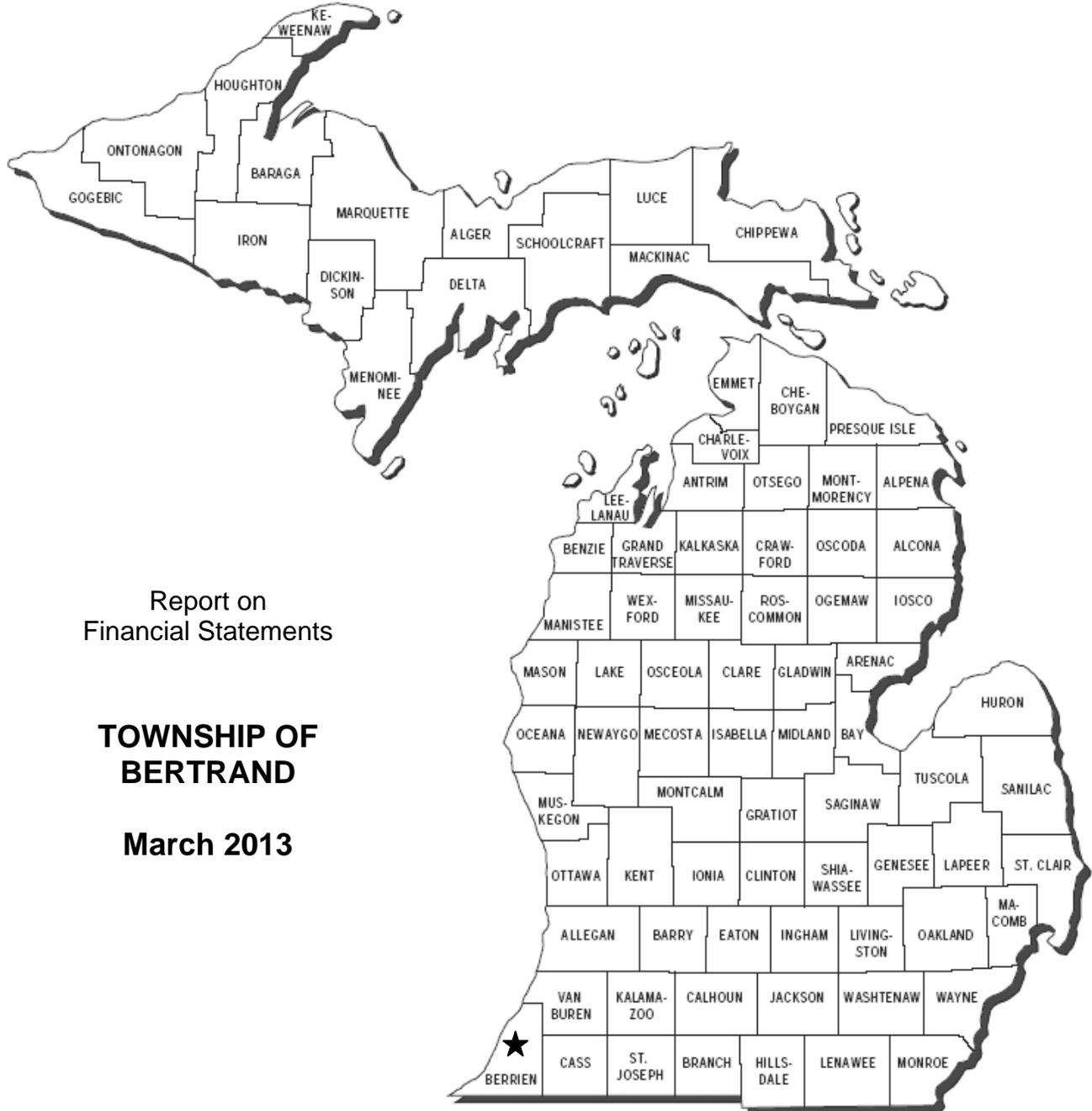


STATE OF MICHIGAN

Rick Snyder, Governor

DEPARTMENT OF TREASURY

Andy Dillon, State Treasurer



Report on
Financial Statements

**TOWNSHIP OF
BERTRAND**

March 2013

BERTRAND TOWNSHIP--BERRIEN COUNTY

TOWNSHIP BOARD

Steve Hicks
Supervisor

Jane Lano
Clerk

Lee Ann Couture
Treasurer

Scott Pastryk
Trustee

David G. Zelmer
Trustee

TOWNSHIP POPULATION--2010

2,657

TAXABLE VALUATION--2012

\$128,594,043



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

August 21, 2013

Bertrand Township Board
3835 Buffalo Road
Buchanan, Michigan 49107

Independent Auditor's Report

Dear Board Members:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bertrand Township, Berrien County, Michigan, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise Bertrand Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bertrand Township, Berrien County, Michigan, as of March 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 and budgetary comparison information Exhibits F and G be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bertrand Township's basic financial statements. The accompanying supplementary and related information presented in Exhibits H and I is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary and related information presented in Exhibits H and I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary and related information presented in Exhibits H and I is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2013, on our consideration of Bertrand Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bertrand Township's internal control over financial reporting and compliance.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

