

**Dial-A-Ride Fund of the City of
Buchanan, Michigan
Berrien County, Michigan**

**Financial Report
with Supplemental Information
September 30, 2009**

Dial-A-Ride Fund of the City of Buchanan, Michigan

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Independent Auditor's Report

To the Dial-A-Ride Fund of the
City of Buchanan, Michigan
Buchanan, Michigan

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Dial-A-Ride Fund of the City of Buchanan, Michigan as of and for the year ended September 30, 2009, which collectively comprise the Dial-A-Ride Fund of the City of Buchanan, Michigan's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Buchanan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Dial-A-Ride Fund of the City of Buchanan, Michigan as of September 30, 2009 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule - General Fund is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Dial-A-Ride Fund of the
City of Buchanan, Michigan
Buchanan, Michigan

Our audit was made for the purpose of forming opinions on the financial statements of the Dial-A-Ride Fund. The other supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. The information, other than the schedule of mileage data, has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the fund financial statements taken as a whole. The schedule of mileage data has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

As discussed in Note I, the financial statements present only the Dial-A-Ride Fund and do not purport to, and do not, present fairly the financial position of the City of Buchanan, Michigan as of September 30, 2009 or the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Dial-A-Ride Fund of the City of Buchanan, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Plante & Moran, PLLC

December 31, 2009

Dial-A-Ride Fund of the City of Buchanan, Michigan

Governmental Fund Balance Sheet/Statement of Net Assets September 30, 2009

Assets

Cash (Note 2)	\$	4,032
Investments (Note 2)		159,021
Taxes receivable		11,748
Other receivable		2,327
Due from federal government		<u>3,918</u>

Total assets 181,046

Liabilities

Accounts payable		40,892
Deferred revenue		<u>87,546</u>

Total liabilities 128,438

Fund Balance/Net Assets - Restricted for DAR operations \$ 52,608

Dial-A-Ride Fund of the City of Buchanan, Michigan

Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended September 30, 2009

Revenue - Program

Federal sources:

U.S. DOT Operating Grant (Section 5311) #07-0181/Z2 (Note 4) \$ 21,734

RTAP grant 818

State sources - Local Bus Operating Assistance (Act 51) -

#02-0022/Z7 (Note 4) 56,477

Farebox revenue 14,244

General:

Property taxes 86,205

Investment income 4,235

Miscellaneous - Insurance refunds 3,118

Total revenue 186,831

Expenditures - Program operating costs - Purchased transportation service and miscellaneous

179,721

Excess of Revenue Over Expenditures/Change in Net Assets

7,110

Fund Balance/Net Assets - Beginning of year

45,498

Fund Balance/Net Assets - End of year

\$ 52,608

Dial-A-Ride Fund of the City of Buchanan, Michigan

Notes to Financial Statements September 30, 2009

Note I - Nature of Organization and Summary of Significant Accounting Policies

The accounting policies of the Dial-A-Ride Fund of the City of Buchanan, Michigan (Dial-A-Ride) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies.

Reporting Entity

The accompanying component unit financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The Dial-A-Ride Fund of the City of Buchanan, Michigan is a Special Revenue Fund of the City of Buchanan, Michigan which has a fiscal year ending June 30.

The City of Buchanan, Michigan enters into a contract on an annual basis with Transportation Management, Inc. to provide bus services.

Basis of Accounting

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Dial-A-Ride's basic financial statements include both government-wide (reporting Dial-A-Ride as a whole) and fund financial statements (reporting Dial-A-Ride's funds). These financial statements are shown on a combined (government-wide and fund) basis given that there are no differences between the two presentations for an entity of this nature.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Property taxes billed during the month of July will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. Dial-A-Ride's net assets are entirely restricted for the program.

Dial-A-Ride Fund of the City of Buchanan, Michigan

Notes to Financial Statements September 30, 2009

Note I - Nature of Organization and Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to Dial-A-Ride patrons 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 meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues and are reported instead as general revenue.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Dial-A-Ride considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Property taxes billed during the month of July will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue at September 30.

