

ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

December 31, 2009

**ST. JOSEPH CHARTER TOWNSHIP
BERRIEN COUNTY, MICHIGAN**

FINANCIAL REPORT

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ST. JOSEPH CHARTER TOWNSHIP
TOWNSHIP BOARD

Roger Seely..... Supervisor
Denise Cook..... Clerk
David Vonk.....Treasurer
Charles Garlanger..... Trustee
Gary Bluschke Trustee
Melissa Schultz Trustee
Ronald A. Griffin..... 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

January 29, 2010

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
St. Joseph Charter Township
St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township, as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township, as of and for the year ended December 31, 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.

The management's discussion and analysis and budgetary comparison information on pages I through X and 27 through 29 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Joseph 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.

Gerbel & Company, P.C.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com 2

ST. JOSEPH CHARTER TOWNSHIP
Statement of Net Assets
December 31, 2009

	Primary Government		
	Governmental	Business-type	Total
Assets	Activities	Activities	Total
Cash	\$ 4,422,152	\$ 3,563,599	\$ 7,985,751
Receivables	1,524,995	90,914	1,615,909
Due from other funds	1,320,794	50,010	1,370,804
Due from other governments	102,000	42,112	144,112
Prepaid expenses	135,884	11,803	147,687
Nondepreciable capital assets:			
Land	535,244	-	535,244
Capital assets (net of related depreciation):			
Buildings	1,475,326	2,158	1,477,484
Building improvements	56,712	-	56,712
Land improvements	235,024	-	235,024
Books	120,436	-	120,436
Vehicles	170,968	4,334	175,302
Furniture and equipment	275,611	43,784	319,395
Utility systems	-	1,745,835	1,745,835
	<u>\$ 10,375,146</u>	<u>\$ 5,554,549</u>	<u>\$ 15,929,695</u>
Total Assets			
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 164,440	\$ 72,037	\$ 236,477
Payroll liabilities	64,010	4,407	68,417
Compensated absences	24,876	-	24,876
	<u>\$ 253,326</u>	<u>\$ 76,444</u>	<u>\$ 329,770</u>
Total Current Liabilities			
Noncurrent Liabilities			
Compensated absences	\$ 28,884	\$ 3,898	\$ 32,782
Note payable	995,000	-	995,000
	<u>\$ 1,023,884</u>	<u>\$ 3,898</u>	<u>\$ 1,027,782</u>
Total Noncurrent Liabilities			
Total Liabilities	<u>\$ 1,277,210</u>	<u>\$ 80,342</u>	<u>\$ 1,357,552</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 1,874,321	\$ 1,796,111	\$ 3,670,432
Restricted for Metro Act	136,122	-	136,122
Unrestricted	7,087,493	3,678,096	10,765,589
	<u>\$ 9,097,936</u>	<u>\$ 5,474,207</u>	<u>\$ 14,572,143</u>
TOTAL NET ASSETS			

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

ST. JOSEPH CHARTER TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Program Revenues			
Primary Government:	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Government Activities:				
Legislative	\$ 21,473	\$ -	\$ -	\$ -
General government	1,097,924	125,563	583,968	-
Public safety	1,875,360	127,428	7,887	-
Public works	627,064	10,150	-	-
Recreation and cultural	129,527	-	-	-
Interest on long-term debt	8,844	-	-	-
	<u>\$ 3,760,192</u>	<u>\$ 263,141</u>	<u>\$ 591,855</u>	<u>\$ -</u>
Total Government Activities				
Business-type Activities:				
Sewer fund	\$ 1,210,610	\$ 1,077,789	\$ -	\$ -
Water fund	285,950	443,452	-	-
	<u>\$ 1,496,560</u>	<u>\$ 1,521,241</u>	<u>\$ -</u>	<u>\$ -</u>
Total Business-type Activities				
Total Primary Government	<u>\$ 5,256,752</u>	<u>\$ 1,784,382</u>	<u>\$ 591,855</u>	<u>\$ -</u>

General revenues:
Property taxes
Interest
Other revenue
Gain (loss) on sale
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

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

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (21,473)	\$ -	\$ (21,473)
(388,393)	-	(388,393)
(1,740,045)	-	(1,740,045)
(616,914)	-	(616,914)
(129,527)	-	(129,527)
<u>(8,844)</u>	<u>-</u>	<u>(8,844)</u>
<u>\$ (2,905,196)</u>	<u>\$ -</u>	<u>\$ (2,905,196)</u>
\$ -	\$ (132,821)	\$ (132,821)
<u>-</u>	<u>157,502</u>	<u>157,502</u>
<u>\$ -</u>	<u>\$ 24,681</u>	<u>\$ 24,681</u>
<u>\$ (2,905,196)</u>	<u>\$ 24,681</u>	<u>\$ (2,880,515)</u>
\$ 3,182,212	\$ -	\$ 3,182,212
49,975	32,215	82,190
70,511	21,672	92,183
(3,161)	-	(3,161)
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,299,537</u>	<u>\$ 53,887</u>	<u>\$ 3,353,424</u>
\$ 394,341	\$ 78,568	\$ 472,909
<u>8,703,595</u>	<u>5,395,639</u>	<u>14,099,234</u>
<u>\$ 9,097,936</u>	<u>\$ 5,474,207</u>	<u>\$ 14,572,143</u>

**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
December 31, 2009**

	General Fund	Public Safety Fund	Garbage and Rubbish Collection Fund
Assets			
Current Assets:			
Cash	\$ 1,325,757	\$ 1,271,607	\$ 560,939
Receivables	195,485	886,095	302,515
Due from other governments	98,000	-	-
Due from other funds	154,940	778,457	265,387
Prepaid expense	<u>72,571</u>	<u>62,784</u>	<u>-</u>
 Total Current Assets	 <u>\$ 1,846,753</u>	 <u>\$ 2,998,943</u>	 <u>\$ 1,128,841</u>
 TOTAL ASSETS	 <u>\$ 1,846,753</u>	 <u>\$ 2,998,943</u>	 <u>\$ 1,128,841</u>
 Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 15,164	\$ 10,033	\$ 48,484
Payroll liabilities	16,594	45,332	-
Due to other funds	-	1,823	-
Deferred revenue	<u>349,775</u>	<u>1,826,381</u>	<u>622,637</u>
 Total Current Liabilities	 <u>\$ 381,533</u>	 <u>\$ 1,883,569</u>	 <u>\$ 671,121</u>
 Total Liabilities	 <u>\$ 381,533</u>	 <u>\$ 1,883,569</u>	 <u>\$ 671,121</u>
 Fund Balances:			
Reserved for:			
Restricted purposes	\$ 136,122	\$ -	\$ -
Unreserved, reported in			
General Fund	1,329,098		
Special Revenue	-	1,115,374	457,720
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>\$ 1,465,220</u>	 <u>\$ 1,115,374</u>	 <u>\$ 457,720</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,846,753</u>	 <u>\$ 2,998,943</u>	 <u>\$ 1,128,841</u>

