

Mottville Township
St. Joseph County, Michigan

Financial Statements

June 30, 2007

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Unit Name Mottville	County St. Joseph
Fiscal Year End 6/30/07		Opinion Date 9/4/07	Date Audit Report Submitted to State 9/17/07		

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name) Shirley J Jones CPA, PC		Telephone Number 269-435-7702
Street Address 100 S. Washington St		City Constantine
		State MI
		Zip 49042
Authorizing CPA Signature Shirley J Jones	Printed Name Shirley J Jones	License Number 22667

MOTTVILLE TOWNSHIP
ST. JOSEPH COUNTY, MICHIGAN

OFFICIARY

Brenda Hagen	Supervisor
Ron Mann	Treasurer
Sherry Medford	Clerk
Jack Keller	Trustee
Carl Kline	Trustee

MOTTVILLE TOWNSHIP

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Jones' CPA Office

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INDEPENDENT AUDITOR'S REPORT

Mottville Township Board
St. Joseph County, Michigan

We have audited the accompanying general purpose financial statements of Mottville Township, St. Joseph County, Michigan, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of Mottville Township's management. Our responsibility is to express an opinion on these general purpose 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 financial statements referred to above present fairly, in all material respects, the financial position of Mottville Township, St. Joseph County, Michigan, as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 17 through 18, 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.

Jones' CPA Office

Shirley J. Jones
Constantine, Michigan
September 4, 2007

Mottville Township
Management's Discussion and Analysis

As the Mottville Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended June 30, 2007. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 16. The statement regarding the budget is required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township’s net assets total \$686,916 at June 30, 2007. A portion of the Township’s net assets (24.6%) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public; consequently, these assets are not available for future spending. Furthermore, a portion of the Township’s net assets (6.7% at June 30, 2007 and 4.0% at June 30, 2006) represents resources that are subject to restrictions on how they may be used. The restricted net asset amount is made up of \$31,260 for the Township Improvement Fund and \$15,000 for the Budget Stabilization Fund. The remaining balance of unrestricted net assets (68.7% or \$471,361 and 68.2% or \$436,564, respectively) may be used to meet ongoing obligations to citizens.

Mottville Township’s Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Current assets	\$566,223	\$490,242
Capital assets	169,295	177,408
Total assets	<u>735,518</u>	<u>667,650</u>
Less:		
Current liabilities	<u>(48,602)</u>	<u>(27,960)</u>
Invested in capital	169,295	177,408
Restricted	46,260	25,718
Unrestricted	<u>471,361</u>	<u>436,564</u>
Total net assets	<u>\$686,916</u>	<u>\$639,690</u>

Approximately 30.1% of the Township’s total general revenue (\$219,916) came from property taxes, IFT collections, the summer tax collection fee, and special assessments. The biggest source of general income (46.4% and 55.4%, respectively) was from state revenue sharing. For both years presented, the largest expenditure was general government, which accounted for about 73.5% and 70.4% of the total expenditures. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Detailed Statement of Expenditures – General Fund, on pages 19-21.

Mottville Township's Statement of Activities

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Revenues:		
Program revenues:		
Charges for services	\$17,408	\$7,963
General revenues:		
Property taxes and IFT collections	49,087	46,436
Tax collection	17,115	15,306
Road right-of-way	1,677	3,497
State revenue sharing	101,974	102,457
Interest	25,812	17,217
Permits, fees, fines	2,425	1,650
Reimbursements	2,962	3,223
Cemetery lot sales	6,070	3,850
Miscellaneous	12,794	5,402
Total revenues	<u>237,324</u>	<u>207,001</u>
Expenditures:		
General government	139,802	123,130
Public Safety	39,139	40,930
Public works	3,454	3,815
Health and welfare	1,083	0
Recreation and culture	2,359	0
Township improvement	4,261	6,953
Total expenditures	<u>190,098</u>	<u>174,828</u>
Change in net assets	47,226	32,173
Beginning net assets	<u>639,690</u>	<u>607,517</u>
Ending net assets	<u>686,916</u>	<u>\$639,690</u>

Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$517,621. The difference between the combined fund balance and the net assets is \$169,295, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

Budgetary Highlights

The budget was amended on several occasions throughout the year to prevent overruns in several accounts. The actual charges to expenditures in total were \$18,609 below the final budget amounts. Actual revenue exceeded budgeted revenue by \$42,085, with interest income accounting for \$12,723, or about 30%, of that difference.

