6,332</u>
 Total Other Financing Sources	 <u>\$ 1</u>	 <u>\$ 6,331</u>	 <u>\$ 6,332</u>
 Net Change in Fund Balances	 \$ 143	 \$ (11,980)	 \$ (11,837)
Fund Balances - Beginning of Year	<u>9,507</u>	<u>30,439</u>	<u>39,946</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 9,650</u>	 <u>\$ 18,459</u>	 <u>\$ 28,109</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006**

	<u>2007</u>		Variance - Positive (Negative)	2006 Actual
	<u>Budget</u>	<u>Actual</u>		
General Government				
Legislative:				
Salary and wages	\$ 8,500	\$ 8,491	\$ 9	\$ 8,204
Payroll taxes	655	649	6	628
Office supplies	3,500	4,167	(667)	3,488
Postage	7,500	7,079	421	6,730
Audit fees	10,000	8,100	1,900	8,020
Legal fees	10,000	6,855	3,145	10,335
Dues	7,000	5,418	1,582	5,350
Computer services and software	12,000	11,627	373	16,510
Retirement	30,000	23,839	6,161	24,908
Community donation	4,000	5,400	(1,400)	3,400
Printing and publishing	10,000	10,082	(82)	8,810
Insurance and bonds	36,000	37,360	(1,360)	36,153
Life and health insurance	75,000	65,905	9,095	61,842
Workers' compensation insurance	20,000	10,837	9,163	9,402
Repairs and maintenance	5,000	3,098	1,902	3,506
Travel	300	58	242	457
Miscellaneous	2,000	2,242	(242)	1,561
Total Legislative	<u>\$ 241,455</u>	<u>\$ 211,207</u>	<u>\$ 30,248</u>	<u>\$ 209,304</u>
Supervisor:				
Salary	\$ 16,000	\$ 15,099	\$ 901	\$ 14,589
Payroll taxes	1,250	1,155	95	1,116
Total Supervisor	<u>\$ 17,250</u>	<u>\$ 16,254</u>	<u>\$ 996</u>	<u>\$ 15,705</u>
Clerk:				
Salary	\$ 12,500	\$ 12,483	\$ 17	\$ 12,061
Payroll	960	955	5	923
Travel	250	170	80	-
Total Clerk	<u>\$ 13,710</u>	<u>\$ 13,608</u>	<u>\$ 102</u>	<u>\$ 12,984</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006**

	<u>2007</u>		Variance - Positive (Negative)	2006 Actual
	<u>Budget</u>	<u>Actual</u>		
General Government - Continued:				
Treasurer:				
Salary	\$ 9,400	\$ 9,381	\$ 19	\$ 9,064
Payroll taxes	725	718	7	693
Total Treasurer	<u>\$ 10,125</u>	<u>\$ 10,099</u>	<u>\$ 26</u>	<u>\$ 9,757</u>
Administrative and Office:				
Salaries and wages	\$ 88,700	\$ 83,658	\$ 5,042	\$ 86,150
Payroll taxes	6,800	6,396	404	6,577
Travel	100	-	100	-
Total Administrative and Office	<u>\$ 95,600</u>	<u>\$ 90,054</u>	<u>\$ 5,546</u>	<u>\$ 92,727</u>
Assessor and Board of Review:				
Salaries and wages	\$ 24,900	\$ 23,447	\$ 1,453	\$ 32,523
Payroll taxes	1,850	1,704	146	2,442
Travel	350	641	(291)	98
Miscellaneous	500	519	(19)	479
Total Assessor and Board of Review	<u>\$ 27,600</u>	<u>\$ 26,311</u>	<u>\$ 1,289</u>	<u>\$ 35,542</u>
Township Hall and Grounds:				
Utilities	\$ 8,500	\$ 5,283	\$ 3,217	\$ 6,180
Repairs and maintenance	10,000	7,161	2,839	9,177
Communications	2,000	2,061	(61)	2,530
Capital outlay	144,250	144,098	152	47,263
Total Township Hall and Grounds	<u>\$ 164,750</u>	<u>\$ 158,603</u>	<u>\$ 6,147</u>	<u>\$ 65,150</u>
Cemetery:				
Salaries and wages	\$ 93,770	\$ 85,375	\$ 8,395	\$ 80,949
Payroll taxes	7,100	6,507	593	6,189
Utilities	9,300	8,100	1,200	7,224
Repairs	23,000	12,159	10,841	11,848
Travel	600	423	177	213
Capital outlay	32,000	22,669	9,331	37,383
Total Cemetery	<u>\$ 165,770</u>	<u>\$ 135,233</u>	<u>\$ 30,537</u>	<u>\$ 143,806</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006**