BERTRAND TOWNSHIP--BERRIEN COUNTY

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BERTRAND TOWNSHIP--BERRIEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2013

Our discussion and analysis of Bertrand Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2013.

USING THIS ANNUAL REPORT

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This report also contains supplementary information in addition to the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities on Exhibit A and B provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start with Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. You can think of the Township's net position — the difference between assets and liabilities — as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Township's property tax base and the condition of Township's infrastructure, to assess the overall health of the Township.

In the Statement of Net Position and the Statement of Activities, the Township presents Governmental activities. All of the Township's basic services are reported here, including the fire, public works, and general administration. Property taxes, special assessments, franchise fees, and state grants finance most of these activities.

BERTRAND TOWNSHIP--BERRIEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2013

Report the Township's Major Fund

Fund Financial Statements

Our analysis of the Township's major funds begins with Exhibit C and D with additional information provided in Note A of the Notes to the Financial Statements. The special revenue funds are required to be established by state law such as Fire Fund and West River Terrace Fund. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements as Exhibit C and D.

Additional Required Supplementary Information (RSI)

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

The Township as a Whole

The Township's combined net position increased from \$2,582,946 to \$2,679,525 or \$96,579 for the year ended March 31, 2013. This is similar to the previous year when the net position increased \$156,486. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental activities.

BERTRAND TOWNSHIP--BERRIEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2013

Table 1
Net Position of Governmental Activities

	3/31/12 Governmental Activities	3/31/13 Governmental Activities	Variance
Current and Other Assets	\$ 1,902,028	\$ 1,988,711	\$ 86,683
Net Capital Assets	<u>861,192</u>	<u>828,724</u>	<u>(32,468)</u>
Total Assets	<u>2,763,220</u>	<u>2,817,435</u>	<u>54,215</u>
Current Liabilities	65,274	22,910	(42,364)
Noncurrent Liabilities	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Total Liabilities	<u>180,274</u>	<u>137,910</u>	<u>(42,364)</u>
Net Position			
Net Investment in Capital Assets	861,192	828,724	(32,468)
Restricted	442,553	485,566	43,013
Unrestricted	<u>1,279,201</u>	<u>1,365,235</u>	<u>86,034</u>
Total Net Position	<u>\$ 2,582,946</u>	<u>\$ 2,679,525</u>	<u>\$ 96,579</u>

Governmental Activities

Over-all net position of the Township's governmental activities increased by 3.7% or \$96,579 (\$2,679,525 compared to \$2,582,946). There was a decrease of \$32,468 in the net investment in capital assets due to the continued depreciation of the Township's assets. The increase in the restricted net position (\$43,013) is the result of paying off the installment purchase agreement for the fire station and leaving the expenditures reduced for the current year. The unrestricted net position increased by \$86,034 which was due to the continuation of expenditures at the current rate, well below the revenues being received after revenue sharing was increased last year for the revised census.

BERTRAND TOWNSHIP--BERRIEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2013

Table 2
Changes in Net Position of Governmental Activities

	<u>2012</u>	<u>2013</u>	<u>Difference</u>
Program Revenue			
Charges for Services	\$ 336,440	\$ 293,066	\$ (43,374)
Operating Grants and Contributions	8,056	5,096	(2,960)
General Revenue			
Property Taxes	123,451	124,407	956
State-Shared Revenues	202,905	192,985	(9,920)
Unrestricted Investment Earnings	4,058	6,018	1,960
Rents	3,075	3,225	150
Other	64	502	438
Total Revenue	<u>678,049</u>	<u>625,299</u>	<u>(52,750)</u>
Program Expenses			
General Government	209,199	211,828	2,629
Public Safety	206,832	217,749	10,917
Public Works	78,393	76,078	(2,315)
Community and Economic Development	8,959	14,237	5,278
Recreation and Cultural	2,750	2,750	-
Other	11,734	6,078	(5,656)
Interest Expense	3,696	-	(3,696)
Total Expenses	<u>521,563</u>	<u>528,720</u>	<u>7,157</u>
Change in Net Position	<u>156,486</u>	<u>96,579</u>	<u>(59,907)</u>
Ending Net Position	<u>\$ 2,582,946</u>	<u>\$ 2,679,525</u>	<u>\$ 96,579</u>

THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its governmental funds (as presented in the balance sheet on Exhibit C) reported a fund balance of \$1,850,801 which is more than last year's \$1,721,754. The primary reasons for the governmental funds' increase mirror the governmental activities analysis highlighted in the prior paragraph. The Township's major funds included the General Fund and the Fire Fund.