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

Fire Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 394,870	\$ 868,979	\$ 4,422,152
50,319	90,581	1,524,995
-	4,000	102,000
44,224	83,476	1,326,484
<u>-</u>	<u>529</u>	<u>135,884</u>
<u>\$ 489,413</u>	<u>\$ 1,047,565</u>	<u>\$ 7,511,515</u>
<u>\$ 489,413</u>	<u>\$ 1,047,565</u>	<u>\$ 7,511,515</u>
\$ 83,423	\$ 7,336	\$ 164,440
-	2,084	64,010
-	3,867	5,690
<u>103,755</u>	<u>186,774</u>	<u>3,089,322</u>
<u>\$ 187,178</u>	<u>\$ 200,061</u>	<u>\$ 3,323,462</u>
<u>\$ 187,178</u>	<u>\$ 200,061</u>	<u>\$ 3,323,462</u>
\$ -	\$ -	\$ 136,122
		1,329,098
-	108,785	1,681,879
<u>302,235</u>	<u>738,719</u>	<u>1,040,954</u>
<u>\$ 302,235</u>	<u>\$ 847,504</u>	<u>\$ 4,188,053</u>
<u>\$ 489,413</u>	<u>\$ 1,047,565</u>	<u>\$ 7,511,515</u>

ST. JOSEPH CHARTER TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended December 31, 2009

Fund balances of governmental funds	\$ 4,188,053
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	2,869,321
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(995,000)
Compensated absences are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(53,760)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>3,089,322</u>
Net assets of governmental activities	<u><u>\$ 9,097,936</u></u>

**ST. JOSEPH CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 2009**

	General Fund	Public Safety Fund	Garbage and Rubbish Collection Fund
Revenues:			
Taxes	\$ 430,073	\$ 1,761,449	\$ 600,498
Licenses and permits	89,743	-	-
State grants:			
Operating grants	583,968	5,637	-
Contributions from local units	-	13,532	-
Charges for services	5,595	3,052	150
Fines and forfeitures	30	13,124	-
Interest	15,269	21,326	5,042
Other revenue	35,338	7,661	486
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 1,160,016</u>	<u>\$ 1,825,781</u>	<u>\$ 606,176</u>
Expenditures:			
Current:			
Legislature	\$ 21,473	\$ -	\$ -
General government	832,783	-	-
Public safety	29,282	1,694,463	-
Public works	-	-	584,268
Recreation and cultural	156,206	-	-
Debt retirement:			
Interest	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 1,039,744</u>	<u>\$ 1,694,463</u>	<u>\$ 584,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 120,272</u>	<u>\$ 131,318</u>	<u>\$ 21,908</u>
Other Financing Sources (Uses)			
Operating transfers in	\$ -	\$ 400,000	\$ -
Operating transfers out	-	(400,000)	-
Proceeds from construction loan	-	-	-
Proceeds from sale of fixed assets	5,000	5,000	-
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 125,272	\$ 136,318	\$ 21,908
Fund Balances - Beginning of the Year	<u>1,339,948</u>	<u>979,056</u>	<u>435,812</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,465,220</u>	<u>\$ 1,115,374</u>	<u>\$ 457,720</u>

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

Fire Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 100,067	\$ 180,131	\$ 3,072,218
-	112,215	201,958
-	2,250	591,855
-	-	13,532
-	52,386	61,183
-	-	13,154
2,026	6,312	49,975
340	-	43,825
<hr/>	<hr/>	<hr/>
\$ 102,433	353,294	4,047,700
<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 21,473
-	191,680	1,024,463
1,079,938	135,785	2,939,468
-	-	584,268
-	133	156,339
<hr/>	<hr/>	<hr/>
8,844	-	8,844
<hr/>	<hr/>	<hr/>
\$ 1,088,782	\$ 327,598	\$ 4,734,855
<hr/>	<hr/>	<hr/>
\$ (986,349)	\$ 25,696	\$ (687,155)
<hr/>	<hr/>	<hr/>
\$ 400,000	\$ -	\$ 800,000
(400,000)	-	(800,000)
995,000	-	995,000
-	-	10,000
<hr/>	<hr/>	<hr/>
\$ 995,000	\$ -	\$ 1,005,000
<hr/>	<hr/>	<hr/>
\$ 8,651	\$ 25,696	\$ 317,845
<hr/>	<hr/>	<hr/>
293,584	821,808	\$ 3,870,208
<hr/>	<hr/>	<hr/>
\$ 302,235	\$ 847,504	\$ 4,188,053
<hr/>	<hr/>	<hr/>

ST. JOSEPH 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, 2009

Net change in fund balances - total governmental funds \$ 317,845

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	(174,881)
Capital outlay	1,151,099

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the life of the bond in the statement of activities.

Note proceeds	(995,000)
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Changes in compensated absences are reported as expenditures when financial resources are used in governmental funds.	(1,555)
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The net effect of trade-ins and sales involving capital assets is to decrease net assets.	(13,161)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>109,994</u>
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Changes in net assets of governmental activities	<u>\$ 394,341</u>
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ST. JOSEPH CHARTER TOWNSHIP
PROPRIETARY FUNDS
Statement of Net Assets
December 31, 2009

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Assets			
Current Assets:			
Cash	\$ 1,154,587	\$ 2,409,012	\$ 3,563,599
Receivables	66,126	24,788	90,914
Due from other funds	41,324	8,686	50,010
Due from other governments	30,459	11,653	42,112
Prepaid expenses	<u>11,803</u>	<u>-</u>	<u>11,803</u>
Total Current Assets	<u>\$ 1,304,299</u>	<u>\$ 2,454,139</u>	<u>\$ 3,758,438</u>
Noncurrent Assets:			
Buildings	\$ 34,825	\$ -	\$ 34,825
Vehicles	124,767	-	124,767
Furniture and equipment	199,774	-	199,774
Utility systems	7,259,560	4,884,575	12,144,135
Accumulated depreciation	<u>(6,719,376)</u>	<u>(3,988,014)</u>	<u>(10,707,390)</u>
Total Noncurrent Assets	<u>\$ 899,550</u>	<u>\$ 896,561</u>	<u>\$ 1,796,111</u>
Total Assets	<u>\$ 2,203,849</u>	<u>\$ 3,350,700</u>	<u>\$ 5,554,549</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 72,037	\$ -	\$ 72,037
Payroll liabilities	4,407	-	4,407
Compensated absences	<u>3,898</u>	<u>-</u>	<u>3,898</u>
Total Current Liabilities	<u>\$ 80,342</u>	<u>\$ -</u>	<u>\$ 80,342</u>
Total Liabilities	<u>\$ 80,342</u>	<u>\$ -</u>	<u>\$ 80,342</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 899,550	\$ 896,561	\$ 1,796,111
Unrestricted	<u>1,223,957</u>	<u>2,454,139</u>	<u>3,678,096</u>
TOTAL NET ASSETS	<u>\$ 2,123,507</u>	<u>\$ 3,350,700</u>	<u>\$ 5,474,207</u>

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

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses, and
 Changes in Net Assets
 For the Year Ended December 31, 2009**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	\$ 1,077,789	\$ 443,452	\$ 1,521,241
Reimbursements	<u>21,672</u>	<u>-</u>	<u>21,672</u>
Total Operating Revenues	<u>\$ 1,099,461</u>	<u>\$ 443,452</u>	<u>\$ 1,542,913</u>
Operating Expenses:			
Water	\$ -	\$ 164,979	\$ 164,979
Sewer	1,009,980	-	1,009,980
Depreciation	<u>200,630</u>	<u>120,971</u>	<u>321,601</u>
Total Operating Expenses	<u>\$ 1,210,610</u>	<u>\$ 285,950</u>	<u>\$ 1,496,560</u>
Operating Income (Loss)	\$ (111,149)	\$ 157,502	\$ 46,353
Nonoperating Revenue (Expenses):			
Interest income	<u>10,051</u>	<u>22,164</u>	<u>32,215</u>
Change in Net Assets	\$ (101,098)	\$ 179,666	\$ 78,568
Total Net Assets - Beginning of Year	<u>2,224,605</u>	<u>3,171,034</u>	<u>5,395,639</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 2,123,507</u>	<u>\$ 3,350,700</u>	<u>\$ 5,474,207</u>