Dial-A-Ride reports one major governmental fund, the General Fund. The General Fund is Dial-A-Ride's primary operating fund. It accounts for all financial resources of Dial-A-Ride.

Financial Statement Amounts

Bank Deposits and Investments - Dial-A-Ride has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables - All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Property taxes are levied on July 1 based on the taxable valuation of the property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

Dial-A-Ride Fund of the City of Buchanan, Michigan

Notes to Financial Statements September 30, 2009

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Capital Assets - Transportation capital assets are owned by the City of Buchanan and reported in its financial statements.

Deferred Revenue - Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Deferred revenue reported at the end of the year was unearned.

Property Tax Revenue - The taxable valuation of the Dial-A-Ride Fund of the City of Buchanan, Michigan totaled \$87.2 million, on which taxes levied consisted of 1.0 mills. This resulted in total tax revenue of approximately \$87,000 for the year ended September 30, 2009.

Cost Allocation Plan - The Dial-A-Ride Fund has a cost allocation plan approved by the Bus Transit Division of the Michigan Department of Transportation for the urban/nonurban grants. This plan was adhered to in the preparation of the financial statements.

Capital Funding - Capital money (Section 5311 funding) was not used to pay for operating expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Dial-A-Ride Fund of the City of Buchanan, Michigan

Notes to Financial Statements September 30, 2009

Note 2 - Deposits and Investments (Continued)

Dial-A-Ride, through the City of Buchanan, Michigan, has designated one bank for the deposit of its funds. The investment policy adopted by Dial-A-Ride, via the City Commission, in accordance with Public Act 196 of 1997, has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. Dial-A-Ride's deposits and investment policies are in accordance with statutory authority.

Dial-A-Ride's cash and investments at September 30, 2009 are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, Dial-A-Ride's deposits may not be returned to it. Dial-A-Ride does not have a deposit policy for custodial credit risk. At year end, Dial-A-Ride had \$4,032 of bank deposits (certificates of deposit, checking, and savings accounts). The federal depository insurance coverage pertains to all the deposits of the City of Buchanan; hence, the specific coverage pertaining to Dial-A-Ride's deposits, if any, is not determinable.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of failure of the counterparty, Dial-A-Ride will not be able to recover the value of its investments or collateral securities that are not in possession of an outside party. Dial-A-Ride does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in Dial-A-Ride's name:

Investment	Fair Value	How held
Ginnie Mae Pooled Fund	\$ 1,713	Counterparty's trust dept
Federal Home Loan Mortgage	24,529	Counterparty's trust dept
Federal National Mortgage Association	35,510	Counterparty's trust dept
Federal Home Loan Bank	25,936	Counterparty's trust dept

Dial-A-Ride Fund of the City of Buchanan, Michigan

Notes to Financial Statements September 30, 2009

Note 2 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Dial-A-Ride's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average
Genne Mae Pooled Fund	\$ 1,713	6.35 years
Federal Home Loan Mortgage	24,529	2.53 years
Federal National Mortgage Association	35,510	3.10 years
Federal Home Loan Bank	25,936	2.77 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. Dial-A-Ride has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Organization
Federal Home Loan Mortgage	\$ 24,529	AAA	Moody's
Federal National Mortgage Association	35,510	AAA	Moody's
Federal Home Loan Bank	25,936	AAA	Moody's

Concentration of Credit Risk

Dial-A-Ride places no limit on the amount it may invest in any one issuer. More than 5 percent of Dial-A-Ride's investments are in the following investments:

Investment	Percent
Federal Home Loan Mortgage	23%
Federal National Mortgage Association	33%
Federal Home Loan Bank	24%
U.S. Treasury notes	18%

Dial-A-Ride Fund of the City of Buchanan, Michigan

Notes to Financial Statements September 30, 2009

Note 3 - Stewardship, Compliance, and Accountability

Prior to the start of the new fiscal year, the annual budget is prepared by Transportation Management, Inc. and adopted by the City Commission with the approval of the contract.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

A comparison to the budget as adopted is shown in the required supplemental information for the year ended September 30, 2009. Actual expenditures exceeded budgeted expenditures by \$6,268.