The General Fund pays for most of the Township's governmental services. The most significant are for general government and public works activities. These services are supported by the operating millage and State-shared revenues. The Fire Fund performs public safety and is supported by a special assessment.

BERTRAND TOWNSHIP--BERRIEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2013

GENERAL FUND BUDGETARY HIGHLIGHT

Over the course of the year, the Township Board amended the budget to take into account events during the year. No significant changes were made as Township managed to stay within its initial budgetary projections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2013, the Township had \$828,724 invested in a broad range of capital assets, including land, buildings, equipment, and vehicles. This amount represents a net decrease (including additions and deductions) of \$32,467.

Table 3
Capital Assets at Year-End

	3/31/12	3/31/13
Capital Assets Not Being Depreciated		
Land and Improvements	\$ 65,355	\$ 65,355
Subtotal	65,355	65,355
Capital Assets Being Depreciated		
Buildings and Improvements	767,219	780,384
Equipment	189,682	189,682
Vehicles	512,245	512,245
Subtotal	1,469,146	1,482,311
Total Capital Assets	1,534,501	1,547,666
Total Accumulated Depreciation	(673,310)	(718,942)
Total Net Capital Assets	\$ 861,191	\$ 828,724

This year's only capital asset additions were \$13,165 for a boiler and furnace at the township hall and community center.

The Township's fiscal-year 2013-2014 capital budget calls for fire equipment and a truck to be replaced. The Township has no plans to issue additional debt to finance these projects. More detailed information about the Township's capital assets is presented in Note G to the financial statements.

BERTRAND TOWNSHIP--BERRIEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended March 31, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Township's budget for 2013/2014 will stay primarily the same for the General Fund as the Township expects revenues to remain constant and a continued increase in expenses as the Township continues to focus on road projects. For the Fire Fund, the expenditures are expected to increase with the projected replacement of equipment and a fire truck.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Office at 3835 Buffalo Road, Buchanan, Michigan 49107.

**BERTRAND TOWNSHIP--BERRIEN COUNTY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
March 31, 2013**

EXHIBIT A

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets	
Cash and Cash Equivalents	\$ 1,813,078
Receivables	
Delinquent Taxes Receivable	5,839
Delinquent Special Assessments Receivable	10,076
Accounts	14,423
Due From State	29,795
Due From Other Agencies	500
	<hr/>
Total Current Assets	1,873,711
	<hr/>
Noncurrent Assets	
Restricted Cash	115,000
Capital Assets--Net of Accumulated Depreciation	828,724
	<hr/>
Total Noncurrent Assets	943,724
	<hr/>
Total Assets	2,817,435
	<hr/>
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities	
Accounts Payable	1,194
Accrued Liabilities	21,716
	<hr/>
Total Current Liabilities	22,910
	<hr/>
Long-Term Liabilities	
Escrow Payable	115,000
	<hr/>
Total Noncurrent Liabilities	115,000
	<hr/>
Total Liabilities	137,910
	<hr/>
Net Position	
Investment in Capital Assets	828,724
Restricted for	
Fire Fund	481,279
Nonmajor Special Revenue	4,287
Unrestricted	1,365,235
	<hr/>
Total Net Position	\$ 2,679,525
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

**BERTRAND TOWNSHIP--BERRIEN COUNTY
BALANCE SHEET-- GOVERNMENTAL FUNDS AND
RECONCILIATION TO STATEMENT OF NET POSITION
March 31, 2013**