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended December 31, 2009**

	Business - Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 1,106,746	\$ 447,394	\$ 1,554,140
Payments to employees	(134,025)	-	(134,025)
Payments of benefits on behalf of employees	(61,010)	-	(61,010)
Payments to suppliers	(722,305)	(8,399)	(730,704)
Payments to LMSW and STA	(80,444)	(159,463)	(239,907)
Net cash provided (used) by operating activities	\$ 108,962	\$ 279,532	\$ 388,494
Cash Flows From Capital and Related Financing Activities:			
Interest received on special assessments	\$ 10,051	\$ 22,164	\$ 32,215
Net cash provided (used) by capital and related financing activities	\$ 10,051	\$ 22,164	\$ 32,215
Net increase (decrease) in cash and cash equivalents	\$ 119,013	\$ 301,696	\$ 420,709
Balances - Beginning of Year	1,035,574	2,107,316	3,142,890
BALANCES - END OF YEAR	\$ 1,154,587	\$ 2,409,012	\$ 3,563,599

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

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Combining Statement of Cash Flows
 For the Year Ended December 31, 2009**

	Business - Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (111,149)	\$ 157,502	\$ 46,353
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expenses	\$ 200,630	\$ 120,971	\$ 321,601
(Increase) decrease in:			
Receivables	22,516	4,618	27,134
Due from other funds	(17,518)	(1,537)	(19,055)
Due from other governments	2,287	861	3,148
Prepaid expenses	(1,025)	-	(1,025)
Increase (decrease) in:			
Accounts payable	12,414	(2,883)	9,531
Payroll liabilities	154	-	154
Compensated absences	653	-	653
	653	-	653
Total adjustments	\$ 220,111	\$ 122,030	\$ 342,141
Net cash provided (used) by operating activities	\$ 108,962	\$ 279,532	\$ 388,494

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Statement of Net Assets
December 31, 2009**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,670,920
Due from other governments	<u>1,856</u>
 Total Assets	 <u>\$ 1,672,776</u>
Liabilities	
Accounts payable	\$ 7,204
Undistributed taxes, interest, licenses and revenues	5,155
Due to other governments	289,613
Due to other funds	<u>1,370,804</u>
 Total Liabilities	 <u>\$ 1,672,776</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by St. Joseph Charter Township, Michigan, conform to accounting principles generally accepted in the United States of America 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.

St. Joseph Charter Township Sanitation Authority, Lake Michigan Shoreline Water & Sewage Treatment Authority and Southwest Michigan Regional Sanitary Sewer and Water Authority. These potential component units are disclosed as joint ventures because the Township; (1) selects governing authority, (2) approves the budget, (3) is responsible for fund deficits, and (4) provides subsidies. See Note 5 for further information on the joint ventures.

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 governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

St. Joseph Charter 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 **Public Safety Fund** is used to account for the police department, as well as the two fire stations.

The **Garbage and Rubbish Collection Fund** is used to account for the collection of garbage and rubbish within the Township.

The **Fire Improvement Fund** is used to account for the capital improvements to the fire departments.

St. Joseph Charter Township reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Township's share of the Lake Michigan Shoreline Water and Sewage Treatment Authority's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the Township's share of the Lake Michigan Shoreline Water and Sewage Treatment Authority's sanitary collections system and wastewater treatment.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Additionally, St. Joseph 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. Budgetary Data

At an October meeting the Manger/Superintendent submits to the Township Board a proposed operating budget for the calendar year. The operating budget includes proposed expenditures and the means of financing them for all governmental and proprietary fund types. Public hearings are then conducted at the Township Hall to obtain taxpayer comments. Prior to December 15, the budget is legally enacted on a summary budget basis through a general appropriations act.

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 St. Joseph Charter Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

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 asset lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements 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
Library Books	10 years

F. Long-Term Liabilities

In the government-wide financial statements and 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 and business-type activities or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. 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 uses. 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 as well as 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 in the fund financial statements as revenues in the calendar year following the levy date.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Sanitation and Water Billings

The Township has contracts with the City of Benton Harbor and the City of St. Joseph for Sanitation Supply System and Water Supply System billings. The Cities collect the billings and remit their portion to the Township according to the contracts.

The Township has an agreement with the City of Benton Harbor to deposit all of their collections in the escrow account. The authority to dispense these collections to the City and Township rests solely with St. Joseph Charter Township. Currently, the Township is making distributions from the escrow account based on actual collection reports provided by the City of Benton Harbor.

I. Cash and Investments

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

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

J. 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, PA 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, 2009.

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

Interest Rate Risk - It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, and maintain adequate liquidity and achieve a market rate of return on relatively safe investment instruments. The investment portfolio shall be designed to attain a market average rate of return. The Township is not exposed to interest rate risk.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 2 - CASH AND INVESTMENTS - Continued

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 office located in the State of Michigan under the laws of Michigan or the United States.

Concentration of Credit Risk - The investments will be diversified avoiding overconcentration from a specific issuer. Investments shall have varying maturities to meet all operating requirements that may be reasonably anticipated. Selection shall avoid high credit risks and shall include use of readily available funds, such as local government investment pools or mutual funds to maintain sufficient liquidity. The Township is not exposed to concentration of credit risk.

Custodial Credit Risk - The Township is authorized to invest in prequalifying 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, 2009, the Township's funds were deposited in four institutions meeting these requirements. As of December 31, 2009, \$1,492,454 of the government's \$9,656,671 with a corresponding bank balance of \$9,555,950 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized \$ 1,492,454

NOTE 3 - JOINT VENTURES

St. Joseph Charter Township Sanitation Authority

On March 18, 1968, the Township of St. Joseph and Village of Shoreham entered into a joint venture to form a joint sanitation authority. The purpose of the Authority is to provide a rubbish collection and disposal service to the municipalities' residents.

St. Joseph Charter Township levies taxes to finance the rubbish collection and disposal services. The Authority contracts with an outside sanitary refuse business to provide the service and receives payment from the Township for the amount of the contracted services. Beginning in March of 1995, invoices were turned over to the Township for payment.

Lake Michigan Shoreline Water & Sewage Treatment Authority

On July 18, 1964, the Townships of St. Joseph and Lincoln, and Villages of Shoreham and Stevensville formed a joint venture to acquire, improve, extend and operate a water supply and sewage disposal system. In January 2000, Royalton Township also joined the Authority.

The governing body consists of eight members. Each township selects two members and each village selects one member. From these eight members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 3 - JOINT VENTURES - Continued

Lake Michigan Shoreline Water & Sewage Treatment Authority - Continued

As of July 1, 2007, the Township discontinued contributions to Lake Michigan Shoreline Water & Sewage Treatment Authority.

The following is audited financial information from the Lake Michigan Shoreline Water & Sewage Treatment Authority for the year ended June 30, 2009. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 7,871,681
Liabilities	6,158,684
Fund Equity	1,712,997
Revenues	468,677
Expenditures	259,024
Change in Fund Equity	209,653

Southwest Michigan Regional Sanitary Sewer & Water Authority

Beginning July 19, 2007, the Township began contributing to the Southwest Michigan Regional Sanitary Sewer & Water Authority.

