

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 type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

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 type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Sharon L. Vargo</i>	Printed Name		License Number	

Charter Township of Benton, Michigan

**Financial Report
with Supplemental Information
December 31, 2007**

Charter Township of Benton

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Balance Sheet to the Statement of Net Assets	11
Statement of Revenue, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Proprietary Funds:	
Statement of Net Assets	14
Statement of Revenue, Expenses, and Changes in Net Assets	15
Statement of Cash Flows	16
Fiduciary Funds:	
Statement of Fiduciary Net Assets	17
Statement of Changes in Fiduciary Net Assets - Trust Funds	18
Notes to Financial Statements	19-33
Required Supplemental Information	34
Budgetary Comparison Schedule - General Fund	35
Budgetary Comparison Schedule - Major Special Revenue Funds - Police Fund	36
Budgetary Comparison Schedule - Major Special Revenue Funds - Fire Fund	37
Police and Fire Pension System Schedule of Funding Progress	38
Note to Required Supplemental Information	39

Charter Township of Benton

Contents (Continued)

Other Supplemental Information	40
Nonmajor Governmental Funds:	
Combining Balance Sheet	41
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	42
Fiduciary Funds:	
Combining Statement of Net Assets	43
Combining Statement of Changes in Net Assets - Trust Funds	44

Independent Auditor's Report

To the Members of the Township Board
Charter Township of Benton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Benton, Michigan (the "Charter Township") as of and for the year ended December 31, 2007, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Benton, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Benton, Michigan as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Members of the Township Board
Charter Township of Benton, Michigan

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

Plante & Moran, PLLC

May 22, 2008

Charter Township of Benton

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Benton, Michigan's (the "Charter Township") financial performance provides an overview of the Charter Township's financial activities for the fiscal year ended 2007. Please read it in conjunction with the Charter Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlight for the year ended December 31, 2007:

- In 2007, the General Fund revenues exceeded the budget by nearly 9.5 percent, or over \$300,000. The main reason was because 2007 interest earning on investments was nearly \$150,000 over budget. Despite the housing slow down, new construction in Benton Charter Township exceeded expectation for 2007, resulting in \$60,000 of additional revenues from building permit fees and plan review fees. Expenditures in 2007 for the General Fund were 21.5 percent below budget with every General Fund department spending less than their budget. The result of the higher than expected revenues combined with the major spending cuts saw the Benton Charter Township General Fund turn a projected \$500,000 loss for 2007 into a \$75,000 surplus.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Charter Township as a whole and present a longer-term view of the Charter Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Charter Township's operations in more detail than the government-wide financial statements by providing information about the Charter Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Charter Township acts solely as a trustee or agent for the benefit of those outside of the government.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

Charter Township of Benton as a Whole

The following table shows, in a condensed format, the current year's net assets compared to the prior two years:

Summary Condensed Statement of Net Assets

	Governmental Activities			Business-type Activities			Total		
	2007	2006	2005	2007	2006	2005	2007	2005	2004
Assets									
Current assets	\$ 8,658,662	\$ 7,988,255	\$ 7,319,734	\$ 9,977,407	\$ 8,940,304	\$ 9,598,276	\$ 18,636,069	\$ 16,928,559	\$ 16,918,010
Noncurrent assets	4,193,735	3,348,547	3,286,733	8,174,430	9,254,726	8,263,506	12,368,165	12,603,273	11,550,239
Total assets	12,852,397	11,336,802	10,606,467	18,151,837	18,195,030	17,861,782	31,004,234	29,531,832	28,468,249
Liabilities									
Current liabilities	6,384,593	5,739,716	5,292,173	334,068	405,447	379,699	6,718,661	6,145,163	5,671,872
Long-term liabilities	2,265,228	1,704,120	1,768,681	3,075,965	3,163,253	3,230,000	5,341,193	4,867,373	4,998,681
Total liabilities	8,649,821	7,443,836	7,060,854	3,410,033	3,568,700	3,609,699	12,059,854	11,012,536	10,670,553
Net Assets - Invested in capital assets									
Net of related debt	2,382,325	2,148,547	1,966,733	4,180,643	4,364,764	4,812,094	6,562,968	6,513,311	6,778,827
Restricted	-	277,245	391,461	-	-	-	-	277,245	391,461
Unrestricted	1,820,251	1,467,174	1,187,419	10,561,161	10,261,566	9,439,989	12,381,412	11,728,740	10,627,408
Total net assets	<u>\$ 4,202,576</u>	<u>\$ 3,892,966</u>	<u>\$ 3,545,613</u>	<u>\$ 14,741,804</u>	<u>\$ 14,626,330</u>	<u>\$ 14,252,083</u>	<u>\$ 18,944,380</u>	<u>\$ 18,519,296</u>	<u>\$ 17,797,696</u>