	<u>2007</u>		Variance - Positive (Negative)	2006 Actual
	<u>Budget</u>	<u>Actual</u>		
General Government - Continued:				
Elections:				
Salaries - Temporary employees	\$ 4,150	\$ 4,127	\$ 23	\$ 5,085
Office supplies	2,300	2,041	259	3,891
Printing and publishing	700	609	91	1,743
Travel	300	242	58	282
Miscellaneous	200	7	193	108
Total Elections	<u>\$ 7,650</u>	<u>\$ 7,026</u>	<u>\$ 624</u>	<u>\$ 11,109</u>
Contingencies	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ -</u>
Total General Government	<u>\$ 750,910</u>	<u>\$ 668,395</u>	<u>\$ 82,515</u>	<u>\$ 596,084</u>
Public Safety:				
Fire Protection:				
Salaries and wages	\$ 65,000	\$ 65,421	\$ (421)	\$ 69,868
Payroll taxes	4,800	5,005	(205)	5,345
Office supplies	800	861	(61)	1,353
Miscellaneous supplies	300	135	165	58
Uniforms and cleaning	500	65	435	8,001
Fees and subscriptions	1,200	1,223	(23)	1,211
Telephone	4,000	9,211	(5,211)	9,771
Gasoline and oil	2,000	2,639	(639)	4,417
Travel	150	-	150	564
Conference and workshops	3,000	1,812	1,188	3,605
Public education	700	-	700	1,172
Insurance	4,400	2,363	2,037	2,358
Utilities	12,000	11,335	665	8,652
Repairs and maintenance	7,000	22,757	(15,757)	18,760
Supplies	3,500	2,908	592	6,630
Equipment purchases	12,000	17,732	(5,732)	16,398
County wide equipment	111,120	-	111,120	126,012
Miscellaneous	200	181	19	451
Total Fire Protection	<u>\$ 232,670</u>	<u>\$ 143,648</u>	<u>\$ 89,022</u>	<u>\$ 284,626</u>

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006**

	<u>2007</u>		Variance - Positive (Negative)	2006 Actual
	<u>Budget</u>	<u>Actual</u>		
Public Safety - Continued:				
Building Department:				
Salaries and wages	\$ 17,000	\$ 16,798	\$ 202	\$ 28,131
Payroll taxes	1,325	1,259	66	2,152
Dues	500	1,035	(535)	565
Retirement	1,800	1,747	53	3,376
Printing and publishing	100	-	100	-
Life and health insurance	14,100	13,934	166	6,751
Travel	2,100	1,956	144	1,307
Repairs and maintenance	5,000	-	5,000	-
Miscellaneous	100	-	100	-
	<u>\$ 42,025</u>	<u>\$ 36,729</u>	<u>\$ 5,296</u>	<u>\$ 42,282</u>
Total Building Department				
	<u>\$ 274,695</u>	<u>\$ 180,377</u>	<u>\$ 94,318</u>	<u>\$ 326,908</u>
Total Public Safety				
Public Works:				
Street lighting	\$ 13,000	\$ 12,774	\$ 226	\$ 13,463
Roads and streets	80,000	21,385	58,615	5,903
Drains	3,675	3,670	5	2,176
	<u>\$ 96,675</u>	<u>\$ 37,829</u>	<u>\$ 58,846</u>	<u>\$ 21,542</u>
Total Public Works				
Health and Welfare:				
Ambulance service	\$ 48,000	\$ 45,891	\$ 2,109	\$ 45,891
Community and Economic Development:				
Planning and Zoning:				
Salaries and wages	\$ 5,500	\$ 5,130	\$ 370	\$ 5,850
Payroll taxes	425	392	33	448
Printing and publishing	500	46	454	310
Legal fees	8,650	7,991	659	5,147
Dues	500	508	(8)	396
Miscellaneous	100	-	100	-
	<u>\$ 15,675</u>	<u>\$ 14,067</u>	<u>\$ 1,608</u>	<u>\$ 12,151</u>
Total Community and Economic Development				