The governing body consists of nine members. Each township selects three members. From these nine members a Chairman, Vice-Chairman, Secretary and Treasurer are selected.

An annual budget is submitted to and approved by the Authority. Once this has been completed, the budget is reviewed by each respective municipality for approval.

The member contribution percentages for the year ended December 31, 2009, are as follows: St. Joseph Charter Township - 33.13%, Lincoln Charter Township - 57.04%, and Royalton Township - 9.83%.

As of December 31, 2009 the Township had contributed \$118,394 to the Authority's operations.

A copy of the audited financial report will be made available for review at the Township office after the June 30, 2009 audit report is issued.

The following is audited financial information from the Southwest Michigan Regional Sanitary Sewer & Water Authority for the year ended June 30, 2009. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 260,122
Liabilities	118,379
Fund Equity	141,743
Revenues	391,749
Expenditures	375,429
Change in Fund Equity	16,320

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 4 - CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2009 were as follows:

	<u>Balance</u> <u>January 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2009</u>
Governmental Activities				
Nondepreciable assets				
Land	\$ 368,144	\$ 167,100	\$ -	\$ 535,244
Total Nondepreciable Assets	<u>\$ 368,144</u>	<u>\$ 167,100</u>	<u>\$ -</u>	<u>\$ 535,244</u>
Buildings	\$ 1,262,126	\$ 836,508	\$ -	\$ 2,098,634
Building improvements	73,783	-	-	73,783
Land improvements	555,935	-	-	555,935
Books	748,391	26,812	-	775,203
Vehicles	877,159	22,660	(42,863)	856,956
Furniture and equipment	<u>391,007</u>	<u>98,019</u>	<u>-</u>	<u>489,026</u>
Subtotal	<u>\$ 3,908,401</u>	<u>\$ 983,999</u>	<u>\$ (42,863)</u>	<u>\$ 4,849,537</u>
Accumulated depreciation:				
Buildings	\$ (596,227)	\$ (27,081)	\$ -	\$ (623,308)
Building improvements	(12,322)	(4,749)	-	(17,071)
Land improvements	(296,320)	(24,591)	-	(320,911)
Books	(610,062)	(44,705)	-	(654,767)
Vehicles	(677,459)	(38,231)	29,702	(685,988)
Furniture and equipment	<u>(177,891)</u>	<u>(35,524)</u>	<u>-</u>	<u>(213,415)</u>
Subtotal	<u>\$ (2,370,281)</u>	<u>\$ (174,881)</u>	<u>\$ 29,702</u>	<u>\$ (2,515,460)</u>
Total Capital Assets Other Than Land	<u>\$ 1,538,120</u>	<u>\$ 809,118</u>	<u>\$ (13,161)</u>	<u>\$ 2,334,077</u>
Business Activities				
Buildings	\$ 34,825	\$ -	\$ -	\$ 34,825
Furniture and equipment	201,708	-	(1,934)	199,774
Vehicles	124,767	-	-	124,767
Utility systems	<u>12,144,135</u>	<u>-</u>	<u>-</u>	<u>12,144,135</u>
Subtotal	<u>\$ 12,505,435</u>	<u>\$ -</u>	<u>\$ (1,934)</u>	<u>\$ 12,503,501</u>
Less: Accumulated Depreciation	<u>(10,387,723)</u>	<u>(321,601)</u>	<u>1,934</u>	<u>(10,707,390)</u>
Total Capital Assets	<u>\$ 2,117,712</u>	<u>\$ (321,601)</u>	<u>\$ -</u>	<u>\$ 1,796,111</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 4 - CAPITAL ASSETS - Continued

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

Governmental functions:	
General government	\$ 72,005
Public safety	60,080
Public works	2,541
Recreation and cultural	<u>40,255</u>
Total	<u>\$ 174,881</u>
 Business-type functions:	
Water	\$ 120,971
Sewer	<u>200,630</u>
Total	<u>\$ 321,601</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, 2009:

	Compensated
	<u>Absences</u>
Balance January 1, 2009	\$ 55,450
Additions	2,208
(Reductions)	<u>-</u>
Balance December 31, 2009	<u>\$ 57,658</u>

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at December 31, 2009 is comprised of the following individual issues:

	<u>Balance</u> <u>January 1,</u> <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2009</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities -					
Primary Activities					
<p>\$995,000 2009 installment note through Horizon bank, interest only payments at 3.75% through January 10, 2010, monthly principal and interest payments of \$10,017.24 beginning February 10, 2010 through February 10, 2015, beginning March 10, 2015, 59 monthly principal and interest payments in the amount sufficient to fully amortize the unpaid balance of the loan with final payment due February 10, 2020</p>					
	\$ -	\$ 995,000	\$ -	\$ 995,000	\$ -
Compensated Absences - General Fund, Public Safety, Building Department	<u>52,205</u>	<u>1,555</u>	<u>-</u>	<u>53,760</u>	<u>24,876</u>
Total Primary Government	<u>\$ 52,205</u>	<u>\$ 996,555</u>	<u>\$ -</u>	<u>\$ 1,048,760</u>	<u>\$ 24,876</u>
 Business Activities					
Compensated Absences - Water Fund, Sewer Fund	<u>\$ 3,245</u>	<u>\$ 653</u>	<u>\$ -</u>	<u>\$ 3,898</u>	<u>\$ -</u>
Total Business Activities	<u>\$ 3,245</u>	<u>\$ 653</u>	<u>\$ -</u>	<u>\$ 3,898</u>	<u>\$ -</u>

Amortization schedule for the installment note is not available as of December 31, 2009.

NOTE 6 - PENSION PLAN

The Township contributes to the St. Joseph Charter Township defined contribution pension plan, which is administered by John Hancock Insurance Company. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. The benefits a participant will receive depend solely on the amount contributed to the participant's accounts, the return on those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full-time employees of the Township are eligible to participate in the defined contribution plan. Contributions made by the Township vest immediately. An employee who leaves the employment of the Township is entitled to the Township's contributions and may withdraw the funds, roll them to another personal investment account, or leave them with John Hancock until a later date. The Township is required to contribute an amount equal to 14% of the employee's base pay.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 6 - PENSION PLAN - Continued

During the year, the Township's required contribution amounted to \$164,349 which was 14% of its current year covered payroll of \$1,173,923. The contributions actually made during the year amounted to \$164,349.

No pension provision changes occurred during the year that affected the required contributions by the Township or its employees.

The plan held no securities of the Township or other related parties during the year or as of December 31, 2009.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2009, is as follows:

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 154,940	\$ -
Public Safety	778,457	1,823
Garbage and Rubbish Collection	265,387	-
Fire Department Improvement	44,224	-
SJCT Improvement	3,867	-
Library Fund	79,609	-
Eaton Park	<u>-</u>	<u>3,867</u>
Total Governmental Activities	<u>\$ 1,326,484</u>	<u>\$ 5,690</u>
Sewer Fund	\$ 41,324	\$ -
Water Fund	<u>8,686</u>	<u>-</u>
Total Business Type Activities	<u>\$ 50,010</u>	<u>\$ -</u>
Current Tax Fund	\$ -	\$ 1,341,145
Delinquent Tax Fund	-	1
Benton Harbor Escrow	<u>-</u>	<u>29,658</u>
Total Fiduciary Activities	<u>\$ -</u>	<u>\$ 1,370,804</u>
Total	<u>\$ 1,376,494</u>	<u>\$ 1,376,494</u>

The outstanding balances between funds result mainly from winter tax collections undistributed by the tax fund at year end. These balances also include water and sewer receipts collected by the City of Benton Harbor and held in escrow by the Township. The Public Safety Fund owes the General Fund for payroll expenditures.