The financial position of the governmental activities has increased during the year. The Benton Charter Township board of trustees has maintained fund balance levels by providing incentives for development and by implementing cost saving measures. In 2007, a new policy was adopted that requires all newly hired municipal employees to pay a 20 percent portion of their health insurance premium. To offset sewage treatment cost increases, it was necessary for the first time in seven years to increase sewer rates. These new sewer rates will take effect January 1, 2008.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The following table shows the current year's changes in net assets, compared to the prior two years:

Summary Condensed Statement of Activities

	Governmental Activities			Business-type Activities			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Revenue									
Program revenue:									
Charges for services	\$ 931,161	\$ 980,589	\$ 864,444	\$ 3,658,498	\$ 3,838,872	\$ 3,454,545	\$ 4,589,659	\$ 4,819,461	\$ 4,318,989
Operating grants and contributions	73,427	134,795	100,903	-	-	-	73,427	134,795	100,903
Capital grants and contributions	137,568	512,741	388,728	51,341	49,599	129,164	188,909	562,340	517,892
General revenue:									
Property taxes	5,182,385	4,586,694	4,425,035	-	-	-	5,182,385	4,586,694	4,425,035
State-shared revenue	1,481,065	1,511,097	1,536,420	-	-	-	1,481,065	1,511,097	1,536,420
Unrestricted investment income	302,366	287,425	219,726	469,231	403,401	240,448	771,597	690,826	460,174
Cable franchise fees	86,460	75,325	30,944	-	-	-	86,460	75,325	30,944
General revenue	149,865	132,758	169,640	-	-	4,983	149,865	132,758	174,623
Sale of fixed assets	-	8,144	-	-	-	-	-	8,144	-
Total revenue	8,344,297	8,229,568	7,735,840	4,179,070	4,291,872	3,829,140	12,523,367	12,521,440	11,564,980
Program Expenses									
General government	1,458,751	1,440,475	1,606,446	-	-	-	1,458,751	1,440,475	1,606,446
Public safety	5,655,520	5,454,588	5,231,409	-	-	-	5,655,520	5,454,588	5,231,409
Public works	688,276	663,018	653,969	-	-	-	688,276	663,018	653,969
Community and economic development	109,753	212,379	168,144	-	-	-	109,753	212,379	168,144
Recreation and culture	42,967	46,511	27,312	-	-	-	42,967	46,511	27,312
Other	-	-	25,292	-	-	-	-	-	25,292
Interest on long-term debt	79,420	65,244	71,190	-	-	-	79,420	65,244	71,190
Water and sewer	-	-	-	4,063,596	3,917,625	3,563,348	4,063,596	3,917,625	3,563,348
Total program expenses	8,034,687	7,882,215	7,783,762	4,063,596	3,917,625	3,563,348	12,098,283	11,799,840	11,347,110
Change in Net Assets	\$ 309,610	\$ 347,353	\$ (47,922)	\$ 115,474	\$ 374,247	\$ 265,792	\$ 425,084	\$ 721,600	\$ 217,870

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The Charter Township had three major budget overruns in 2007 as follows:

	Budget	Actual	Overrun
General Fund - Transfers out	\$ 454,111	\$ 850,599	\$ 396,488
Fire Fund - Public safety	1,845,750	1,934,245	88,495
Police Fund - Public safety	3,225,000	3,332,560	107,560

The overrun in General Fund transfers out relates to an \$80,000 transfer to the Police Fund to cover Police Fund capital expenditures, vehicles, and equipment purchased in 2007. Due to the continued fiscal uncertainty of the State of Michigan and, in particular, the possible state revenue-sharing cuts, an additional \$306,488 was transferred to the Municipal Building Fund to cover the next two years of loan payments on the new fire station.

The fire department overrun is due to the purchase of land on Enterprise Way to build the new fire station. The police department overrun is the result of the purchase of two new police vehicles and other equipment purchased during 2007.

The Charter Township's Funds

The most significant change in fund balances was an increase in the Water Fund of nearly \$393,000. This was mainly due to an increase in water rates and better cash collections on water payments due from customers. During 2007, the General Fund and Police Fund had modest increases in their fund balances. The Fire Fund had a decrease of nearly \$62,000 which was the result of the land purchase for the new fire station. The largest fund balance reduction in 2007 was in the Sewer Fund in the amount of \$277,000. This was due to a \$250,000 increase in sewer treatment costs.

Long-term Debt and Capital Assets

In May 2007, a six-year \$800,000 loan was obtained to build a new fire station.

The Future

It is anticipated that in 2008, the Benton Charter Township board of trustees will approve the purchase of a new fire truck. It is also anticipated that in 2008 the Township state revenue sharing will be reduced by 2 percent or a \$30,000 plus reduction.

The annual reduction in state revenue sharing continues to make it difficult to budget for and maintain the current level of services provided to Township residents.

The 2007 audit report is on file with the Benton Charter Township clerk. If you have any questions about this report, please contact the Charter Township clerk's office.

Charter Township of Benton

Statement of Net Assets December 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 4,327,324	\$ 8,656,433	\$ 12,983,757
Receivables:			
Property taxes receivable	3,527,149	-	3,527,149
Special assessments receivable	152,700	891,937	1,044,637
Receivables from sales to customers on account	107,146	610,671	717,817
Internal balances	181,634	(181,634)	-
Due from other governmental units	362,709	-	362,709
Capital assets	4,193,735	7,310,643	11,504,378
Bond issuance costs	-	113,771	113,771
Long-term intergovernmental receivable - Net	-	750,016	750,016
Total assets	12,852,397	18,151,837	31,004,234
Liabilities			
Accounts payable	248,229	146,522	394,751
Due to other government units	1,937	-	1,937
Accrued liabilities and other	401,306	76,883	478,189
Deferred revenue	5,166,577	-	5,166,577
Noncurrent liabilities:			
Due within one year:			
Compensated absences	324,626	5,663	330,289
Long-term debt	241,918	105,000	346,918
Due in more than one year:			
Compensated absences	695,736	50,965	746,701
Long-term debt - Net of current portion	1,569,492	3,025,000	4,594,492
Total liabilities	8,649,821	3,410,033	12,059,854
Net Assets			
Invested in capital assets - Net of related debt	2,382,325	4,180,643	6,562,968
Unrestricted	1,820,251	10,561,161	12,381,412
Total net assets	\$ 4,202,576	\$ 14,741,804	\$ 18,944,380

Charter Township of Benton

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,458,751	\$ 67,409	\$ 20,000	\$ 137,568
Public safety	5,655,520	294,111	39,940	-
Public works	688,276	569,641	13,487	-
Community and economic development	109,753	-	-	-
Recreation and culture	42,967	-	-	-
Interest on long-term debt	79,420	-	-	-
Total governmental activities	8,034,687	931,161	73,427	137,568
Business-type activities:				
Sanitary sewage system	2,361,405	1,854,917	-	-
Water system	1,702,191	1,803,581	-	51,341
Total business-type activities	4,063,596	3,658,498	-	51,341
Total primary government	\$ 12,098,283	\$ 4,589,659	\$ 73,427	\$ 188,909
General revenues:				
Property taxes				
State-shared revenue				
Unrestricted investment income				
Cable franchise fees				
General revenue				
Total general revenues				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2007

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,233,774)	\$ -	\$ (1,233,774)
(5,321,469)	-	(5,321,469)
(105,148)	-	(105,148)
(109,753)	-	(109,753)
(42,967)	-	(42,967)
(79,420)	-	(79,420)
(6,892,531)	-	(6,892,531)
-	(506,488)	(506,488)
-	152,731	152,731
-	(353,757)	(353,757)
(6,892,531)	(353,757)	(7,246,288)
5,182,385	-	5,182,385
1,481,065	-	1,481,065
302,366	469,231	771,597
86,460	-	86,460
149,865	-	149,865
7,202,141	469,231	7,671,372
309,610	115,474	425,084
3,892,966	14,626,330	18,519,296
\$ 4,202,576	\$ 14,741,804	\$ 18,944,380

Charter Township of Benton

Governmental Funds Balance Sheet December 31, 2007

	General Fund	Police Fund	Fire Fund	Debt Service Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents	\$ 1,401,237	\$ 1,107,700	\$ 662,923	\$ -	\$ 140,334	\$ 3,312,194
Investments	1,015,130	-	-	-	-	1,015,130
Receivables:						
Property taxes receivable	371,956	1,901,221	1,253,972	-	-	3,527,149
Special assessments receivable	152,700	-	-	-	-	152,700
Receivables from sales to customers on account	105,648	-	-	-	1,498	107,146
Due from other funds	181,634	36,573	270,589	1,069,198	250,799	1,808,793
Due from other governmental units	354,655	8,054	-	-	-	362,709
Total assets	\$ 3,582,960	\$ 3,053,548	\$ 2,187,484	\$ 1,069,198	\$ 392,631	\$ 10,285,821
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 51,479	\$ 19,461	\$ 10,370	\$ 110,629	\$ 56,290	\$ 248,229
Due to other government units	1,937	-	-	-	-	1,937
Due to other funds	1,627,159	-	-	-	-	1,627,159
Accrued liabilities and other	261,267	78,386	60,728	-	925	401,306
Deferred revenue	773,480	2,880,558	1,894,071	-	-	5,548,109
Total liabilities	2,715,322	2,978,405	1,965,169	110,629	57,215	7,826,740
Fund Balances - Unreserved, reported in						
General Fund	867,638	-	-	-	-	867,638
Debt Service Funds	-	-	-	958,569	-	958,569
Special Revenue Funds	-	75,143	222,315	-	93,583	391,041
Capital Projects Funds	-	-	-	-	241,833	241,833
Total fund balances	867,638	75,143	222,315	958,569	335,416	2,459,081
Total liabilities and fund balances	\$ 3,582,960	\$ 3,053,548	\$ 2,187,484	\$ 1,069,198	\$ 392,631	\$ 10,285,821

Charter Township of Benton

Governmental Funds **Reconciliation of the Balance Sheet to the Statement of Net Assets** **Year Ended December 31, 2007**

Fund Balance Reported in Governmental Funds	\$ 2,459,081
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	4,193,735
Special assessments shown as deferred revenue in the funds	381,532
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,811,410)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,020,362)
Net Assets of Governmental Activities	<u><u>\$ 4,202,576</u></u>

Charter Township of Benton

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2007

	General Fund	Police Fund	Fire Fund	Debt Service Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 539,215	\$ 2,799,070	\$ 1,844,100	\$ -	\$ -	\$ 5,182,385
Licenses and permits	218,819	16,178	-	-	20,164	255,161
State-shared revenue and grants	1,494,552	6,724	-	-	-	1,501,276
Revenue from sales of land	137,568	1,000	-	-	-	138,568
Other charges for services	569,641	-	11,734	-	-	581,375
Other fines and forfeitures	-	28,697	-	-	-	28,697
Investment income	297,406	4,960	-	-	-	302,366
Other revenue	243,847	98,144	16,737	11,959	22,287	392,974
Total revenue	3,501,048	2,954,773	1,872,571	11,959	42,451	8,382,802
Expenditures						
General government	1,372,328	-	-	-	-	1,372,328
Public safety	489,855	3,332,559	1,934,246	713,227	28,638	6,498,525
Public works	662,984	-	-	-	-	662,984
Community and economic development	16,342	-	-	-	93,411	109,753
Recreation and culture	40,594	-	-	-	-	40,594
Debt service	-	-	-	268,010	-	268,010
Total expenditures	2,582,103	3,332,559	1,934,246	981,237	122,049	8,952,194
Excess of Revenue Over (Under) Expenditures						
	918,945	(377,786)	(61,675)	(969,278)	(79,598)	(569,392)
Other Financing Sources (Uses)						
Face value of debt issue	-	-	-	800,000	-	800,000
Transfers in	-	386,000	-	447,399	10,000	843,399
Transfers out	(843,399)	-	-	-	-	(843,399)
Total other financing sources (uses)	(843,399)	386,000	-	1,247,399	10,000	800,000
Net Change in Fund Balances	75,546	8,214	(61,675)	278,121	(69,598)	230,608
Fund Balances - Beginning of year	792,092	66,929	283,990	680,448	405,014	2,228,473
Fund Balances - End of year	\$ 867,638	\$ 75,143	\$ 222,315	\$ 958,569	\$ 335,416	\$ 2,459,081

Charter Township of Benton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 230,608
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Current year capital additions	1,063,446
Current year allocation of depreciation	(218,258)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(38,505)
Proceeds from issuance of debt provide financial resources to governmental funds, but increases long-term liabilities in the statement of net assets	(800,000)
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	188,590
Increase in accumulated employee sick and vacation reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	<u>(116,271)</u>
Change in Net Assets of Governmental Activities	<u>\$ 309,610</u>

Charter Township of Benton

Proprietary Funds Statement of Net Assets December 31, 2007

	Enterprise Funds		
	Sanitary Sewage System	Water System	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,837,932	\$ 924,619	\$ 2,762,551
Investments	2,056,146	3,837,736	5,893,882
Receivables:			
Special assessments receivable - Due within one year	17,250	64,917	82,167
Receivables from sales to customers on account	502,476	108,195	610,671
Total current assets	<u>4,413,804</u>	<u>4,935,467</u>	<u>9,349,271</u>
Noncurrent assets:			
Special assessment receivables - Greater than one year	127,250	682,520	809,770
Capital assets	3,982,151	3,328,492	7,310,643
Bond issuance costs	113,771	-	113,771
Long-term intergovernmental receivable	-	750,016	750,016
Total noncurrent assets	<u>4,223,172</u>	<u>4,761,028</u>	<u>8,984,200</u>
Total assets	<u>8,636,976</u>	<u>9,696,495</u>	<u>18,333,471</u>
Liabilities			
Current liabilities:			
Accounts payable	133,105	13,417	146,522
Due to other funds	164,082	17,552	181,634
Accrued liabilities and other	75,104	1,779	76,883
Compensated absences	3,858	1,805	5,663
Long-term debt	105,000	-	105,000
Total current liabilities	<u>481,149</u>	<u>34,553</u>	<u>515,702</u>
Noncurrent liabilities:			
Compensated absences	34,725	16,240	50,965
Long-term debt - Net of current portion	3,025,000	-	3,025,000
Total noncurrent liabilities	<u>3,059,725</u>	<u>16,240</u>	<u>3,075,965</u>
Total liabilities	<u>3,540,874</u>	<u>50,793</u>	<u>3,591,667</u>
Net Assets			
Invested in capital assets - Net of related debt	852,151	3,328,492	4,180,643
Unrestricted	4,243,951	6,317,210	10,561,161
Total net assets	<u>\$ 5,096,102</u>	<u>\$ 9,645,702</u>	<u>\$ 14,741,804</u>