Note 4 - State Revenue Sources

Dial-A-Ride's operating assistance is based on an estimated budget. Any unexpended budget amounts reduce funding in the subsequent year. Budget excesses may also be reimbursed in a subsequent year. Unexpended amounts were offset against payments as follows:

	State	Federal
Operating assistance	\$ 61,778	\$ 23,534
Prior year underpayment	(5,301)	(1,800)
Total state and federal revenue	<u>\$ 56,477</u>	<u>\$ 21,734</u>

Note 5 - Risk Management

The Dial-A-Ride Fund of the City of Buchanan, Michigan is exposed to various risks of loss related to property loss, torts, and errors and omissions. The City participates in the Michigan Municipal League risk pool for claims relating to property liability. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Required Supplemental Information

Dial-A-Ride Fund of the City of Buchanan, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2009

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Property taxes	\$ 73,503	\$ 86,205	\$ 12,702
Federal sources	21,497	22,552	1,055
State sources	62,703	56,477	(6,226)
Farebox revenue	12,750	14,244	1,494
Investment income and miscellaneous	3,000	7,353	4,353
Total revenue	173,453	186,831	13,378
Expenditures - Operating costs - Purchased transportation service and miscellaneous	173,453	179,721	(6,268)
Excess of Revenue Over Expenditures	-	7,110	7,110
Fund Balance - Beginning of year	45,498	45,498	-
Fund Balance - End of year	<u>\$ 45,498</u>	<u>\$ 52,608</u>	<u>\$ 7,110</u>

Other Supplemental Information

Dial-A-Ride Fund of the City of Buchanan, Michigan

Schedule of Operating Expenses Year Ended September 30, 2009

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total</u>
Other services	\$ 32	\$ 548	\$ 20,660	\$ 21,240
Materials and supplies	23,630	392	764	24,786
Utilities	-	-	4,946	4,946
Casualty and liability costs	10,624	-	403	11,027
Audit services	-	-	7,290	7,290
Salaries and fringe benefits	87,370	12,241	4,667	104,278
Miscellaneous expenses - Training	481	325	2,108	2,914
Operating leases and rentals	1,309	-	-	1,309
Miscellaneous expenses - Other	-	-	1,931	1,931
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 123,446</u>	<u>\$ 13,506</u>	<u>\$ 42,769</u>	<u>\$ 179,721</u>

Dial-A-Ride Fund of the City of Buchanan, Michigan

Schedule of Expenses by Contract and General Operations Year Ended September 30, 2009

	<u>Nonurban</u>	<u>Urban Small</u>	<u>Total</u>
Other services	\$ 17,416	\$ 3,824	\$ 21,240
Materials and supplies	20,323	4,463	24,786
Utilities	4,056	890	4,946
Casualty and liability costs	9,042	1,985	11,027
Audit services	7,290	-	7,290
Salaries and fringe benefits	85,499	18,779	104,278
Miscellaneous expense - Training	2,390	524	2,914
Miscellaneous expense - Other	1,598	333	1,931
Operating leases and rentals	<u>1,073</u>	<u>236</u>	<u>1,309</u>
Total expenses	<u>\$ 148,687</u>	<u>\$ 31,034</u>	<u>\$ 179,721</u>