ST. JOSEPH CHARTER TOWNSHIP
Notes to Financial Statements
December 31, 2009

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

During the year, the following transfers were made between funds:

	<u>Transfers In</u>	<u>Transfers Out</u>
From Public Safety Fund		
To Fire Department Improvement Fund - used to build fire station	\$ 400,000	\$ 400,000
From Fire Department Improvement Fund		
To Public Safety Fund - used to reimburse fund	<u>400,000</u>	<u>400,000</u>
Total Transfers Between Funds	<u>\$ 800,000</u>	<u>\$ 800,000</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the Township no longer has the rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the Township. Therefore, the Township is not required to account for the deferred compensation plan.

NOTE 9 - DEPOSIT - BERRIEN COUNTY ROAD COMMISSION

On an annual basis, St. Joseph Charter Township places on deposit with the Berrien County Road Commission money for local road construction work. The County matches certain funds 100%.

NOTE 10 - RISK MANAGEMENT

The Township carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 11 - 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. During the year ended December 31, 2009, the Township was under budget in all major funds.

NOTE 12 - CONTINGENCIES

On April 24, 2007, the Lake Michigan Water & Sewage Treatment Authority sold \$6,270,000 in bonds. The Township has guaranteed 30.94% of the principal and interest payments over the 25 year life of the bonds. Lincoln Charter Township and Royalton Township have guaranteed the remaining 57% and 12.06% respectively.

**ST. JOSEPH 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.

Police Training Fund - This fund is used to account for revenues collected and monies expended for the purpose of police officer training as provided by the Federal Government.

Police Drug Forfeiture Fund - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

Building Department Fund - This fund is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

Library Fund - This fund is used to account for property taxes received to be used for library services for Township residents.

Liquor Law Enforcement Fund - This fund is used to record the Township's share of liquor licenses and the expenditures related to the time spent by police officers in liquor law enforcement.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

St. Joseph Charter Township Improvement Fund - This fund is used to account for the acquisition of tax sale properties and the subsequent improvement or sale of these properties.

Sewer Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of sewer lines.

Water Replacement and Improvement Fund - This fund is used to account for the capital improvements and future replacement of the water lines.

Eaton Park Grant - This fund is used to account for the state grant for replacement of playground equipment at Eaton Park.

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 422,800	\$ 422,800	\$ 430,073	\$ 7,273
Licenses and permits	80,950	80,950	89,743	8,793
State grants:				
Operating grants	600,000	575,000	583,968	8,968
Capital grants	16,995	16,995	-	(16,995)
Charges for services	3,100	3,100	5,595	2,495
Fines and forfeitures	50	50	30	(20)
Interest	30,000	15,000	15,269	269
Other revenue	30,100	30,100	35,338	5,238
	<u>\$ 1,183,995</u>	<u>\$ 1,143,995</u>	<u>\$ 1,160,016</u>	<u>\$ 16,021</u>
Expenditures:				
Current:				
Legislative	\$ 25,695	\$ 25,695	\$ 21,473	\$ 4,222
General government	973,455	972,060	832,783	139,277
Public safety	51,655	31,305	29,282	2,023
Recreation and cultural	199,105	197,110	156,206	40,904
	<u>\$ 1,249,910</u>	<u>\$ 1,226,170</u>	<u>\$ 1,039,744</u>	<u>\$ 186,426</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (65,915)</u>	<u>\$ (82,175)</u>	<u>\$ 120,272</u>	<u>\$ 202,447</u>
Other Financing Sources (Uses):				
Proceeds from sale of fixed assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Net Change in Fund Balances	<u>\$ (65,915)</u>	<u>\$ (82,175)</u>	<u>\$ 125,272</u>	<u>\$ 207,447</u>
Fund Balances - Beginning of Year	<u>1,339,948</u>	<u>1,339,948</u>	<u>1,339,948</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,274,033</u>	<u>\$ 1,257,773</u>	<u>\$ 1,465,220</u>	<u>\$ 207,447</u>

**ST. JOSEPH CHARTER TOWNSHIP
PUBLIC SAFETY FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,760,000	\$ 1,760,000	\$ 1,761,449	\$ 1,449
State grants:				
Operating grants	15,000	15,000	5,637	(9,363)
Contributions from local units	-	-	13,532	13,532
Charges for services	2,300	2,300	3,052	752
Fines and forfeitures	6,000	6,000	13,124	7,124
Interest	30,000	20,000	21,326	1,326
Other	<u>1,500</u>	<u>1,500</u>	<u>7,661</u>	<u>6,161</u>
 Total Revenues	 <u>\$ 1,814,800</u>	 <u>\$ 1,804,800</u>	 <u>\$ 1,825,781</u>	 <u>\$ 20,981</u>
Expenditures:				
Current:				
Police	\$ 1,539,800	\$ 1,539,800	\$ 1,411,390	\$ 128,410
Fire Station #1	116,520	116,520	121,397	(4,877)
Fire Station #2	122,680	136,780	103,934	32,846
Ambulance	<u>60,255</u>	<u>60,255</u>	<u>57,742</u>	<u>2,513</u>
 Total Expenditures	 <u>\$ 1,839,255</u>	 <u>\$ 1,853,355</u>	 <u>\$ 1,694,463</u>	 <u>\$ 158,892</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ (24,455)</u>	 <u>\$ (48,555)</u>	 <u>\$ 131,318</u>	 <u>\$ 179,873</u>
Other Financing Sources (Uses):				
Operating transfers in	\$ -	\$ 400,000	\$ 400,000	\$ -
Operating transfers out	-	(400,000)	(400,000)	-
Proceeds from sale of fixed assets	<u>12,000</u>	<u>12,000</u>	<u>5,000</u>	<u>(7,000)</u>
 Total Other Financing Sources	 <u>\$ 12,000</u>	 <u>\$ 12,000</u>	 <u>\$ 5,000</u>	 <u>\$ (7,000)</u>
 Net Change in Fund Balances	 <u>\$ (12,455)</u>	 <u>\$ (36,555)</u>	 <u>\$ 136,318</u>	 <u>\$ 172,873</u>
 Fund Balances - Beginning of Year	 <u>979,056</u>	 <u>979,056</u>	 <u>979,056</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 966,601</u>	 <u>\$ 942,501</u>	 <u>\$ 1,115,374</u>	 <u>\$ 172,873</u>