Capital Assets

The Township had \$169,295 invested in capital assets (net of depreciation) as of June 30, 2007. Acquisitions for the year were \$246 and current year depreciation was \$8,359. Purchases included and a new trimmer for the cemetery. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

Future Operations

Revenue is expected to remain fairly constant for the fiscal year ending June 30, 2008. There is a new budget line item for the 2007-2008 fiscal year. It is ambulance service. Increased expenditures are expected in the Township Improvement Fund Land Improvements account.

Mottville Township
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities:</u>			<u>Total Primary Government</u>
	<u>General Fund</u>	<u>Township Improvement Fund</u>	<u>Budget Stabilization Fund</u>	
ASSETS				
Current assets:				
Cash	\$97,475	\$0	\$0	\$97,475
Investments	414,909	0	0	414,909
Due from tax collection account	694	0	0	694
Due from other funds	0	31,260	15,000	46,260
Accounts receivable	6,885	0	0	6,885
Total current assets	<u>519,963</u>	<u>31,260</u>	<u>15,000</u>	<u>566,223</u>
Capital assets:				
Nondepreciable:				
Land	0	15,000	0	15,000
Depreciable (net of depreciation):				
Building and improvements	0	143,103	0	143,103
Furniture and fixtures	346	0	0	346
Computer equipment and software	1,039	0	0	1,039
Machinery and equipment	9,807	0	0	9,807
Total capital assets	<u>11,192</u>	<u>158,103</u>	<u>0</u>	<u>169,295</u>
Total assets	<u>531,155</u>	<u>189,363</u>	<u>15,000</u>	<u>735,518</u>
LIABILITIES				
Current liabilities:				
Accounts payable	72	0	0	72
Due to other funds	46,260	0	0	46,260
Accrued payroll taxes	2,270	0	0	2,270
Total current liabilities	<u>48,602</u>	<u>0</u>	<u>0</u>	<u>48,602</u>
NET ASSETS				
Invested in capital assets	11,192	158,103	0	169,295
Restricted	0	31,260	15,000	46,260
Unrestricted	471,361	0	0	471,361
	<u>\$482,553</u>	<u>\$189,363</u>	<u>\$15,000</u>	<u>\$686,916</u>

See accompanying notes to financial statements.

Mottville Township
Statement of Activities
For the Year Ended June 30, 2007

Functions	<u>Expenses</u>	Program <u>Revenues</u> Charges for <u>Services</u>	Net (Expense) Revenue Primary <u>Government</u> Governmental <u>Activities</u>
Primary Government			
Governmental Activities:			
General government	\$139,802	\$3,800	(\$136,002)
Public safety	39,139	13,608	(25,531)
Highways and streets	3,454	0	(3,454)
Health and welfare	1,083	0	(1,083)
Recreation and culture	2,359	0	(2,359)
Township Improvement	4,261	0	(4,261)
Total governmental activities	<u>\$190,098</u>	<u>\$17,408</u>	<u>(172,690)</u>
 General Revenues			
Taxes:			
Property taxes			45,125
IFT taxes			3,962
Tax collection fee			17,115
State revenue sharing			101,974
Licenses and permits			2,425
Cemetery lot sales			6,070
Interest earned			25,812
Refunds and reimbursements			2,962
Road right-of-way income			1,677
Miscellaneous			12,794
Total general revenues			<u>219,916</u>
 Changes in net assets			47,226
 Net assets - beginning of year			<u>639,690</u>
 Net assets - end of year			<u><u>\$686,916</u></u>

See accompanying notes to financial statement.