Dial-A-Ride Fund of the City of Buchanan, Michigan

Maximum Reimbursement Computation Year Ended September 30, 2009

	State Operating Assistance	Federal Section 5311
	<u> </u>	<u> </u>
Nonurban eligible operating expenditures	\$ 148,687	\$ 148,687
Small urban eligible operating expenditures	<u>31,034</u>	<u>-</u>
Total eligible operating expenditures	179,721	148,687
Less ineligible expenses:		
RTAP grant	(818)	(818)
Michigan Transit Pool insurance refund	<u>(3,118)</u>	<u>(3,118)</u>
Total ineligible expenses	<u>(3,936)</u>	<u>(3,936)</u>
Total eligible expenses	<u>\$ 175,785</u>	<u>\$ 144,751</u>
	Nonurban/Small Urban (State)	Section 5311 (Federal)
	<u> </u>	<u> </u>
Grant limits:		
Nonurban - 35.6166% of eligible expenses	\$ 62,609	\$ -
Nonurban - 16.0% of eligible expenses	<u>-</u>	<u>23,160</u>
Net eligible expense	62,609	23,160
Grant award	<u>61,778</u>	<u>23,534</u>
Project underpayment (overpayment)	<u>\$ 831</u>	<u>\$ (374)</u>

Dial-A-Ride Fund of the City of Buchanan, Michigan

Schedule of Mileage Data Public Transportation Year Ended September 30, 2009 (Unaudited)

Vehicle mileage:	
First quarter	10,909
Second quarter	12,739
Third quarter	13,069
Fourth quarter	<u>10,613</u>
 Total vehicle miles	 <u><u>47,330</u></u>

The methodology used for compiling mileage has been reviewed and found to be adequate and a reliable method for recording vehicle mileage.

**Dial-A-Ride Fund of the City of
Buchanan, Michigan
Berrien County, Michigan**

**Report to the City Commission
September 30, 2009**

To the City Commission
Dial-A-Ride Fund of the City
of Buchanan, Michigan

We have recently completed our audit of the basic financial statements of the Dial-A-Ride Fund of the City of Buchanan, Michigan (the "Fund") for the year ended September 30, 2009. In addition to our audit report, we are providing the following :

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We are grateful for the opportunity to be of service to the Dial-A-Ride Fund of the City of Buchanan, Michigan. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

December 31, 2009

Report on Internal Control

December 31, 2009

To the City Commission
Dial-A-Ride Fund of the City
of Buchanan, Michigan

Dear Commission Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the Fund's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Dial-A-Ride Fund of the City of Buchanan, Michigan as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

To the City Commission
Dial-A-Ride Fund of the City
of Buchanan, Michigan

December 31, 2009

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

- Audit adjusting entries were deemed necessary for account balances to be reported accurately on the accrual basis.
- The Fund has chosen not to prepare a management's discussion and analysis (MD&A) as required by GASB 34.

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

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Kenley Penner". The signature is written in a cursive, flowing style.

Kenley Penner, CPA

Results of the Audit

December 31, 2009

To the City Commission
Dial-A-Ride Fund of the City
of Buchanan, Michigan

We have audited the financial statements of the Dial-A-Ride Fund of the City of Buchanan, Michigan (the "Fund") for the year ended September 30, 2009 and have issued our report thereon dated December 31, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 3, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Fund. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in October.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Dial-A-Ride Fund of the City of Buchanan, Michigan are described in Note I 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 Fund during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. The most sensitive estimates affecting the financial statements were the collectability of receivables and the valuation of investments.

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 misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Journal entries were posted to correct property tax and grant revenue, including the related receivables and deferred revenue and to post accounts payable and related expenditures. The misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For the purpose 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 December 31, 2009.

To the City Commission
Dial-A-Ride Fund of the City
of Buchanan, Michigan

December 31, 2009

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 Fund’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.

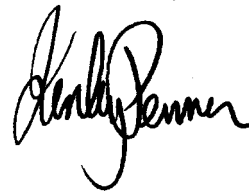
Other Audit Findings or Issues

In the normal course of our professional association with the Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Fund, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Fund’s auditors.

This information is intended solely for the use of the City Commission and management of the Dial-A-Ride Fund of the City of Buchanan, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Kenley Penner", written in a cursive style.

Kenley Penner, CPA
Partner