**ST. JOSEPH CHARTER TOWNSHIP
GARBAGE AND RUBBISH COLLECTION FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 599,500	\$ 599,500	\$ 600,498	\$ 998
Charges for services	100	100	150	50
Interest	10,000	5,000	5,042	42
Other	<u>750</u>	<u>750</u>	<u>486</u>	<u>(264)</u>
Total Revenues	<u>\$ 610,350</u>	<u>\$ 605,350</u>	<u>\$ 606,176</u>	<u>\$ 826</u>
Expenditures:				
Current:				
Public works	<u>\$ 585,000</u>	<u>\$ 585,000</u>	<u>\$ 584,268</u>	<u>\$ 732</u>
Total Expenditures	<u>\$ 585,000</u>	<u>\$ 585,000</u>	<u>\$ 584,268</u>	<u>\$ 732</u>
Net Change in Balances	\$ 25,350	\$ 20,350	\$ 21,908	\$ 1,558
Fund Balances - Beginning of Year	<u>435,812</u>	<u>435,812</u>	<u>435,812</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 461,162</u></u>	<u><u>\$ 456,162</u></u>	<u><u>\$ 457,720</u></u>	<u><u>\$ 1,558</u></u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
December 31, 2009**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 134,018	\$ 734,961	\$ 868,979
Taxes receivable	90,581	-	90,581
Due from other governments	-	4,000	4,000
Due from other funds	79,609	3,867	83,476
Prepaid expense	<u>529</u>	<u>-</u>	<u>529</u>
 Total Current Assets	 <u>\$ 304,737</u>	 <u>\$ 742,828</u>	 <u>\$ 1,047,565</u>
 TOTAL ASSETS	 <u>\$ 304,737</u>	 <u>\$ 742,828</u>	 <u>\$ 1,047,565</u>
 Liabilities and Fund Balance			
Current Liabilities:			
Accounts payable	\$ 7,094	\$ 242	\$ 7,336
Payroll liabilities	2,084	-	2,084
Due to other funds	-	3,867	3,867
Deferred revenue	<u>186,774</u>	<u>-</u>	<u>186,774</u>
 Total Current Liabilities	 <u>\$ 195,952</u>	 <u>\$ 4,109</u>	 <u>\$ 200,061</u>
 Total Liabilities	 <u>\$ 195,952</u>	 <u>\$ 4,109</u>	 <u>\$ 200,061</u>
 Fund Balances:			
Unreserved, reported in			
Special Revenue	\$ 108,785	\$ -	\$ 108,785
Capital Projects	<u>-</u>	<u>738,719</u>	<u>738,719</u>
 Total Fund Balances	 <u>\$ 108,785</u>	 <u>\$ 738,719</u>	 <u>\$ 847,504</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 304,737</u>	 <u>\$ 742,828</u>	 <u>\$ 1,047,565</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2009**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Property taxes	\$ 180,131	\$ -	\$ 180,131
Licenses and permits	112,215	-	112,215
State grants:			
Operating grants	2,250	-	2,250
Charges for services	12,161	40,225	52,386
Interest	<u>1,320</u>	<u>4,992</u>	<u>6,312</u>
 Total Revenues	 <u>\$ 308,077</u>	 <u>\$ 45,217</u>	 <u>\$ 353,294</u>
Expenditures:			
Current:			
General government	\$ 175,000	\$ 16,680	\$ 191,680
Public safety	135,785	-	135,785
Recreation and cultural	<u>-</u>	<u>133</u>	<u>133</u>
 Total Expenditures	 <u>\$ 310,785</u>	 <u>\$ 16,813</u>	 <u>\$ 327,598</u>
 Net Change in Fund Balances	 <u>\$ (2,708)</u>	 <u>\$ 28,404</u>	 <u>\$ 25,696</u>
 Fund Balances - Beginning of Year	 <u>111,493</u>	 <u>710,315</u>	 <u>821,808</u>
 FUND BALANCES - END OF YEAR	 <u><u>\$ 108,785</u></u>	 <u><u>\$ 738,719</u></u>	 <u><u>\$ 847,504</u></u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended December 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:			
Taxes	\$ 422,800	\$ 430,073	\$ 7,273
Licenses and permits	80,950	89,743	8,793
State grants:			
Operating grants	575,000	583,968	8,968
Capital grants	16,995	-	(16,995)
Charges for services	3,100	5,595	2,495
Fines and forfeitures	50	30	(20)
Interest and rents	15,000	15,269	269
Other revenue	<u>30,100</u>	<u>35,338</u>	<u>5,238</u>
 TOTAL REVENUES	 <u>\$ 1,143,995</u>	 <u>\$ 1,160,016</u>	 <u>\$ 16,021</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	2009			
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2008 Actual</u>
Legislative				
Township Board				
Salaries - Elected officials		\$ 18,740		\$ 18,841
Payroll taxes		1,434		1,441
Education and travel		711		1,591
Communication		279		-
Office supplies		25		1,773
Professional services		233		-
Miscellaneous		51		239
Total Legislative	\$ 25,695	\$ 21,473	\$ 4,222	\$ 23,885
General Government				
Supervisor				
Salaries - Elected officials		\$ 15,610		\$ 15,610
Payroll taxes		1,194		1,194
Education and travel		385		1,291
Communication		19		713
Office supplies		-		259
Total Supervisor	\$ 21,975	\$ 17,208	\$ 4,767	\$ 19,067
Clerk				
Salaries and wages:				
Elected officials		\$ 15,090		\$ 15,090
Full-time employees		20,131		14,483
Part-time employees		1,000		1,163
Longevity		326		-
Payroll taxes		2,796		2,330
Life and health insurance		5,139		3,064
Retirement contribution		3,011		1,834
Education and travel		416		648
Office supplies		653		969
Postage		330		-
Professional services		1,196		1,264
Printing and publishing		3,191		3,883
Operating equipment		2,284		3,471
Miscellaneous		-		1,339
Total Clerk	61,510	\$ 55,563	5,947	\$ 49,538

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	<u>2009</u>		<u>Variance - Positive (Negative)</u>	<u>2008 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
General Government, continued				
Treasurer				
Salaries and wages:				
Elected officials		\$ 15,090		\$ 15,090
Full-time employees		41,798		42,252
Part-time employees		154		117
Overtime		-		236
Longevity pay		4,201		4,099
Payroll taxes		4,529		4,718
Life and health insurance		8,922		8,712
Retirement contribution		5,881		5,739
Education and travel		133		80
Office supplies		899		1,044
Postage		6,576		6,703
Professional services		1,365		255
Computer services		18,655		18,176
Office equipment		1,308		346
Miscellaneous		<u>189</u>		<u>3</u>
Total Treasurer	112,360	\$ <u>109,700</u>	2,660	\$ <u>107,570</u>
Administrative and Office				
Salaries and wages:				
Full-time employees		\$ 118,892		\$ 93,660
Longevity pay		4,181		2,438
Payroll taxes		8,915		6,894
Life and health insurance		22,761		14,942
Retirement contribution		14,805		12,128
Education and travel		1,347		1,019
Communications		884		-
Office supplies		8,595		10,038
Postage		1,455		1,369
Professional services		14,400		10,927
Printing and publishing		463		931
Newsletter		4,153		6,243
Operating equipment		2,930		5,706
Miscellaneous		<u>-</u>		<u>8</u>
Total Administrative and Office	215,040	\$ <u>203,781</u>	11,259	\$ <u>166,303</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	<u>2009</u>		Variance - Positive (Negative)	2008 Actual
	<u>Budget</u>	<u>Actual</u>		
General Government, continued				
Assessor and Board of Review				
Salaries and wages:				
Appointed officials		\$ 1,500		\$ 1,065
Full-time employees		58,428		56,795
Longevity pay		2,919		1,424
Payroll taxes		4,290		4,128
Life and health insurance		18,572		17,600
Retirement contribution		8,183		7,972
Legal fees		1,071		879
Education and travel		1,158		665
Communications		325		603
Gasoline and oil		-		164
Office supplies		1,126		1,573
Postage		2,641		2,566
Professional services		5,644		2,810
Printing and publishing		418		392
Repairs and maintenance		427		-
Operating equipment		<u>8,120</u>		<u>526</u>
Total Assessor and Board of Review	117,065	\$ <u>114,822</u>	2,243	\$ <u>99,162</u>
Election				
Salaries and wages:				
Election workers		\$ 2,623		\$ 21,680
Administration		554		2,314
Payroll taxes		64		287
Education and travel		597		3,189
Office supplies		365		4,668
Operating supplies		738		241
Postage		832		1,727
Professional services		-		1,231
Printing and publishing		55		199
Operating equipment		-		848
Miscellaneous		<u>487</u>		<u>1,892</u>
Total Election	15,120	\$ <u>6,315</u>	8,805	\$ <u>38,276</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	<u>2009</u>		Variance - Positive (Negative)	2008 Actual
	<u>Budget</u>	<u>Actual</u>		
General Government, continued				
Township Hall and Grounds				
Salaries and wages:				
Full-time employees		\$ 42,762		\$ 42,677
Overtime		1,550		1,382
Longevity pay		3,195		3,117
Payroll taxes		3,389		3,353
Life and health insurance		16,127		14,599
Retirement contribution		5,964		5,818
Workers' compensation		1,099		4,362
Education and travel		241		241
Insurance and bonds		28,369		27,859
Electricity		8,911		9,478
Heat		6,429		7,770
Water and sewer		693		593
Communications		11,610		12,909
Gasoline and oil		1,033		1,479
Operating supplies		6,964		8,359
Professional services		15,555		28,238
Uniforms		1,121		514
Repairs and maintenance:				
Building		7,017		7,900
Equipment		2,055		1,333
Grounds		6,082		14,937
Vehicle		1,295		1,121
Building improvements		-		9,560
Land improvements		-		1,551
Office equipment lease/rental		4,513		3,031
Operating equipment		6,098		28,617
Vehicles		-		2,500
Miscellaneous		5		164
		<u> </u>		<u> </u>
Total Township Hall and Grounds	230,780	\$ 182,077	48,703	\$ 243,462