**ORONOKO CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006**

	<u>2007</u>		Variance - Positive (Negative)	2006 Actual
	<u>Budget</u>	<u>Actual</u>		
Recreation and Cultural:				
Township Park:				
Repairs and maintenance	\$ 20,000	\$ 4,117	\$ 15,883	\$ 11,633
Capital outlay	10,000	10,801	(801)	-
Recreation:				
Township appropriation	<u>35,175</u>	<u>35,175</u>	-	<u>33,882</u>
Total Recreation and Cultural	<u>\$ 65,175</u>	<u>\$ 50,093</u>	<u>\$ 15,082</u>	<u>\$ 45,515</u>
 TOTAL EXPENDITURES	 <u>\$ 1,251,130</u>	 <u>\$ 996,652</u>	 <u>\$ 254,478</u>	 <u>\$ 1,048,091</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>Improvement</u> <u>Fund</u>	<u>Street Lighting</u> <u>Fund</u>	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
Assets				
Cash and cash equivalents	\$ 2,143	\$ 100	\$ 2,243	\$ 2,100
Monies on deposit with county	7,407	-	7,407	7,407
Assessments receivable	-	910	910	980
Due from other fund - NOTE 6	-	315	315	245
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 9,550</u>	<u>\$ 1,325</u>	<u>\$ 10,875</u>	<u>\$ 10,732</u>
Liabilities and Fund Balances				
Deferred revenue	\$ -	\$ 1,225	\$ 1,225	\$ 1,225
Fund balances	9,550	100	9,650	9,507
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,550</u>	<u>\$ 1,325</u>	<u>\$ 10,875</u>	<u>\$ 10,732</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006**

	<u>Improvement Fund</u>	<u>Street Lighting Fund</u>	<u>Totals</u> <u>2007</u>	<u>2006</u>
Revenues:				
Interest and rents	\$ 42	\$ 15	\$ 57	\$ 41
Special assessments	<u>-</u>	<u>1,225</u>	<u>1,225</u>	<u>-</u>
Total Revenues	<u>\$ 42</u>	<u>\$ 1,240</u>	<u>\$ 1,282</u>	<u>\$ 41</u>
Expenditures:				
Utilities	<u>\$ -</u>	<u>\$ 1,140</u>	<u>\$ 1,140</u>	<u>\$ -</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 1,140</u>	<u>\$ 1,140</u>	<u>\$ -</u>
Excess of Revenues Over Expenditures	\$ 42	\$ 100	\$ 142	\$ 41
Other Financing Sources:				
Operating transfer in	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balances	\$ 43	\$ 100	\$ 143	\$ 41
Fund Balances - Beginning of Year	<u>9,507</u>	<u>-</u>	<u>9,507</u>	<u>9,466</u>
FUND BALANCES - END OF YEAR	<u>\$ 9,550</u>	<u>\$ 100</u>	<u>\$ 9,650</u>	<u>\$ 9,507</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR DEBT SERVICE FUNDS
Combining Balance Sheet
December 31, 2007**

With Comparative Totals for the Year Ended December 31, 2006

Assets	Library Fund	Sewer Fund	Totals	
			2007	2006
Cash and cash equivalents	\$ 18,459	\$ -	\$ 18,459	\$ 30,428
Receivables:				
Property tax	27,977	-	27,977	31,267
Assessments	-	5,568	5,568	6,288
Due from other funds - NOTE 6	<u>10,747</u>	<u>-</u>	<u>10,747</u>	<u>12,115</u>
 TOTAL ASSETS	 <u>\$ 57,183</u>	 <u>\$ 5,568</u>	 <u>\$ 62,751</u>	 <u>\$ 80,098</u>
 Liabilities and Fund Balances				
Deferred revenue	\$ 38,724	\$ 5,568	\$ 44,292	\$ 49,659
Fund balances	<u>18,459</u>	<u>-</u>	<u>18,459</u>	<u>30,439</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 57,183</u>	 <u>\$ 5,568</u>	 <u>\$ 62,751</u>	 <u>\$ 80,098</u>

