

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 Township of Barry	County Barry
Fiscal Year End March 31, 2007	Opinion Date September 6, 2007	Date Audit Report Submitted to State September 28, 2007	

We affirm that:

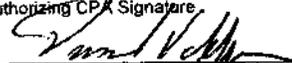
We are certified public accountants licensed to practice in Michigan.

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 type="checkbox"/>	Not considered necessary
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 communication
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.	Telephone Number (269) 381-4970	
Street Address 246 E Kilgore	City Kalamazoo	State MI
		Zip 49002
Authorizing CPA Signature 	Printed Name Daniel L. Veldhuizen	License Number 1101020724

Township of Barry
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2007

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Barry, Michigan**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Barry, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Trustees
Township of Barry, Michigan
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The Township of Barry, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Barry, Michigan's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

September 6, 2007

BASIC FINANCIAL STATEMENTS

Township of Barry
STATEMENT OF NET ASSETS
 March 31, 2007

	<u>Primary government</u>	<u>Component units</u>	
	<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
ASSETS			
Current assets:			
Cash	\$ 2,061,775	\$ 31,122	\$ 195,741
Receivables	<u>297,919</u>	<u>2,535</u>	<u>17,849</u>
Total current assets	<u>2,359,694</u>	<u>33,657</u>	<u>213,590</u>
Noncurrent assets:			
Receivables	433,545	-	-
Capital assets, net of accumulated depreciation	<u>663,764</u>	<u>421,311</u>	<u>636,133</u>
Total noncurrent assets	<u>1,097,309</u>	<u>421,311</u>	<u>636,133</u>
Total assets	<u>3,457,003</u>	<u>454,968</u>	<u>849,723</u>
LIABILITIES			
Current liabilities:			
Payables	15,454	1,078	1,219
Deferred revenue	21,105	-	-
Current portion of long-term obligations	<u>105,107</u>	<u>-</u>	<u>-</u>
Total current liabilities	141,666	1,078	1,219
Noncurrent liabilities - long-term obligations	<u>402,247</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>543,913</u>	<u>1,078</u>	<u>1,219</u>
NET ASSETS			
Invested in capital assets, net of related debt	663,764	421,311	636,133
Restricted for:			
Public safety	1,191,416	-	-
Public works	12,892	-	-
Debt service	5,239	-	-
Unrestricted	<u>1,039,779</u>	<u>32,579</u>	<u>212,371</u>
Total net assets	<u>\$ 2,913,090</u>	<u>\$ 453,890</u>	<u>\$ 848,504</u>

See notes to the financial statements

Township of Barry
STATEMENT OF ACTIVITIES
Year ended March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary government				
Governmental activities:				
Legislative	\$ 6,373	\$ -	\$ -	\$ -
General government	239,255	12,300	-	-
Public safety	241,674	11,591	1,715	-
Public works	64,733	10,845	3,913	138,825
Culture and recreation	32,430	-	-	-
Interest on long-term debt	31,660	31,660	-	-
Total primary government	\$ 616,125	\$ 66,396	\$ 5,628	\$ 138,825
Component units				
Public safety	\$ 106,490	\$ 25,325	\$ 65,527	\$ -
Culture and recreation	231,889	39,412	168,532	-
Total component units	\$ 338,379	\$ 64,737	\$ 234,059	\$ -

General revenues:
Property taxes
State shared revenue
Unrestricted interest income
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (expenses) revenues and changes in net assets

<u>Primary government</u>	<u>Component units</u>	
<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
\$ (6,373)		
(226,955)		
(228,368)		
88,850		
(32,430)		
-		
(405,276)		
	\$ (15,638)	\$ -
	-	(23,945)
	(15,638)	(23,945)
489,286	-	-
253,903	-	-
77,291	197	5,766
10,979	-	-
831,459	197	5,766
426,183	(15,441)	(18,179)
2,486,907	469,331	866,683
\$ 2,913,090	\$ 453,890	\$ 848,504