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	<u>2009</u>		Variance - Positive (Negative)	2008 Actual
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
General Government, continued				
General Services				
Audit fees		\$ 23,500		\$ 22,000
Legal fees		11,974		17,941
Engineering fees		1,469		4,066
Education and travel		5,878		5,786
Professional services		10,269		12,453
Roads		5,526		106,310
Drains		37,815		77,231
Street lights		34,921		34,065
Metro Act improvements		<u>4,370</u>		<u>-</u>
Total General Services	187,500	\$ <u>135,722</u>	51,778	\$ <u>279,852</u>
Planning				
Salary appointed		\$ 2,250		\$ 2,050
Payroll taxes		172		157
Legal fees		2,081		3,459
Education and travel		782		495
Postage		30		9
Printing and publishing		2,265		1,330
Miscellaneous		<u>15</u>		<u>15</u>
Total Planning	<u>10,710</u>	\$ <u>7,595</u>	<u>3,115</u>	\$ <u>7,515</u>
Total General Government	\$ <u>972,060</u>	\$ <u>832,783</u>	\$ <u>139,277</u>	\$ <u>1,010,745</u>

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	<u>2009</u>		<u>Variance -</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2008</u>
			<u>(Negative)</u>	<u>Actual</u>
Ordinance Enforcement				
Salaries and wages:				
Full-time employees		\$ 22,951		\$ 38,978
Longevity		-		4,028
Payroll taxes		1,742		3,174
Life and health insurance		1,127		11,321
Retirement contribution		1,773		5,639
Legal fees		330		3,138
Education and travel		40		45
Communications		-		576
Gasoline and oil		448		1,128
Office supplies		307		562
Postage		545		373
Radio maintenance		-		35
Vehicle maintenance		19		951
Capital outlay		-		210
		<hr/>		<hr/>
Total Ordinance Enforcement	\$ 31,305	\$ 29,282	\$ 2,023	\$ 70,158

**ST. JOSEPH CHARTER TOWNSHIP
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008**

	<u>2009</u>		Variance - Positive (Negative)	2008 Actual
	<u>Budget</u>	<u>Actual</u>		
Recreational and Cultural				
Parks and Recreation				
Salaries and wages:				
Full-time employees		\$ 42,435		\$ 41,768
Part-time employees		25,051		31,006
Overtime		246		820
Longevity		1,065		1,037
Payroll taxes		5,064		5,497
Life and health insurance		22,174		17,676
Retirement contribution		5,964		5,818
Education and travel		10		647
Insurance		8,595		10,222
Utilities		12,303		19,418
Communications		-		79
Gasoline and oil		3,187		7,962
Operating supplies		6,193		6,579
Safety equipment and supplies		525		-
Professional services		1,500		6,030
Wilderness trail		-		1,228
Repairs and maintenance:				
Buildings		10,155		6,059
Equipment		4,010		3,564
Grounds		6,208		13,496
Vehicles		781		1,125
Operating equipment		740		732
Metro Act improvements		-		3,328
		<u> </u>		<u> </u>
Total Parks and Recreation	\$ 197,110	\$ 156,206	\$ 40,904	\$ 184,091
TOTAL EXPENDITURES	<u>\$ 1,226,170</u>	<u>\$ 1,039,744</u>	<u>\$ 186,426</u>	<u>\$ 1,288,879</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
December 31, 2009**

	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Building Department</u>
Assets			
Cash	\$ 8,000	\$ 16,524	\$ 74,328
Taxes receivable	-	-	-
Due from other funds	-	-	-
Prepaid expense	-	-	<u>529</u>
 TOTAL ASSETS	 <u>\$ 8,000</u>	 <u>\$ 16,524</u>	 <u>\$ 74,857</u>
 Liabilities and Fund Equity			
Liabilities			
Accounts payable	\$ 1,268	\$ -	\$ 5,818
Payroll liabilities	-	-	2,084
Deferred revenue	-	-	<u>-</u>
 Total Liabilities	 \$ 1,268	 \$ -	 \$ 7,902
 Fund Equity			
Fund balances	<u>6,732</u>	<u>16,524</u>	<u>66,955</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 8,000</u>	 <u>\$ 16,524</u>	 <u>\$ 74,857</u>

<u>Library</u>	<u>Liquor Law Enforcement</u>	<u>Total</u>
\$ 35,166	\$ -	\$ 134,018
90,581	-	90,581
79,609	-	79,609
<u>-</u>	<u>-</u>	<u>529</u>
<u>\$ 205,356</u>	<u>\$ -</u>	<u>\$ 304,737</u>

\$ 8	\$ -	\$ 7,094
-	-	2,084
<u>186,774</u>	<u>-</u>	<u>186,774</u>

\$ 186,782	\$ -	\$ 195,952
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<u>18,574</u>	<u>-</u>	<u>108,785</u>
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<u>\$ 205,356</u>	<u>\$ -</u>	<u>\$ 304,737</u>
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**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2009**

	<u>Police Training</u>	<u>Police Drug Forfeiture</u>	<u>Building Department</u>
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	108,522
State grants:			
Operating grants	2,250	-	-
Charges for services	-	12,161	-
Interest	<u>48</u>	<u>46</u>	<u>572</u>
 Total Revenues	 <u>\$ 2,298</u>	 <u>\$ 12,207</u>	 <u>\$ 109,094</u>
Expenditures:			
General government	\$ -	\$ -	\$ -
Public safety	<u>2,330</u>	<u>1,468</u>	<u>128,294</u>
 Total Expenditures	 <u>\$ 2,330</u>	 <u>\$ 1,468</u>	 <u>\$ 128,294</u>
 Net Change in Fund Balances	 \$ (32)	 \$ 10,739	 \$ (19,200)
 Fund Balances, Beginning of Year	 <u>6,764</u>	 <u>5,785</u>	 <u>86,155</u>
 FUND BALANCES, END OF YEAR	 <u><u>\$ 6,732</u></u>	 <u><u>\$ 16,524</u></u>	 <u><u>\$ 66,955</u></u>