Mottville Township
Balance Sheet – Governmental Funds
June 30, 2007

	<u>General Fund</u>	<u>Township Improvement Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Current assets:				
Cash	\$97,475	\$0	\$0	\$97,475
Investments	414,909	0	0	414,909
Due from tax collection account	694	0	0	694
Due from other funds	0	31,260	15,000	46,260
Accounts receivable	6,885	0	0	6,885
Total assets	<u>\$519,963</u>	<u>\$31,260</u>	<u>\$15,000</u>	<u>\$566,223</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$72	\$0	\$0	\$72
Due to other funds	46,260	0	0	46,260
Accrued payroll taxes	2,270	0	0	2,270
Total liabilities	48,602	0	0	48,602
FUND BALANCES				
Restricted	0	31,260	15,000	46,260
Unrestricted	471,361	0	0	471,361
Total fund balances	471,361	31,260	15,000	517,621
Total liabilities and fund balances	<u>\$519,963</u>	<u>\$31,260</u>	<u>\$15,000</u>	<u>\$566,223</u>

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

Total fund balances - governmental	\$517,621
Capital assets used in government activities are not financial resources and therefore are not reported in the funds	169,295
Net assets of governmental activities	\$686,916

See accompanying notes to financial statements.

Mottville Township
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2007

	General Fund	Township Improvement Fund	Budget Stabilization Fund	Total Governmental Funds
REVENUES				
Property taxes	\$45,125	\$0	\$0	\$45,125
IFT taxes	3,962	0	0	3,962
Tax collection fee	17,115	0	0	17,115
State revenue sharing	101,974	0	0	101,974
Licenses and permits	2,425	0	0	2,425
Cemetery lot sales	6,070	0	0	6,070
Charge for services:				
Grave openings	3,800	0	0	3,800
Fire runs	13,608	0	0	13,608
Interest earned	22,723	3,089	0	25,812
Refunds and reimbursements	2,962	0	0	2,962
Road right-of-way income	1,677	0	0	1,677
Miscellaneous	12,794	0	0	12,794
Total revenues	234,235	3,089	0	237,324
EXPENDITURES				
General government:				
Township board	37,580	0	0	37,580
Supervisor	11,061	0	0	11,061
Elections	2,184	0	0	2,184
Assessor	18,249	0	0	18,249
Clerk	13,536	0	0	13,536
Board of review	456	0	0	456
Treasurer	20,049	0	0	20,049
Building and grounds	22,704	0	0	22,704
Cemetery	9,885	0	0	9,885
Capital outlay	246	0	0	246
Total general government	135,950	0	0	135,950
Public safety:				
Fire protection	28,000	0	0	28,000
Planning and zoning	8,033	0	0	8,033
Enforcement officer	3,106	0	0	3,106
Total public safety	39,139	0	0	39,139
Highways and streets	3,454	0	0	3,454
Health and welfare	1,083	0	0	1,083
Recreation and culture	2,359	0	0	2,359
Total expenditures	181,985	0	0	181,985
OPERATING TRANSFERS IN (OUT)	(17,453)	17,453	0	0
Excess (Deficiency) of revenues over (under) expenditures	34,797	20,542	0	55,339
Fund balance - beginning	436,564	10,718	15,000	462,282
Fund balance - ending	\$471,361	\$31,260	\$15,000	\$517,621

See accompanying notes to financial statements.

Mottville Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

Net change in fund balances - total governmental funds	\$55,339
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount by which capital outlay (\$246) was exceeded by depreciation (\$8,359)	(8,113)
	<hr/>
Change in net assets of governmental activities	<u>\$47,226</u>

See accompanying notes to financial statements.

Mottville Township
Statement of Assets and Liabilities
Agency Fund – Tax Collections
June 30, 2007

ASSETS	
Cash	<u>\$1,471</u>
LIABILITIES	
Due to other units of government	\$777
Due to township general fund	<u>694</u>
Total liabilities	<u>\$1,471</u>

See accompanying notes to financial statements.

MOTTVILLE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire, protection, ambulance service, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township has implemented GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*.

A. REPORTING ENTITY

This report includes all funds of the Township. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Education services are provided to citizens through local school districts which are separate governmental entities. Fire service and road construction and maintenance are provided by or contracted to other local or county governmental units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township has only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts— invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

1. Governmental Funds:

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's general fund is used to account for all financial transactions of the Township not accounted for in another fund. Revenues are derived primarily from property taxes and expenditures of the Township not recorded elsewhere.

Township Improvement and Budget Stabilization Funds – the Township Improvement fund is used to account for basically all capital expenditures related to improvements to or purchases of real property. The Budget Stabilization Fund has not had any activity in several years.

2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund—the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments – The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit.

2. Capital assets – Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 year
Building improvements	10 – 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years

3. Revenues – Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures – Expenditures are reported when the related liability is incurred.

F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is earmarked for future purchases of capital assets generally relating to the purchase or improvement of real property.

NOTE II – COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations – A budget for the general fund is required by state law. The June 2007 budget was proposed and adopted at the June 2006 meeting. The budget was closely monitored and was amended several times during the year to prevent overruns in various accounts.

NOTE III – ASSETS

A. Cash and investments

The Township’s deposits are held at four different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. The difference between the carrying amount and the bank balance is several outstanding checks and an outstanding deposit, all of which cleared in the subsequent month.

- ✦ Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township’s name.
- ✦ Category 2 includes collateralized deposits with securities held by the pledging financial institution’s trust department or agent in the Township’s name.
- ✦ Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township’s name.

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$327,038	\$327,038
Over FDIC Limit	185,346	186,795
Totals	<u>\$512,384</u>	<u>\$513,833</u>

B. Receivables

Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 1, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. The Township treasurer continues to collect the delinquent personal property taxes. The 2006 ad valorem taxes levied consisted of .9521 mills, for Township operating purposes. The due from tax collection account is the amount in the tax checking that belongs to the Township.

C. Change in Capital Assets

Current year depreciation expense was \$8,359. Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets:				
Land	\$15,000	\$0	\$0	\$15,000
Depreciable assets:				
Buildings and improvements	169,574	0	0	169,574
Furniture and fixtures	6,570	0	0	6,570
Computer equipment/software	9,269	0	0	9,269
Other equipment	30,374	246	0	30,620
Total depreciable assets	<u>215,787</u>	<u>246</u>	<u>0</u>	<u>216,033</u>
Less accumulated depreciation:				
Buildings and improvements	22,210	4,261	0	26,471
Furniture and fixtures	6,110	114	0	6,224
Computer equipment/software	7,255	975	0	8,230
Other equipment	17,804	3,009	0	20,813
Total accumulated depreciation	<u>53,379</u>	<u>8,359</u>	<u>0</u>	<u>61,738</u>
Net depreciable assets	<u>162,408</u>	<u>(8,113)</u>	<u>0</u>	<u>154,295</u>
Net total capital assets	<u>\$177,408</u>	<u>\$(8,113)</u>	<u>\$0</u>	<u>\$169,295</u>

NOTE IV – LIABILITIES

The due to other funds represents money that is held in the General Fund checking account that belongs to the Township Improvement Fund (\$31,260) and the Budget Stabilization Fund (\$15,000). The interest earned by all bank deposits is split between the General Fund (85%) and the Township Improvement Fund (15%).

NOTE V – INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

Mottville Township
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Original Budget, Final Budget, and Actual – General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts:		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Property taxes	\$66,000	\$66,000	\$45,125	(\$20,875)
IFT taxes	0	0	3,962	3,962
Tax collection fee	0	0	17,115	17,115
State revenue sharing	100,000	100,000	101,974	1,974
Licenses and permits	900	900	2,425	1,525
Cemetery lot sales	1,600	1,600	6,070	4,470
Charges for services:				
Grave openings	1,600	1,600	3,800	2,200
Fire runs	6,000	6,000	13,608	7,608
Interest earned	10,000	10,000	22,723	12,723
Refunds and reimbursements	50	50	2,962	2,912
Road right-of-way income	1,500	1,500	1,677	177
Miscellaneous	4,500	4,500	12,794	8,294
Total revenues	<u>192,150</u>	<u>192,150</u>	<u>234,235</u>	<u>42,085</u>
EXPENDITURES				
General government:				
Township board	31,770	42,335	37,580	4,755
Supervisor	11,290	11,290	11,061	229
Elections	3,950	3,950	2,184	1,766
Assessor	18,450	18,450	18,249	201
Clerk	13,690	14,040	13,536	504
Board of review	750	750	456	294
Treasurer	17,800	20,388	20,049	339
Building and grounds	23,250	24,577	22,704	1,873
Cemetery	9,250	10,915	9,885	1,030
Capital outlay	750	750	246	504
Total general government	<u>130,950</u>	<u>147,445</u>	<u>135,950</u>	<u>11,495</u>
Public safety:				
Fire protection	28,000	28,000	28,000	0
Planning and zoning	8,490	9,019	8,033	986
Enforcement officer	5,000	5,000	3,106	1,894
Total public safety	<u>41,490</u>	<u>42,019</u>	<u>39,139</u>	<u>2,880</u>
Highways and streets	5,400	5,400	3,454	1,946
Health and welfare	0	1,800	1,083	717
Recreation and culture	3,000	3,930	2,359	1,571
Total expenditures	<u>180,840</u>	<u>200,594</u>	<u>181,985</u>	<u>18,609</u>
OPERATING TRANSFERS IN (OUT)	<u>(17,453)</u>	<u>(17,453)</u>	<u>(17,453)</u>	<u>0</u>
Excess (Deficiency) of revenues over (under) expenditures	(6,143)	(25,897)	34,797	60,694
Fund balance - beginning	<u>436,564</u>	<u>436,564</u>	<u>436,564</u>	<u>0</u>
Fund balance - ending	<u><u>\$430,421</u></u>	<u><u>\$410,667</u></u>	<u><u>\$471,361</u></u>	<u><u>\$60,694</u></u>

See accompanying notes to financial statements.

Mottville Township
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Original Budget, Final Budget, and Actual – Township Improvement Fund
For the Year Ended June 30, 2007

	Budgeted Amounts:		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest income	\$0	\$0	\$3,089	\$3,089
EXPENDITURES				
Capital outlay	12,000	12,000	0	12,000
Total expenditures	12,000	12,000	0	12,000
OPERATING TRANSFERS IN (OUT)	17,453	17,453	17,453	0
Excess (Deficiency) of revenues over (under) expenditures	5,453	5,453	20,542	15,089
Fund Balance - beginning	10,718	10,718	10,718	0
Fund Balance - ending	\$16,171	\$16,171	\$31,260	\$15,089

See accompanying notes to financial statements.

Mottville Township
Detailed Statement of Expenditures – General Fund
For the Year Ended June 30, 2007

GENERAL GOVERNMENT

Township board:

Salary - Trustees	\$4,080
Payroll taxes	5,507
Legal fees	12,594
Audit fees	2,070
Community promotion	2,375
Insurance	1,279
Supplies	537
Miscellaneous	8,462
Printing and publishing	676
Capital outlay	0

Total Township Board	37,580
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Supervisor:

Salary	11,040
Supplies	21

Total Supervisor	11,061
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Elections:

Wages	1,903
Supplies	27
Printing and publishing	60
Mileage	194

Total Elections	2,184
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Assessor:

Salary	15,000
Salary - land division administrator	1,200
Office supplies	911
Assessment roll preparation	1,138
Printing and publishing	0
Education and training	0
Miscellaneous	0
Mileage	0

Total Assessor	18,249
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Clerk:

Salary	12,240
Salary - deputy clerk	398
Supplies	898
Mileage	0
Miscellaneous	0

Total Clerk	13,536
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ee accompanying notes to financial statements.

Mottville Township
Detailed Statement of Expenditures – General Fund – Continued
For the Year Ended June 30, 2007

Board of Review:	
Per diem	420
Supplies	0
Printing and publishing	0
Miscellaneous	<u>36</u>
Total Board of Review	456
Treasurer:	
Salary	13,200
Salary - deputy treasurer	275
Office supplies	753
Tax roll preparation	5,042
Mileage	779
Miscellaneous	<u>0</u>
Total Treasurer	20,049
Building and Grounds:	
Operating supplies	565
Communications	1,456
Insurance	10,160
Electricity	1,567
Heat	3,809
Building maintenance	3,021
Equipment	0
Contractual services	1,870
Equipment lease	<u>256</u>
Total Building and Grounds	22,704
Cemetery:	
Grave openings	2,875
Wages - employees	3,440
Operating supplies	805
Electricity	181
Repairs and maintenance	379
Mowing and plowing	2,205
Capital outlay	<u>246</u>
Total Cemetery	<u>10,131</u>
Total General Government	135,950

See accompanying notes to financial statements.

Mottville Township
Detailed Statement of Expenditures – General Fund – Continued
For the Year Ended June 30, 2007

PUBLIC SAFETY		
Fire Protection:		
Contractual services - Fire		28,000
Planning and Zoning:		
Salary		7,514
Office supplies		0
Printing and publishing		310
Mileage		34
Miscellaneous		<u>175</u>
Total Planning and Zoning		8,033
Enforcement Officer:		
Contractual services		3,106
Mileage		<u>0</u>
Total Enforcement Officer		<u>3,106</u>
Total Public Safety		39,139
HIGHWAYS AND STREETS		
Contractual services		568
Streetlights		<u>2,886</u>
Total Highways and Streets		3,454
HEALTH AND WELFARE		
Ambulance Service		1,083
RECREATION AND CULTURE		
Canoe Park:		
Wages		1,140
Supplies		39
Miscellaneous		<u>1,180</u>
Total Recreation and Culture		<u>2,359</u>
Total Expenditures		<u><u>\$181,985</u></u>

See accompanying notes to financial statements.

Mottville Township
 Current Tax Collections Fund
 Statement of Cash Receipts and Disbursements
 For the Year Ended June 30, 2007

Cash balance - beginning	\$1,004
Cash receipts:	
Current tax collections	1,170,310
IFT collections	170,583
Administrative fee	15,966
County dog licenses	396
Interest earned	4,945
Overpayments	<u>1,257</u>
Total cash receipts	<u>1,363,457</u>
Total cash available	1,364,461
Cash disbursements:	
To county:	
Combined levies	820,569
Dog licenses	396
To school districts:	
Constantine	74,611
White Pigeon	273,986
Mottville Township	65,942
State of Michigan - IFT	126,229
Refund of overpayments	<u>1,257</u>
Total cash disbursements	<u>1,362,990</u>
Cash balance - ending	<u><u>\$1,471</u></u>

See accompanying notes to financial statements.

Jones' CPA Office

Shirley J. Jones, CPA

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To the Supervisor and Board
Mottville Township
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of Mottville. We have audited the general purpose financial statements of the Township of Mottville, St. Joseph County, Michigan, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 4, 2007. We conducted our audit in accordance with generally accepted auditing standards. We will forward to the State of Michigan their required copies of the report.

Again, the tax collection account records were in good shape this year. And the Township Improvement Fund's balance has been corrected and now matches the Treasurer's monthly reports.

It would be helpful if the Treasurer's reports were reconciled with the general ledger as far as cash balances are concerned. The general ledger checking account was off because a deposit had been recorded twice. If the reports were reconciled monthly that error would have come to your attention. And the certificate balances on the general ledger do not reflect interest posted by the banks throughout the year; however, the Treasurer's report do reflect those earnings.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

Jones' CPA Office



Constantine, Michigan
September 4, 2007