See notes to the financial statements

Township of Barry
BALANCE SHEET - governmental funds
 March 31, 2007

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>	<u>Brooklodge Road</u>
ASSETS				
Cash	\$ 876,160	\$ 626,209	\$ 503,593	\$ 1,697
Receivables	49,916	17,583	32,288	92,165
Due from other funds	64,500	-	-	-
Total assets	<u>\$ 990,576</u>	<u>\$ 643,792</u>	<u>\$ 535,881</u>	<u>\$ 93,862</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 3,961	\$ -	\$ 145	\$ -
Due to other funds	-	-	-	64,500
Deferred revenue	-	-	-	91,612
Total liabilities	<u>3,961</u>	<u>-</u>	<u>145</u>	<u>156,112</u>
Fund balances (deficit):				
Unreserved, undesignated	986,615	643,792	535,736	(62,250)
Unreserved, reported in nonmajor - special revenue funds	-	-	-	-
Total fund balances (deficit)	<u>986,615</u>	<u>643,792</u>	<u>535,736</u>	<u>(62,250)</u>
Total liabilities and fund balances	<u>\$ 990,576</u>	<u>\$ 643,792</u>	<u>\$ 535,881</u>	<u>\$ 93,862</u>

Total fund balances - all governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Certain special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term obligations, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<u>Crooked Lake Sewer</u>	<u>Fair Lake Sewer</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ 115	\$ 5,124	\$ 48,877	\$ 2,061,775
133,295	384,257	21,960	731,464
-	-	-	64,500
<u>\$ 133,410</u>	<u>\$ 389,381</u>	<u>\$ 70,837</u>	<u>\$ 2,857,739</u>
\$ 7,979	\$ 2,219	\$ 1,150	\$ 15,454
-	-	-	64,500
125,316	382,038	21,105	620,071
<u>133,295</u>	<u>384,257</u>	<u>22,255</u>	<u>700,025</u>
115	5,124	-	2,109,132
-	-	48,582	48,582
<u>115</u>	<u>5,124</u>	<u>48,582</u>	<u>2,157,714</u>
<u>\$ 133,410</u>	<u>\$ 389,381</u>	<u>\$ 70,837</u>	<u>\$ 2,857,739</u>
			\$ 2,157,714
			598,966
			663,764
			<u>(507,354)</u>
			<u>\$ 2,913,090</u>

See notes to the financial statements

Township of Barry

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2007

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>	<u>Brooklodge Road</u>
REVENUES				
Property taxes	\$ 102,222	\$ 193,532	\$ 193,532	\$ -
State grants	257,816	-	1,715	-
Charges for services	9,925	-	-	-
Interest and rentals	43,009	19,399	14,983	209
Other	10,844	135	4,810	47,213
	<u>423,816</u>	<u>213,066</u>	<u>215,040</u>	<u>47,422</u>
Total revenues				
EXPENDITURES				
Legislative	6,373	-	-	-
General government	226,359	-	-	-
Public safety	-	26,819	102,871	-
Public works	143,107	-	-	109,700
Culture and recreation	32,430	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	3,132	-	26,280	-
	<u>411,401</u>	<u>26,819</u>	<u>129,151</u>	<u>109,700</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,415</u>	<u>186,247</u>	<u>85,889</u>	<u>(62,278)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(77,762)	-	-
	<u>-</u>	<u>(77,762)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
NET CHANGES IN FUND BALANCES	12,415	108,485	85,889	(62,278)
FUND BALANCES - BEGINNING	<u>974,200</u>	<u>535,307</u>	<u>449,847</u>	<u>28</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 986,615</u>	<u>\$ 643,792</u>	<u>\$ 535,736</u>	<u>\$ (62,250)</u>