**ORONOKO CHARTER TOWNSHIP
NONMAJOR DEBT SERVICE FUNDS**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006

	<u>Library</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Totals</u>	
			<u>2007</u>	<u>2006</u>
Revenues:				
Taxes	\$ 43,480	\$ -	\$ 43,480	\$ 62,088
Interest and rents	840	663	1,503	1,566
Special assessments	<u>-</u>	<u>675</u>	<u>675</u>	<u>675</u>
 Total Revenues	 <u>\$ 44,320</u>	 <u>\$ 1,338</u>	 <u>\$ 45,658</u>	 <u>\$ 64,329</u>
 Expenditures:				
Debt service:				
Principal retirement	\$ 50,000	\$ 3,467	\$ 53,467	\$ 53,467
Interest and fiscal charges	6,000	4,138	10,138	14,043
Miscellaneous	<u>300</u>	<u>64</u>	<u>364</u>	<u>364</u>
 Total Expenditures	 <u>\$ 56,300</u>	 <u>\$ 7,669</u>	 <u>\$ 63,969</u>	 <u>\$ 67,874</u>
 Deficiency of Revenues Under Expenditures	 <u>\$ (11,980)</u>	 <u>\$ (6,331)</u>	 <u>\$ (18,311)</u>	 <u>\$ (3,545)</u>
 Other Financing Sources:				
Operating transfer in	<u>-</u>	<u>6,331</u>	<u>6,331</u>	<u>6,441</u>
 Net Change in Fund Balances	 <u>\$ (11,980)</u>	 <u>\$ -</u>	 <u>\$ (11,980)</u>	 <u>\$ 2,896</u>
 Fund Balance - Beginning of Year	 <u>30,439</u>	 <u>-</u>	 <u>30,439</u>	 <u>27,543</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 18,459</u>	 <u>\$ -</u>	 <u>\$ 18,459</u>	 <u>\$ 30,439</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

March 10, 2008

TOWNSHIP BOARD OF
ORONOKO CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

In connection with our audit of the books and records of Oronoko Charter Township for the year ended December 31, 2007, we offer the following comments and recommendations.

GENERAL

1. The Township's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.
2. Currently the Police Department and the Township file payroll taxes under separate federal ID numbers. Now that the Police Department is under the Township control, the payroll taxes should be paid under that same federal ID Number.
3. It was noted during the audit that the Township does not have a computer server and the only backup of Township information is being stored in the fire-safe vault. We recommend that the Township maintain an offsite backup of information, and consider installing a computer server.
4. We recommend that the Township adopt a policy and procedures manual for controls over financial data.
5. It was noted during the audit that there are old outstanding receivables in the General Fund. These receivables should be written off with approval of the Township Board if they are deemed uncollectible.
6. There are currently old outstanding checks in the Current Tax Fund and the General Fund. These checks should be written off and turned over to the Michigan Escheats Division.
7. We recommend that an employee handbook be established for all nonunion employees.

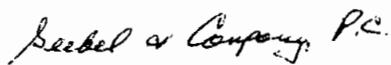
Right. On time.

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8. It was noted during the audit that General Fund revenues were over \$87,000 under budget. Budgets should be amended to reflect changes in expected revenues.
9. It was noted during the audit that the Police Department expenditures were over budget by over \$10,000. Budgets should be amended to reflect changes in expected expenditures.

We appreciate the courtesy and cooperation extended to us by the officials and employees of Oronoko Charter Township and trust that these comments and suggestions will be received in the spirit of cooperation in which they are offered.

Very truly yours,



GERBEL & COMPANY, P.C.
Certified Public Accountants