EXHIBIT C

	<u>General</u>	<u>Fire</u>	<u>Non-Major West River Terrace Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash and Cash Equivalents	\$ 1,328,831	\$ 479,920	\$ 4,327	\$ 1,813,078
Receivables				
Delinquent Taxes Receivable	5,839	-	-	5,839
Delinquent Special Assessments Receivable	-	10,026	50	10,076
Accounts	14,423	-	-	14,423
Due From State	29,795	-	-	29,795
Due From Other Funds	500	-	-	500
Total Current Assets	<u>1,379,388</u>	<u>489,946</u>	<u>4,377</u>	<u>1,873,711</u>
Noncurrent Assets				
Restricted Cash	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Total Noncurrent Assets	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Total Assets	<u>\$ 1,494,388</u>	<u>\$ 489,946</u>	<u>\$ 4,377</u>	<u>\$ 1,988,711</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Current Liabilities				
Accounts Payable	\$ 416	\$ 688	\$ 90	\$ 1,194
Accrued Liabilities	<u>13,737</u>	<u>7,979</u>	<u>-</u>	<u>21,716</u>
Total Current Liabilities	<u>14,153</u>	<u>8,667</u>	<u>90</u>	<u>22,910</u>
Noncurrent Liabilities				
Escrow Payable	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Total Noncurrent Liabilities	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Total Liabilities	<u>129,153</u>	<u>8,667</u>	<u>90</u>	<u>137,910</u>
Fund Balances				
Restricted for				
Fire Fund	-	481,279	-	481,279
West River Terrace Fund	-	-	4,287	4,287
Unassigned	<u>1,365,235</u>	<u>-</u>	<u>-</u>	<u>1,365,235</u>
Total Fund Balance	<u>1,365,235</u>	<u>481,279</u>	<u>4,287</u>	<u>1,850,801</u>
Total Liabilities and Fund Balance	<u>\$ 1,494,388</u>	<u>\$ 489,946</u>	<u>\$ 4,377</u>	<u>\$ 1,988,711</u>
Fund Balances-Total Governmental Funds				\$ 1,850,801
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds.				<u>828,724</u>
Net Position of Governmental Activities:				<u>\$ 2,679,525</u>

The Notes to Financial Statements are an integral part of this statement.

BERTRAND TOWNSHIP--BERRIEN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
AND RECONCILIATION TO STATEMENT OF ACTIVITIES
For the Fiscal Year Ended March 31, 2013

EXHIBIT D

	<u>General</u>	<u>Fire</u>	<u>Non-Major West River Terrace Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes and Penalties	\$ 124,407	\$ -	\$ -	\$ 124,407
Licenses and Permits	39,426	-	-	39,426
State Grants	197,093	-	-	197,093
Charges for Services	65,934	-	-	65,934
Interest and Rentals	9,243	839	3	10,085
Other Revenue	503	187,088	763	188,354
	<u>436,606</u>	<u>187,927</u>	<u>766</u>	<u>625,299</u>
Total Revenues				
Expenditures				
General Government	208,792	-	-	208,792
Public Safety	30,507	144,645	-	175,152
Public Works	75,043	-	1,036	76,079
Community and Economic Development	14,237	-	-	14,237
Recreation and Culture	2,750	-	-	2,750
Other	6,078	-	-	6,078
Capital Outlay	13,165	-	-	13,165
	<u>350,572</u>	<u>144,645</u>	<u>1,036</u>	<u>496,253</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	86,034	43,282	(270)	129,046
Fund Balance--April 1, 2012	<u>1,279,201</u>	<u>437,997</u>	<u>4,557</u>	<u>1,721,755</u>
Fund Balance--March 31, 2013	<u>\$ 1,365,235</u>	<u>\$ 481,279</u>	<u>\$ 4,287</u>	<u>\$ 1,850,801</u>
Excess of Revenues Over (Under) Expenditures				\$ 129,046
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures in the Statement of Activities, sales or disposals of capital assets are recorded as general revenue in the Statement of Activities, and the costs of capital assets are allocated over their estimated useful lives as depreciation.				<u>(32,467)</u>
Change in Net Position of Governmental Activities				<u>\$ 96,579</u>

The Notes to Financial Statements are an integral part of this statement.

**BERTRAND TOWNSHIP--BERRIEN COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2013**

EXHIBIT E

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 500
Total Assets	<u>\$ 500</u>
<u>LIABILITIES</u>	
Liabilities	
Due to Other Funds	\$ 500
Total Liabilities	<u>\$ 500</u>

The Notes to the Financial Statements are an integral part of this statement.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended March 31, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bertrand Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

Reporting Entity

The Township is located in Berrien County and provides services to its residents in many areas including fire protection, community enrichment and development and human services. The Township is a general law township governed by a five-member board elected by the citizens of the Township. The Township Board consists of the supervisor, clerk, treasurer and two trustees.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," these financial statements present the Township. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. There are no other units that should be included in the financial statements.

The following entities are not included in the Township's financial statements but do represent an ongoing financial interest or responsibility:

Joint Venture

Southwestern Michigan Community Ambulance Service

Bertrand Township, in conjunction with five other local units of government (City of Buchanan, City of Niles, Township of Buchanan, Township of Niles, and Township of Howard) have entered into an agreement to create the Southwestern Michigan Community Ambulance Service. The joint ambulance board is composed of six members, of which each unit appoints one member. The joint ambulance administrative board prepares an annual operating budget, which is approved by a simple majority and submitted to the participating municipalities for appropriation. If there is a deficit and the budget stabilization fund is exhausted, each participating municipality will be requested to make an additional voluntary contribution to make up the deficit. The Township's financial responsibility is based on an annual special assessment of \$20 for each parcel of township property. For the year ended March 31, 2013, the Township's special assessment was \$22,660. A separate audit is conducted on the Southwestern Michigan Community Ambulance Service (SMCAS) which can be obtained at: 2100 West Chicago Road, Niles, Michigan 49120-8701.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended March 31, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Southeast Berrien County Landfill Authority

Bertrand Township, in conjunction with four other local units of government (City of Buchanan, City of Niles, Township of Niles, and Township of Buchanan) has entered into an agreement to create the Southeast Berrien County Landfill Authority. The joint landfill board is composed of ten members, of which each unit appoints two members. The Authority's allowed purpose is to acquire and operate solid waste disposal services to these five participating municipalities in Berrien County, Michigan, and to companies in northern Indiana. The participating communities initially provided annual funding for its operations. The Township is no longer required to make operating contributions to the Southeast Berrien County Landfill Authority. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Southeast Berrien County Landfill Authority, Inc., can be obtained from the administrative offices at 3200 Chamberlain Road, Buchanan, Michigan.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended March 31, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are 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 government 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.

Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the funds set aside for the operations and purchase of the fire station.

Additionally, the Township reports the following fund type:

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended March 31, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Inter-fund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements, outstanding at the end of the fiscal year, are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended March 31, 2013

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	20 to 40 years
Vehicles	3 to 10 years
Equipment	3 to 10 years

Fund Balance Classifications

In the fund financial statements, governmental funds report the following components of fund balance which comprise a hierarchy based on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Restricted Fund Balances

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Bertrand Township reports the following restricted fund balances.

Special Revenue Funds

- Fire Fund - This fund is used to account for revenues from special assessments levied for the operation of the Township Fire Department.
- West River Terrace Fund - This fund is used to account for special assessments levied to provide a street lighting district in the West River Terrace subdivision.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the Township's General Fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by Bertrand Township's Board.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended March 31, 2013

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted by the Township Board for the General Fund and Special Revenue Funds after a public hearing is held. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget is adopted at the line item level and control is exercised at the line item level. The Township monitors and amends the budget as necessary. Unexpended appropriations lapse at year end.

NOTE C--BANK DEPOSITS AND INVESTMENTS

Michigan Compiled Laws (MCL), Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks and four credit unions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,813,078	\$ 500	\$ 1,813,578
Restricted Cash	115,000	-	115,000
Total	<u>\$ 1,928,078</u>	<u>\$ 500</u>	<u>\$ 1,928,578</u>

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended March 31, 2013

NOTE C--BANK DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits and investments are as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 1,928,558
Petty Cash and Cash on Hand	<u>20</u>
Total	<u>\$ 1,928,578</u>

Non-negotiable certificates of deposits that are placed by the depositors directly with financial institutions and that are subject to a penalty if redeemed before maturity are treated as bank deposits. Because nonnegotiable certificates of deposits are deposits, no interest rate risk or credit risk disclosures are required, which are limited to investments.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Township's deposits may not be recovered. Michigan law does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. However, the asset diversification requirements included in the Township's investment policy would limit, to some extent, exposure to custodial credit risk for deposits. The bank balance of the Township's deposits is \$1,950,339, of which \$1,496,030 is covered by Federal depository insurance and by the NCUA. The remaining balance of \$454,309 is uncollateralized.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Township's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At March 31, 2013, the fair value of the Township's investments is listed above with all maturities due within 12 months or less.

Restricted Cash

The Township has reserved cash balances of \$115,000 reported in the General Fund related to an escrow payable described in Note H.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended March 31, 2013

NOTE D--PROPERTY TAXES/SPECIAL ASSESSMENTS

Property Taxes

The Township's property tax is levied on each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. It is the Township's policy to recognize revenues in the current year when the proceeds are budgeted and made available for the financing of Township operations. Payment from the county for the 2012 delinquent taxes, which it purchased subsequent to March 31, is recorded as delinquent taxes receivable in the General Fund.

The 2012 taxable value of the Township amounted to \$128,594,043, on which ad valorem taxes of .8888 mills were levied for Township operating purposes. The 2012 tax levy raised \$124,407 for Township operating and is recorded as revenue on Township records in the General Fund for the fiscal year ended March 31, 2013.

Taxes Receivable--Delinquent

Delinquent taxes receivable in the General Fund of \$5,839 consists of uncollected real property taxes levied December 1, 2012, which have not been collected at March 31, 2013.

Special Assessments

The Township has created a special assessment district of all real property in the Township to provide fire protection. The Township assesses 1.526 mills for operating purposes. The 2012 assessments raised \$186,943 for the Township Fire Department and are recorded as revenue on Township records in the Fire Fund for the fiscal year ended March 31, 2013.

Special Assessments Receivable--Delinquent

The special assessments receivable in the Fire Fund in the amount \$10,026 and the West River Terrace in the amount \$50 consists of uncollected special assessments assessed December 1, 2012, which have not been collected at March 31, 2013.

NOTE E--ACCOUNTS RECEIVABLE

The General Fund has an accounts receivable amount of \$1,612 for a franchise fee receivable from the local cable company and \$12,811 due for tipping fees. The receivables are not offset by deferred revenue.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended March 31, 2013

NOTE F--INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables between funds are as follows:

	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$ 500</u>	Agency	<u>\$ 500</u>
Total Primary Government	<u>\$ 500</u>		<u>\$ 500</u>

The balance is the amount of cash maintained in the Agency Fund (which is the Township's Current Tax Collection Fund) is to maintain the bank account without incurring bank fees.

NOTE G--CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	<u>Beginning Balance 04/01/12</u>	<u>Increased</u>	<u>Decreased</u>	<u>Ending Balance 03/31/13</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	<u>\$ 65,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,355</u>
Subtotal	<u>65,355</u>	<u>-</u>	<u>-</u>	<u>65,355</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	767,219	13,165	-	780,384
Equipment	189,682	-	-	189,682
Vehicles	<u>512,245</u>	<u>-</u>	<u>-</u>	<u>512,245</u>
Subtotal	<u>1,469,146</u>	<u>13,165</u>	<u>-</u>	<u>1,482,311</u>
Less Assumulated Depreciation				
Buildings and Building Improvements	200,505	16,388	-	216,893
Equipment	136,858	12,980	-	149,838
Vehicles	<u>335,947</u>	<u>16,264</u>	<u>-</u>	<u>352,211</u>
Subtotal	<u>673,310</u>	<u>45,632</u>	<u>-</u>	<u>718,942</u>
Net Capital Assets Being Depreciated	<u>795,836</u>	<u>(32,467)</u>	<u>-</u>	<u>763,369</u>
Governmental Activities Capital Total Capital Assets--Net of Depreciation	<u>\$ 861,191</u>	<u>\$ (32,467)</u>	<u>\$ -</u>	<u>\$ 828,724</u>

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended March 31, 2013

NOTE G--CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the primary government, as follows:

Governmental Activities	
General Government	\$ 3,036
Public Safety	<u>42,596</u>
Total Governmental Activities	<u>\$ 45,632</u>

NOTE H--ESCROW PAYABLE

Bertrand Township entered into three agreements to allow Michiana Aggregate, Inc. (MAI) to use land within the Township as gravel pits. Under the agreements, MAI has the option of paying the Township \$0.05 for every ton of aggregate removed or provide a deposit of \$115,000. At such time that the land use is terminated and the land is restored in accordance with these agreements, all money held by the Township will be returned to MAI for each site. The agreements also state that all interest earned on these funds must be remitted to MAI at least annually. The \$115,000 is reported as restricted cash and offset by the escrow payable in the General Fund at March 31, 2013.

NOTE I--RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, and errors and omissions and employees injuries (workers' compensation). The Township participates in the Michigan Townships' Participating Plan for the following policies: general liability, property, vehicle and fire. The Township has insurance with the Accident Fund Company for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township's Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

BERTRAND TOWNSHIP--BERRIEN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended March 31, 2013

NOTE J--DEFINED CONTRIBUTION PENSION PLAN

The Township provides an employee retirement plan to the Township board consisting of supervisor, clerk, treasurer, and two trustees along with the fire chief through a defined contribution pension plan. In a defined contribution pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township is required to make contributions in varying amounts based on the employees' annual incomes as noted in the retirement plan agreement. Employees may make additional voluntary after-tax contributions ranging from one (1) to ten (10) percent of the participant's compensation. Plan provisions and contribution requirements are established and may be amended by the Township Board.

Contributions actually made by plan members and the Township amounted to \$8,866 during fiscal year ended March 31, 2013.

NOTE K--CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations.

The Township also adopted Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position. The statement impacts the format and reporting of the balance sheet at the government-wide level and also the fund level.

The Township also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

**BERTRAND TOWNSHIP--BERRIEN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended March 31, 2013**

EXHIBIT F

	BUDGETED AMOUNTS			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Taxes and Penalties	\$ 114,290	\$ 114,840	\$ 124,407	\$ 9,567
Licenses and Permits	34,700	40,100	39,426	(674)
State Grants	154,678	163,190	197,093	33,903
Charges for Services	69,000	59,624	65,934	6,310
Interest and Rentals	6,050	8,324	9,243	919
Other Revenue	-	500	503	3
Total Revenues	<u>378,718</u>	<u>386,578</u>	<u>436,606</u>	<u>50,028</u>
Expenditures				
General Government	240,078	240,553	208,792	31,761
Public Safety	24,750	34,100	30,507	3,593
Public Works	89,360	86,270	75,043	11,227
Community and Economic Development	16,980	18,580	14,237	4,343
Recreation and Culture	2,750	2,750	2,750	-
Other	7,000	7,000	6,078	922
Capital Outlay	19,300	18,825	13,165	5,660
Total Expenditures	<u>400,218</u>	<u>408,078</u>	<u>350,572</u>	<u>57,506</u>
Excess of Revenues Over (Under) Expenditures	<u>(21,500)</u>	<u>(21,500)</u>	<u>86,034</u>	<u>107,534</u>
Other Financing Sources				
Transfer In	<u>21,500</u>	<u>21,500</u>	<u>-</u>	<u>(21,500)</u>
Total Other Financing Sources	<u>21,500</u>	<u>21,500</u>	<u>-</u>	<u>(21,500)</u>
Net Change in Fund Balance	-	-	86,034	86,034
Fund Balance--April 1, 2012	<u>1,279,201</u>	<u>1,279,201</u>	<u>1,279,201</u>	<u>-</u>
Fund Balance--March 31, 2013	<u>\$ 1,279,201</u>	<u>\$ 1,279,201</u>	<u>\$ 1,365,235</u>	<u>\$ 86,034</u>

**BERTRAND TOWNSHIP--BERRIEN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE FUND--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended March 31, 2013**

EXHIBIT G

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ 1,400	\$ 1,400	\$ 839	\$ (561)
Other	<u>196,227</u>	<u>196,227</u>	<u>187,088</u>	<u>(9,139)</u>
Total Revenues	<u>197,627</u>	<u>197,627</u>	<u>187,927</u>	<u>(9,700)</u>
Expenditures				
Public Safety	190,450	190,450	144,645	45,805
Capital Outlay	<u>7,177</u>	<u>7,177</u>	<u>-</u>	<u>7,177</u>
Total Expenditures	<u>197,627</u>	<u>197,627</u>	<u>144,645</u>	<u>52,982</u>
Excess of Revenues Over (Under) Expenditures	-	-	43,282	43,282
Fund Balance--April 1, 2012	<u>437,997</u>	<u>437,997</u>	<u>437,997</u>	<u>-</u>
Fund Balance--March 31, 2013	<u>\$ 437,997</u>	<u>\$ 437,997</u>	<u>\$ 481,279</u>	<u>\$ 43,282</u>

BERTRAND TOWNSHIP--BERRIEN COUNTY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended March 31, 2013

EXHIBIT H

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Property Taxes				
Current Property Taxes	\$ 114,290	\$ 114,290	\$ 117,398	\$ 3,108
Delinquent Property Taxes	-	260	6,254	5,994
Penalties and Interest	-	290	755	465
Total Property Taxes	<u>114,290</u>	<u>114,840</u>	<u>124,407</u>	<u>9,567</u>
Licenses and Permits				
Building Permits	15,000	19,900	19,935	35
Electrical Permits	7,000	7,000	6,481	(519)
Mechanical Permits	4,500	4,500	4,244	(256)
Plumbing Permits	2,200	2,700	2,735	35
Franchise Fees	6,000	6,000	6,031	31
Total Licenses and Permits	<u>34,700</u>	<u>40,100</u>	<u>39,426</u>	<u>(674)</u>
State Grants				
Revenue Sharing	154,678	163,190	192,985	29,795
Metro Act	-	-	4,108	4,108
Total State Grants	<u>154,678</u>	<u>163,190</u>	<u>197,093</u>	<u>33,903</u>
Charge for Services				
Sale of Cemetery Lots	-	1,500	1,500	-
Lot Splits & Combinations	500	250	250	-
Landfill Tipping Fees	61,500	50,874	62,184	11,310
County Matching	5,000	5,000	-	(5,000)
Appeals & Zoning Fees	2,000	2,000	2,000	-
Total Charge for Services	<u>69,000</u>	<u>59,624</u>	<u>65,934</u>	<u>6,310</u>
Interest and Rentals				
Interest	3,650	5,224	6,018	794
Community Hall Rent	2,400	3,100	3,225	125
Total Interest and Rentals	<u>6,050</u>	<u>8,324</u>	<u>9,243</u>	<u>919</u>
Other Revenue				
Other	-	500	503	3
Total Other Revenue	<u>-</u>	<u>500</u>	<u>503</u>	<u>3</u>
Total Revenue	<u>378,718</u>	<u>386,578</u>	<u>436,606</u>	<u>50,028</u>
Other Financing Sources				
Transfer In	21,500	21,500	-	(21,500)
Total Other Financing Sources	<u>21,500</u>	<u>21,500</u>	<u>-</u>	<u>(21,500)</u>
Total Revenues and Other Financing Sources	<u>\$ 400,218</u>	<u>\$ 408,078</u>	<u>\$ 436,606</u>	<u>\$ 28,528</u>

**BERTRAND TOWNSHIP--BERRIEN COUNTY
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended March 31, 2013**

EXHIBIT I

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Township Board	\$ 28,925	\$ 28,925	\$ 20,112	\$ 8,813
Supervisor	32,753	32,753	31,082	1,671
Clerk	33,515	33,515	32,149	1,366
Audit	5,520	5,520	5,520	-
Board of Review	1,600	1,600	1,383	217
Treasurer	37,515	37,515	36,180	1,335
Assessor	24,250	24,250	21,952	2,298
Elections	4,500	4,500	2,738	1,762
Building and Grounds	18,850	19,225	17,259	1,966
Community Hall	12,700	12,800	8,093	4,707
Attorney Fees	4,000	4,000	840	3,160
Cemetery	9,600	9,600	8,588	1,012
Other General Services	26,350	26,350	22,896	3,454
Total General Government	240,078	240,553	208,792	31,761
Public Safety				
Building Department	24,750	34,100	30,507	3,593
Total Public Safety	24,750	34,100	30,507	3,593
Public Works				
Drain-at-Large Assessments	7,000	7,000	5,841	1,159
Road Projects	82,360	79,270	69,202	10,068
Total Public Works	89,360	86,270	75,043	11,227
Community and Economic Development				
Planning Commission	7,000	8,600	8,563	37
Zoning Department	9,980	9,980	5,674	4,306
Total Community and Economic Development	16,980	18,580	14,237	4,343
Recreation and Culture				
Library	2,750	2,750	2,750	-
Total Recreation and Culture	2,750	2,750	2,750	-
Other				
Insurance and Bonds	7,000	7,000	6,078	922
Capital Outlay	19,300	18,825	13,165	5,660
Total Other	26,300	25,825	19,243	6,582
Total Expenditures	\$ 400,218	\$ 408,078	\$ 350,572	\$ 57,506



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

August 21, 2013

Bertrand Township Board
3835 Buffalo Road
Buchanan, Michigan 49107

RE: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards

Dear Board Members:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bertrand Township, Berrien County, Michigan, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise Bertrand Township's basic financial statements, have issued our report thereon dated August 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bertrand Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bertrand Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Bertrand Township's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bertrand Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bertrand Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bertrand Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

August 21, 2013

Bertrand Township Board
3835 Buffalo Road
Buchanan, Michigan 49107

RE: Report to Those Charged With Governance

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bertrand Township, Berrien County, Michigan, as of and for the year ended March 31, 2013, and have issued our report thereon dated August 21, 2013. Professional standards require that we provide you with information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated September 28, 2011, 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 accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Bertrand Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Bertrand Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Other information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described in professional standards, is to evaluate the presentation of supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting

principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters June 24, 2013, with management.

Significant Results of the Audit

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bertrand Township are described in Note A to the financial statements. As described in Note K to the financial statements, Bertrand Township changed accounting policies related to fund balance descriptions by adopting Statement of Governmental Accounting Standards (GASB Statement) Number 61, *The Financial Reporting Entity Omnibus*, GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB 65, *Items Previously Reported as Assets and Liabilities* in the current year. This change in accounting principle had no effect on the Statement of Net Position. We noted no transactions entered into by Bertrand Township 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 estimate affecting the governmental activities in the government-wide statements was depreciation.

Management's estimate of the depreciation is based on the straight-line method for all other capital assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements, taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 21, 2013.

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 Bertrand Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

This information is intended solely for the use of Bertrand Township Board and management of Bertrand Township and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division