<u>Library</u>	<u>Liquor Law Enforcement</u>	<u>Total</u>
\$ 180,131	\$ -	\$ 180,131
-	3,693	112,215
-	-	2,250
-	-	12,161
654	-	1,320
<u>\$ 180,785</u>	<u>\$ 3,693</u>	<u>\$ 308,077</u>
\$ 175,000	\$ -	\$ 175,000
-	3,693	135,785
<u>\$ 175,000</u>	<u>\$ 3,693</u>	<u>\$ 310,785</u>
\$ 5,785	\$ -	\$ (2,708)
12,789	-	111,493
<u>\$ 18,574</u>	<u>\$ -</u>	<u>\$ 108,785</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
December 31, 2009**

	St. Joseph Charter Township Improvement <u>Fund</u>	Sewer Replacement and Improvement <u>Fund</u>
Assets		
Cash	\$ 154,146	\$ 16,649
Due from other governments	-	-
Due from other funds	<u>3,867</u>	<u>-</u>
 Total Assets	 <u>\$ 158,013</u>	 <u>\$ 16,649</u>
Liabilities and Fund Equity		
Liabilities		
Accounts payable	\$ 109	\$ -
Due to other funds	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>\$ 109</u>	 <u>\$ -</u>
Fund Equity		
Fund balance	<u>\$ 157,904</u>	<u>\$ 16,649</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 158,013</u>	 <u>\$ 16,649</u>

Water Replacement and Improvement Fund	Eaton Park Grant	Total
\$ 564,166	\$ -	\$ 734,961
-	4,000	4,000
<u>-</u>	<u>-</u>	<u>3,867</u>
<u>\$ 564,166</u>	<u>\$ 4,000</u>	<u>\$ 742,828</u>
\$ -	\$ 133	\$ 242
<u>-</u>	<u>3,867</u>	<u>3,867</u>
<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,109</u>
<u>\$ 564,166</u>	<u>\$ -</u>	<u>\$ 738,719</u>
<u>\$ 564,166</u>	<u>\$ 4,000</u>	<u>\$ 742,828</u>

**ST. JOSEPH CHARTER TOWNSHIP
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 2009**

	St. Joseph Charter Township Improvement <u>Fund</u>	Sewer Replacement and Improvement <u>Fund</u>
Revenues:		
Charges for services	\$ 30,225	\$ -
Interest	<u>1,057</u>	<u>30</u>
 Total Revenues	 <u>\$ 31,282</u>	 <u>\$ 30</u>
Expenditures:		
Current:		
General government	\$ 16,680	\$ -
Recreation and cultural	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>\$ 16,680</u>	 <u>\$ -</u>
 Net Change in Fund Balances	 <u>\$ 14,602</u>	 <u>\$ 30</u>
 Fund Balance, Beginning of Year	 <u>143,302</u>	 <u>16,619</u>
 FUND BALANCE, END OF YEAR	 <u><u>\$ 157,904</u></u>	 <u><u>\$ 16,649</u></u>

Water Replacement and Improvement Fund	Eaton Park Grant	Total
\$ 10,000	\$ -	\$ 40,225
3,905	-	4,992
\$ 13,905	\$ -	\$ 45,217
\$ -	\$ -	\$ 16,680
-	133	133
\$ -	\$ 133	\$ 16,813
\$ 13,905	\$ (133)	\$ 28,404
550,261	133	710,315
\$ 564,166	\$ -	\$ 738,719

**ST. JOSEPH CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 Statement of Expenses
 For the Year Ended December 31, 2009**

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Expenses:		
Salaries and wages	\$ 134,832	\$ -
Payroll taxes	61,010	-
Contractual services	76,590	2,106
Contributions	80,444	159,463
Operating supplies	3,692	-
Gas and oil	3,778	-
Utilities	16,761	-
Insurance	14,313	-
Education and travel	-	615
Sewer treatment - St. Joseph	462,448	-
Sewer treatment - Benton Harbor	122,282	-
Fire hydrant rental	-	697
Repairs and maintenance	25,380	2,000
Miscellaneous	<u>8,450</u>	<u>98</u>
 Total Operating Expenses	 <u>\$ 1,009,980</u>	 <u>\$ 164,979</u>

**ST. JOSEPH CHARTER TOWNSHIP
FIDUCIARY FUNDS
Combining Balance Sheet
For the Year Ended December 31, 2009**

TOTAL ALL FIDUCIARY FUNDS	Current Tax Fund	Delinquent Tax Fund	Benton Harbor Escrow Fund	Balance December 31, 2009
Assets				
Cash	\$ 1,599,221	\$ 10,623	\$ 61,076	\$ 1,670,920
Due from other governments	<u>-</u>	<u>-</u>	<u>1,856</u>	<u>1,856</u>
 TOTAL ASSETS	 <u>\$ 1,599,221</u>	 <u>\$ 10,623</u>	 <u>\$ 62,932</u>	 <u>\$ 1,672,776</u>
 Liabilities				
Accounts payable	\$ -	\$ 7,204	\$ -	\$ 7,204
Undistributed taxes, interest, licenses and revenues	-	-	5,155	5,155
Due to other governments	258,076	3,418	28,119	289,613
Due to other funds	<u>1,341,145</u>	<u>1</u>	<u>29,658</u>	<u>1,370,804</u>
 TOTAL LIABILITIES	 <u>\$ 1,599,221</u>	 <u>\$ 10,623</u>	 <u>\$ 62,932</u>	 <u>\$ 1,672,776</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

January 29, 2010

Members of
St. Joseph Charter Township Board
St. Joseph, Michigan

In connection with our audit of the combined financial statements of St. Joseph Charter Township as of December 31, 2009, we have made a review of accounting procedures and internal control. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for your consideration, suggestions for changes in procedures, which, in our opinion, would strengthen internal control or contribute to the improvement of operating efficiency.

The comments in this letter are based upon observations made in the course of such review. The review was not designed for the purpose of expressing an opinion on internal accounting control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our examination of the financial statements. We offer for your review the following comments and recommendations.

1. Our suggestions from prior years have been implemented in a timely and efficient manner.
2. The Township's administration and personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

If we can be of any help in implementing any of these suggestions or if you have any questions regarding these or any other matters, please feel free to contact us.

Once again, we would like to thank all of the officials and employees of St. Joseph Charter Township for the cooperation and courtesy extended to us during the course of our engagement.

Sincerely,

Gerbel & Company, P.C.
GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

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

January 29, 2010

Separate Communication Indicating No Material Weaknesses

To the Members of the Township Board
St. Joseph Charter Township
St. Joseph, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered St. Joseph Charter Township's internal control over financial reporting (internal control) 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 St. Joseph Charter Township's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Joseph Charter Township's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of St. Joseph Charter Township in a separate letter dated January 29, 2010.

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

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

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

January 29, 2010

Communication with Those Charged with Governance

To the Township Board
St. Joseph Charter Township
St. Joseph, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Joseph Charter Township for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 8, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St. Joseph Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

The disclosures in the financial statements are neutral, consistent, and clear. We did not note any disclosures that we felt were particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely known misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Right. On time.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the St. Joseph Charter Township Board and management of St. Joseph Charter Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants