

WATERVLIET CITY/TOWNSHIP CEMETERY

FINANCIAL REPORT

MARCH 31, 2009

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Independent Auditor's Report

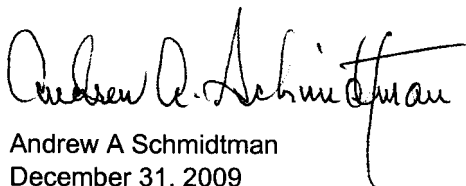
To the Watervliet City/Township Cemetery Board
Watervliet, Michigan

I have audited the accompanying basic financial statements of the Watervliet City/Township Cemetery as of and for the year ended March 31, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the Watervliet City/Township Cemetery's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Watervliet City/Township Cemetery as of March 31, 2009, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements, but are supplemental information required by the Government Accounting Standards Board. I have applied certain procedures, which consist principally of inquiries of management regarding methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.



Andrew A Schmidtman
December 31, 2009

WATERVLIET CITY/TOWNSHIP CEMETERY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic Financial Statements

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and the required supplemental information. The basic financial statements include information that presents two different views of the Watervliet City/Township Cemetery (the "Cemetery"):

The first column of the financial statements includes information on the Cemetery's General Fund under the modified accrual method. These fund financial statements focus on the current financial resources and provide a more detailed view about the accountability of the Cemetery's sources and uses of funds.

The government-wide financial statement column provides both long-term and short-term information about the Cemetery's overall financial status. The statement of net assets and statement of activities provide information about the activities of the Cemetery as a whole and present a longer-term view of the Cemetery's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

The basic financial statements also includes Notes that explain some of the information in the financial statements and provide more detailed information.

The required supplemental information follows the basic financial statements and provides additional information related to the general fund.

WATERVLIET CITY/TOWNSHIP CEMETERY
MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Condensed Financial Information

The following provides financial information in a condensed format using the full-accrual basis of accounting.

| | March 31, <u>2009</u> | March 31, <u>2008</u> |
|----------------------------------|--------------------------|--------------------------|
| Current assets | \$ <u>59,214</u> | \$ <u>57,415</u> |
| Total assets | <u>59,214</u> | <u>57,415</u> |
| Current liabilities | <u>4,000</u> | - |
| Total liabilities | <u>4,000</u> | - |
| Net assets: | | |
| Unrestricted | <u>55,214</u> | <u>57,415</u> |
| Total net assets | <u>\$ 55,214</u> | <u>\$ 57,415</u> |
| Revenues: | | |
| Local unit contributions | \$ 10,000 | \$ 10,000 |
| Lot sales | 1,250 | 1,500 |
| Burial fees | 3,900 | 900 |
| Other | <u>1,069</u> | <u>1,336</u> |
| Total Revenue | 16,219 | 13,736 |
| Expenditures - cemetery services | <u>18,420</u> | <u>12,270</u> |
| Change in net assets | <u>\$ (2,201)</u> | <u>\$ 1,466</u> |

WATERVLIET CITY/TOWNSHIP CEMETERY
MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Watervliet City/Township Cemetery as a Whole

The Cemetery's net assets decreased by \$2,201 during the year. Revenue increased by 18.0% this year and expenses increased by 50.1%. The expenditure item with a significant increase was professional fees. Professional fees increased by \$4,000.

The Cemetery's primary sources of revenue are contributions from local units, lot sales, and burial fees. These items combined to account for 93.4% of total revenue. The revenue from lot sales and burial fees will vary from year to year.

Maintenance costs and professional fees were the major expenditures by the Cemetery. These items combined to account for 79.2% of total expenditures.

Watervliet City/Township Cemetery's Fund

An analysis of the Cemetery's major fund is included in the financial statements in the first column. This column presents information about the Cemetery's General Fund. The fund balance of the General Fund decreased during the year by \$2,201. The expenditures in the general fund include maintenance costs, professional fees, burial expenses and utilities.

Budgetary Highlights

The Cemetery incurred expenditures in excess of the amounts budgeted for certain line items. The largest overrun was for professional fees. A complete budgetary comparison schedule is presented in the required supplemental information.

Future Operations

The Cemetery Board has discussed the possibility of dissolving the Board and turning over control of the Cemetery to the City of Watervliet. A decision on dissolving the Cemetery Board has not yet been made.

WATERVLIET CITY/TOWNSHIP CEMETERY
MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Capital Assets and Debt Administration

All capital assets of the Cemetery, including land, are owned and accounted for by the City of Watervliet.

The Cemetery did not have any debt activity during the fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Cemetery's finances. Questions concerning the information provided in this report should be directed to the Cemetery's management, Watervliet City/Township Cemetery, P. O. Box 560, Watervliet, MI 49098.

WATERVLIET CITY/TOWNSHIP CEMETERY
GOVERNMENTAL FUND BALANCE SHEET AND
STATEMENT OF NET ASSETS

MARCH 31, 2009

Assets

| | | |
|---------------------------------|--------------|----------------------|
| Cash | \$ 22,010 | |
| Certificates of deposit | 32,204 | |
| Due from other government units | <u>5,000</u> | |
| Total assets | | <u>\$ 59,214</u> |

Liabilities

| | | |
|-----------------------|--------------|------------------|
| Accounts payable | <u>4,000</u> | |
| Total liabilities | | <u>4,000</u> |

Fund Balance / Net Assets

| | | |
|-----------------------------------|---------------|----------------------|
| Unreserved/unrestricted | <u>55,214</u> | |
| Total fund balance/net assets | | <u>\$ 55,214</u> |

See accompanying notes to financial statements.

WATERVLIET CITY/TOWNSHIP CEMETERY
STATEMENT OF GOVERNMENTAL REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE AND
STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2009

Revenue

| | |
|---------------------------|--------------|
| Local units contributions | \$ 10,000 |
| Lot sales | 1,250 |
| Burial fees | 3,900 |
| Investment income | <u>1,069</u> |

| | |
|---------------|------------------|
| Total revenue | \$ <u>16,219</u> |
|---------------|------------------|

Expenditures

| | |
|-------------------|-----------|
| Maintenance | 10,600 |
| Professional fees | 4,000 |
| Utilities | 897 |
| Insurance | 100 |
| Burial fees | 2,800 |
| Miscellaneous | <u>23</u> |

| | |
|--------------------|---------------|
| Total expenditures | <u>18,420</u> |
|--------------------|---------------|

| | |
|---|---------|
| Excess of Revenue Over (Under) Expenditures | (2,201) |
|---|---------|

| | |
|---|---------------|
| Fund Balance / Net Assets - April 1, 2008 | <u>57,415</u> |
|---|---------------|

| | |
|--|------------------|
| Fund Balance / Net Assets - March 31, 2009 | <u>\$ 55,214</u> |
|--|------------------|

See accompanying notes to financial statements.

WATERVLIET CITY/TOWNSHIP CEMETERY
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

Note 1 - Summary of Significant Accounting Policies

The Watervliet City/Township Cemetery (the "Cemetery") is located in the City of Watervliet, Michigan and is governed by an appointed board of six members. The City of Watervliet and Watervliet Township each appoints members to the board. The Cemetery is funded through contributions from the City of Watervliet and Watervliet Township along with revenues from lot sales and burial fees. The revenues are used to operate and maintain the cemetery.

The accompanying basic 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. Based on the significance of any operational or financial relationships with the Cemetery, there are no component units to be included in these financial statements.

The accounting policies of the Cemetery 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Cemetery's basic financial statements include both government-wide (reporting the Cemetery as a whole) and fund financial statements (reporting the Cemetery's major fund).

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 resource 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 the related cash flows.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cemetery's net assets are reported as unrestricted net assets.

WATERVLIET CITY/TOWNSHIP CEMETERY
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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, the Cemetery 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.

The General Fund is the Cemetery's only major governmental fund. It accounts for all financial resources of the Cemetery.

Financial Statement Amounts

Bank Deposits and Investments - The Cemetery 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.

Capital Assets - All capital assets of the Cemetery, including land, are owned and accounted for by the City of Watervliet.

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 reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Note 2 - Budget Information

The annual budget is prepared by the Secretary and then submitted to the Cemetery Board for adoption. Subsequent amendments, if any, are approved by the Cemetery Board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget has been adopted on a line item basis, expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budget as adopted is presented in these financial statements and includes expenditure overruns. The budget was not amended during the fiscal year.

WATERVLIET CITY/TOWNSHIP CEMETERY
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2009

Note 2 - Budget Information (Continued)

General Fund expenditures were in excess of appropriations as indicated below.

| | <u>Budget</u> | <u>Actual</u> |
|-------------------|---------------|---------------|
| Professional fees | - | 4,000 |
| Utilities | 648 | 897 |
| Burial expenses | - | 2,800 |

Note 3 - Deposits And Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local government 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 the local units of government in Michigan.

The Cemetery has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of state statutory authority as listed above. The Cemetery's deposits and investment policies are in accordance with statutory authority.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Cemetery's deposit may not be returned. The Cemetery does not have a deposit policy for custodial credit risk. As of March 31, 2009, the carrying amount of the Cemetery's deposits was \$54,178, all of which was covered by federal depository insurance.

WATERVLIET CITY/TOWNSHIP CEMETERY
 REQUIRED SUPPLEMENTAL INFORMATION
 GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

YEAR ENDED MARCH 31, 2009

| | <u>Original and Amended Budget</u> | <u>Actual Amounts</u> | <u>Variance Amended Budget</u> |
|--|--|---------------------------|--|
| <u>Revenue</u> | | | |
| Local units contributions | \$ 10,000 | \$ 10,000 | - |
| Lot sales | 750 | 1,250 | 500 |
| Burial fees | 900 | 3,900 | 3,000 |
| Investment income | <u>112</u> | <u>1,069</u> | <u>957</u> |
| Total revenue | <u>11,762</u> | <u>16,219</u> | <u>4,457</u> |
| <u>Expenditures</u> | | | |
| Maintenance | 10,600 | 10,600 | - |
| Professional fees | - | 4,000 | (4,000) |
| Utilities | 648 | 897 | (249) |
| Insurance | 100 | 100 | - |
| Burial expenses | - | 2,800 | (2,800) |
| Miscellaneous | <u>920</u> | <u>23</u> | <u>897</u> |
| | <u>12,268</u> | <u>18,420</u> | <u>(6,152)</u> |
| Exci Total expenditures | (506) | (2,201) | (1,695) |
| Fund Balance / Net Assets - April 1, 2008 | <u>57,415</u> | <u>57,415</u> | <u>-</u> |
| Fund Balance / Net Assets - March 31, 2009 | <u>\$ 56,909</u> | <u>\$ 55,214</u> | <u>\$ (1,695)</u> |

See accompanying notes to financial statements.

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ANDREW A. SCHMIDTMAN, C.P.A.

JAMES M. WOLF, C.P.A.

Members of the Cemetery Board
Watervliet City/Township Cemetery
Watervliet, Michigan

In planning and performing my audit of the financial statements of the Watervliet City/Township Cemetery as of and for the year ended March 31, 2009, in accordance with auditing standards generally accepted in the United States of America, I considered Watervliet City/Township Cemetery's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watervliet City/Township Cemetery's internal control. Accordingly, I do not express an opinion on the effectiveness of the Watervliet City/Township Cemetery's internal control.

My 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or 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. I consider the following deficiencies to be significant deficiencies in internal control.

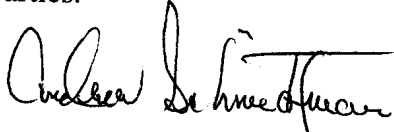
Internal Controls

There is a lack of segregation of duties. One person is responsible for all of the Cemetery accounting records. This individual is responsible for receiving funds for the Cemetery, making the deposit, recording the transactions, making the cash disbursement and reconciling the bank records.

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Watervliet City/Township Cemetery

This communication is intended solely for the information and use of management, the Watervliet City/Township Cemetery Board, and the State of Michigan's Department of the Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Andrew Schmidtman". The signature is written in a cursive style with a long horizontal line extending from the end.

Andrew Schmidtman, CPA
St. Joseph, Michigan

December 31, 2009