<u>Crooked Lake Sewer</u>	<u>Fair Lake Sewer</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ -	\$ 489,286
-	-	-	259,531
-	-	6,620	16,545
6	196	854	78,656
<u>54,594</u>	<u>73,874</u>	<u>12,016</u>	<u>203,486</u>
<u>54,600</u>	<u>74,070</u>	<u>19,490</u>	<u>1,047,504</u>
-	-	-	6,373
-	-	100	226,459
-	-	78,944	208,634
300	300	300	253,707
-	-	-	32,430
48,058	48,750	-	96,808
6,536	25,124	-	31,660
-	-	911	30,323
<u>54,894</u>	<u>74,174</u>	<u>80,255</u>	<u>886,394</u>
<u>(294)</u>	<u>(104)</u>	<u>(60,765)</u>	<u>161,110</u>
-	-	77,762	77,762
-	-	-	(77,762)
-	-	77,762	-
(294)	(104)	16,997	161,110
<u>409</u>	<u>5,228</u>	<u>31,585</u>	<u>1,996,604</u>
<u>\$ 115</u>	<u>\$ 5,124</u>	<u>\$ 48,582</u>	<u>\$ 2,157,714</u>

See notes to the financial statements

Township of Barry

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds (Continued)**

Year ended March 31, 2007

Net changes in fund balances - total governmental funds \$ 161,110

Amounts reported for *governmental activities* in the statement of activities (page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Add - capital outlay	236,156
Deduct - depreciation expense	(62,695)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets.

Add - principal payments on long-term obligations	96,808
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Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds.

Deduct - decrease in deferred special assessment revenues	<u>(5,196)</u>
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Change in net assets of <i>governmental activities</i>	<u>\$ 426,183</u>
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Township of Barry
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Barry, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Discretely-presented component units:

The component unit columns in the financial statements include the financial data of the Delton District Library and the BPH Fire Department. These entities are presented in separate columns to emphasize that they are legally separate from the Township. These entities are considered component units of the Township because their deposits are held by the Township. Separate financial statements for the component units have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of each component unit.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b) Government-wide and fund financial statements (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property tax revenues to be available if they are expected to be 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. However, debt service expenditures, expenditures relating to claims and judgments are recorded only when payment is due.

c) Measurement focus, basis of accounting, and financial statement presentation:

State grants, licenses and permits, 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. Only the portion of special assessment receivables due within the current year is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

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 Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Special Fire Fund accounts for the financial resources used to finance the Township's fire protection costs. Revenues are primarily derived from property taxes.

The Police Fund accounts for the financial resources used to finance Township's police protection costs. Revenues are primarily derived from property taxes.

The Brooklodge Road Fund accounts for financial resources used to finance specific Township road costs. Revenues are primarily derived from special assessments.

The Crooked Lake Sewer Fund accounts for the issuance and payment of debt related to the Crooked Lake Sewer improvements. Revenues are primarily derived from special assessments.

The Fair Lake Sewer Fund accounts for the issuance and payment of debt related to the Fair Lake Sewer improvements. Revenues are primarily derived from special assessments.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

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.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure assets) 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. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

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

Land improvements	15 - 30 years
Buildings and improvements	15 - 60 years
Equipment	5 - 20 years
Shared road costs	15 - 30 years

iv) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variances during the fiscal year.

NOTE 3 - CASH:

At March 31, 2007, cash is classified in the accompanying financial statements as follows:

	<u>Primary governmental activities</u>	<u>Component units</u>		
		<u>BPH Fire Department</u>	<u>Delton District Library</u>	<u>Total</u>
Deposits with financial institutions	\$ 2,061,775	\$ 31,122	\$ 195,741	\$ 2,288,638

Deposits with financial institutions:

The cash balances of the Township's governmental activities and discretely presented component units, which consist entirely of deposits with financial institutions, amounted to \$2,288,638 at year end. Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. Corresponding bank balances and the uninsured portions are as follows:

	<u>Bank balances</u>	<u>Uninsured portion</u>
Township	\$ 2,070,937	\$ 1,574,244
BPH Fire Department	\$ 31,139	\$ 31,139
Delton District Library	\$ 195,988	\$ 195,988

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of March 31, 2007 for the Township's funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Accounts</u>	<u>Inter-governmental</u>	<u>Totals</u>
General	\$ 7,954	\$ -	\$ -	\$ 41,962	\$ 49,916
Special Fire	17,583	-	-	-	17,583
Police	17,583	-	14,705	-	32,288
Brooklodge Road	-	92,165	-	-	92,165
Crooked Lake Sewer	-	133,295	-	-	133,295
Fair Lake Sewer	-	384,257	-	-	384,257
Nonmajor funds	-	21,960	-	-	21,960
Totals	<u>\$ 43,120</u>	<u>\$ 631,677</u>	<u>\$ 14,705</u>	<u>\$ 41,962</u>	<u>\$ 731,464</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 433,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,545</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Primary government				
Capital assets being depreciated:				
Vehicles	\$ 601,000	\$ 19,818	\$ -	\$ 620,818
Buildings	323,659	4,766	-	328,425
Shared road costs	75,532	203,310	-	278,842
Equipment	<u>266,330</u>	<u>8,262</u>	<u>-</u>	<u>274,592</u>
Subtotal	<u>1,266,521</u>	<u>236,156</u>	<u>-</u>	<u>1,502,677</u>
Less accumulated depreciation for:				
Vehicles	481,600	22,026	-	503,626
Buildings	213,051	7,440	-	220,491
Shared road costs	2,518	11,204	-	13,722
Equipment	<u>79,049</u>	<u>22,025</u>	<u>-</u>	<u>101,074</u>
Subtotal	<u>776,218</u>	<u>62,695</u>	<u>-</u>	<u>838,913</u>
Governmental activities capital assets, net	<u>\$ 490,303</u>	<u>\$ 173,461</u>	<u>\$ -</u>	<u>\$ 663,764</u>
Discretely presented component units:				
BPH Fire Department				
Equipment and vehicles	\$ 839,665	\$ -	\$ -	\$ 839,665
Less accumulated depreciation	<u>385,399</u>	<u>32,955</u>	<u>-</u>	<u>418,354</u>
BPH Fire Department capital assets, net	<u>\$ 454,266</u>	<u>\$ (32,955)</u>	<u>\$ -</u>	<u>\$ 421,311</u>
Delton District Library				
Building, books, and equipment	\$ 978,628	\$ -	\$ -	\$ 978,628
Less accumulated depreciation	<u>302,687</u>	<u>39,808</u>	<u>-</u>	<u>342,495</u>
Delton District Library capital assets, net	<u>\$ 675,941</u>	<u>\$ (39,808)</u>	<u>\$ -</u>	<u>\$ 636,133</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 12,796
Public safety	38,695
Public works	<u>11,204</u>
	<u>\$ 62,695</u>

NOTE 6 - PAYABLES:

Payables as of year-end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 3,961	\$ -	\$ 3,961
Police	145	-	145
Crooked Lake Sewer	-	7,979	7,979
Fair Lake Sewer	-	2,219	2,219
Nonmajor funds	<u>-</u>	<u>1,150</u>	<u>1,150</u>
Totals	<u>\$ 4,106</u>	<u>\$ 11,348</u>	<u>\$ 15,454</u>

NOTE 7 - DEFERRED REVENUE:

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unavailable</u>	<u>Unearned</u>
Crooked Lake Sewer	\$ 125,316	\$ -
Fair Lake Sewer	382,038	-
Brooklodge Road	91,612	-
Nonmajor funds	<u>-</u>	<u>21,105</u>
Totals	<u>\$ 598,966</u>	<u>\$ 21,105</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS:

Long-term debt at March 31, 2007, is comprised of the following issue:

Special assessment debt:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

Crooked Lake Sewer	\$ 125,316
Fair Lake Sewer	<u>382,038</u>
	<u>\$ 507,354</u>

Long-term obligation activity for the ended March 31, 2007, is as follows:

Balance - beginning	\$ 604,162
Retirements	<u>(96,808)</u>
Balance - ending	<u>\$ 507,354</u>
Due within one year	<u>\$ 105,107</u>

Debt service requirements at March 31, 2007, are as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 105,107	\$ 27,235
2009	105,107	22,352
2010	42,449	17,469
2011	42,449	14,973
2012	42,449	12,478
2012 - 2016	<u>169,793</u>	<u>24,958</u>
Totals	<u>\$ 507,354</u>	<u>\$ 119,465</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

A summary of interfund receivables and payables for the year ended March 31, 2007, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ <u>64,500</u>	Brooklodge Road	\$ <u>64,500</u>

The amount payable by the Brooklodge Road Fund to the General Fund represents temporary cash flow assistance. The amount will be repaid as special assessments are collected.

The interfund transfer for the year ended March 31, 2007, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Hickory Fire	\$ <u>77,762</u>	Special Fire	\$ <u>77,762</u>

The transfer to the Hickory Fire Fund represents revenues collected in the Special Fire Fund to pay for public safety costs.

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for its elected officials, full-time police officers, and cemetery sexton through a defined contribution plan. The plan became effective on April 1, 1984. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Township contributes annually 16% of the employees' base salary, or \$150, whichever is greater. The Township's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets. The Township made the required contributions for the year in the amount of \$30,266.

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Delton District Library, a discretely presented component unit, is party to the Township's insurance policies. The BPH Fire Department, a discretely presented component unit, manages risk of loss through the purchase of commercial insurance.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - JOINTLY GOVERNED ENTITY:

The Township, together with the Townships of Johnstown, Hope, and Prairieville established the Southwest Barry County Sewer and Water Authority (the Authority), under the provisions of Act 233 of 1955, to operate, maintain, administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

NOTE 13 - ACCUMULATED DEFICIT:

The Brooklodge Road Fund has an accumulated deficit in the amount of \$62,250. The deficit is the result of accounting policy which limits the amount of special assessments that can be recognized to the matured portion of such assessments. The deficit will be eliminated as special assessments are collected in subsequent years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Barry

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 96,000	\$ 96,000	\$ 102,222	\$ 6,222
State grants	250,000	250,000	257,816	7,816
Charges for services	7,000	7,000	9,925	2,925
Interest and rentals	17,400	17,400	43,009	25,609
Other	<u>96,250</u>	<u>96,250</u>	<u>10,844</u>	<u>(85,406)</u>
Total revenues	<u>466,650</u>	<u>466,650</u>	<u>423,816</u>	<u>(42,834)</u>
EXPENDITURES				
Legislative	6,500	6,500	6,373	127
General government	313,950	313,950	226,359	87,591
Public works	340,000	340,000	143,107	196,893
Culture and recreation	63,100	63,100	32,430	30,670
Capital outlay	<u>221,000</u>	<u>221,000</u>	<u>3,132</u>	<u>217,868</u>
Total expenditures	<u>944,550</u>	<u>944,550</u>	<u>411,401</u>	<u>533,149</u>
NET CHANGES IN FUND BALANCES	(477,900)	(477,900)	12,415	490,315
FUND BALANCES - BEGINNING	<u>974,200</u>	<u>974,200</u>	<u>974,200</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 496,300</u>	<u>\$ 496,300</u>	<u>\$ 986,615</u>	<u>\$ 490,315</u>

Township of Barry
BUDGETARY COMPARISON SCHEDULE - Special Fire Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 190,000	\$ 190,000	\$ 193,532	\$ 3,532
Interest	2,000	2,000	19,399	17,399
Other	<u>2,300</u>	<u>2,300</u>	<u>135</u>	<u>(2,165)</u>
Total revenues	<u>194,300</u>	<u>194,300</u>	<u>213,066</u>	<u>18,766</u>
EXPENDITURES				
Public safety	<u>33,500</u>	<u>33,500</u>	<u>26,819</u>	<u>6,681</u>
EXCESS OF REVENUES OVER EXPENDITURES	160,800	160,800	186,247	25,447
OTHER FINANCING USES				
Transfer out - Hickory Fire Fund	<u>(78,135)</u>	<u>(78,135)</u>	<u>(77,762)</u>	<u>373</u>
NET CHANGES IN FUND BALANCES	82,665	82,665	108,485	25,820
FUND BALANCES - BEGINNING	<u>535,307</u>	<u>535,307</u>	<u>535,307</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 617,972</u>	<u>\$ 617,972</u>	<u>\$ 643,792</u>	<u>\$ 25,820</u>

Township of Barry
BUDGETARY COMPARISON SCHEDULE - Police Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 190,000	\$ 190,000	\$ 193,532	\$ 3,532
State grant	1,500	1,500	1,715	215
Interest	4,000	4,000	14,983	10,983
Other	<u>1,250</u>	<u>1,250</u>	<u>4,810</u>	<u>3,560</u>
Total revenues	<u>196,750</u>	<u>196,750</u>	<u>215,040</u>	<u>18,290</u>
EXPENDITURES				
Public safety	130,155	130,155	102,871	27,284
Capital outlay	<u>32,650</u>	<u>32,650</u>	<u>26,280</u>	<u>6,370</u>
Total expenditures	<u>162,805</u>	<u>162,805</u>	<u>129,151</u>	<u>33,654</u>
NET CHANGES IN FUND BALANCES	33,945	33,945	85,889	51,944
FUND BALANCES - BEGINNING	<u>449,847</u>	<u>449,847</u>	<u>449,847</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 483,792</u>	<u>\$ 483,792</u>	<u>\$ 535,736</u>	<u>\$ 51,944</u>

SUPPLEMENTARY INFORMATION

Township of Barry
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2007

	Special revenue funds				Total nonmajor governmental funds
	Cemetery	SWBC Development Team	Crooked Lake Weed Control	Hickory Fire	
ASSETS					
Cash	\$ 22,381	\$ 1,421	\$ 12,037	\$ 13,038	\$ 48,877
Receivables	-	-	21,960	-	21,960
Total assets	\$ 22,381	\$ 1,421	\$ 33,997	\$ 13,038	\$ 70,837
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ -	\$ -	\$ -	\$ 1,150	\$ 1,150
Deferred revenue	-	-	21,105	-	21,105
Total liabilities	-	-	21,105	1,150	22,255
Fund balances - unreserved, undesignated	22,381	1,421	12,892	11,888	48,582
Total liabilities and fund balances	\$ 22,381	\$ 1,421	\$ 33,997	\$ 13,038	\$ 70,837

Township of Barry
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds
Year ended March 31, 2007

	<i>Special revenue funds</i>				<i>Total nonmajor governmental funds</i>
	<i>Cemetery</i>	<i>SWBC Development Dev Team</i>	<i>Crooked Lake Weed Control</i>	<i>Hickory Fire</i>	
REVENUES					
Charges for services	\$ 1,010	\$ -	\$ -	\$ 5,610	\$ 6,620
Interest	730	10	21	93	854
Other	-	-	10,845	1,171	12,016
Total revenues	1,740	10	10,866	6,874	19,490
EXPENDITURES					
General government	100	-	-	-	100
Public safety	-	-	-	78,944	78,944
Public works	-	100	200	-	300
Capital outlay	-	-	-	911	911
Total expenditures	100	100	200	79,855	80,255
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,640	(90)	10,666	(72,981)	(60,765)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	77,762	77,762
NET CHANGE IN FUND BALANCES	1,640	(90)	10,666	4,781	16,997
FUND BALANCES - BEGINNING	20,741	1,511	2,226	7,107	31,585
FUND BALANCES - ENDING	\$ 22,381	\$ 1,421	\$ 12,892	\$ 11,888	\$ 48,582

**Members of the Township Board of Trustees
Township of Barry, Michigan**

In planning and performing our audit of the financial statements of the Township of Barry as of and for the year ended March 31, 2007, in accordance with U.S. generally accepted auditing standards, we considered the Township of Barry, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

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

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

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

Siegfried Crandall P.C.

September 6, 2007