Charter Township of Benton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007

	Enterprise Funds		
	Sanitary Sewage System	Water System	Total
Operating Revenue			
Sale of water	\$ -	\$ 1,803,581	\$ 1,803,581
Sewage disposal charges	1,834,879	-	1,834,879
Other miscellaneous revenues	20,038	-	20,038
Total operating revenue	1,854,917	1,803,581	3,658,498
Operating Expenses			
Cost of water	-	1,399,452	1,399,452
Cost of sewage treatment	1,886,866	-	1,886,866
Depreciation and amortization	304,094	302,739	606,833
Total operating expenses	2,190,960	1,702,191	3,893,151
Operating (Loss) Income	(336,043)	101,390	(234,653)
Nonoperating Revenue (Expense)			
Interest income	229,833	239,398	469,231
Interest expense	(170,445)	-	(170,445)
(Loss) Income - Before contributions	(276,655)	340,788	64,133
Capital Contributions	-	51,341	51,341
Change in Net Assets	(276,655)	392,129	115,474
Net Assets - Beginning of year	5,372,757	9,253,573	14,626,330
Net Assets - End of year	\$ 5,096,102	\$ 9,645,702	\$ 14,741,804

Charter Township of Benton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2007

	Sanitary Sewage System	Water System	Total
Cash Flow from Operating Activities			
Receipts from customers	\$ 1,828,001	\$ 2,029,760	\$ 3,857,761
Payments to suppliers	(1,625,811)	(1,259,940)	(2,885,751)
Payments to employees	(323,305)	(133,846)	(457,151)
Other receipts	20,038	-	20,038
	<u>(101,077)</u>	<u>635,974</u>	<u>534,897</u>
Net cash (used in) provided by operating activities			
Cash Flows from Noncapital Financing Activities - Transfers from other funds	222,842	16,388	239,230
Cash Flows from Capital and Related Financing Activities			
Collection of customer assessments (principal and interest)	20,188	148,099	168,287
Purchase of capital assets	(248,055)	(68,336)	(316,391)
Principal and interest paid on capital debt	(272,528)	-	(272,528)
Proceeds from contributed capital	-	51,341	51,341
	<u>(500,395)</u>	<u>131,104</u>	<u>(369,291)</u>
Net cash (used in) provided by capital and related financing activities			
Cash Flows from Investing Activities			
Interest received on investments	221,654	191,344	412,998
Purchase of investment securities	(2,052,900)	(3,800,000)	(5,852,900)
Proceeds from maturities of investment securities	2,111,428	3,065,616	5,177,044
	<u>280,182</u>	<u>(543,040)</u>	<u>(262,858)</u>
Net cash provided by (used in) investing activities			
Net (Decrease) Increase in Cash and Cash Equivalents	(98,448)	240,426	141,978
Cash and Cash Equivalents - Beginning of year	1,936,380	684,193	2,620,573
Cash and Cash Equivalents - End of year	<u>\$ 1,837,932</u>	<u>\$ 924,619</u>	<u>\$ 2,762,551</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ (336,043)	\$ 101,390	\$ (234,653)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	304,094	302,739	606,833
Changes in assets and liabilities:			
Receivables	(6,878)	226,179	219,301
Accounts payable	(75,330)	12,855	(62,475)
Due to other governmental units	-	(15,575)	(15,575)
Accrued and other liabilities	13,080	8,386	21,466
	<u>(101,077)</u>	<u>635,974</u>	<u>534,897</u>
Net cash (used in) provided by operating activities			

Charter Township of Benton

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2007

	Trust Funds - Pension and Other Employee Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 184,917	\$ 511,548
Investments:		
U.S. government or agency securities	2,700,044	-
Common stock	7,932,222	-
Corporate bonds	1,724,199	-
Bank investment pool funds	2,772,567	-
Other assets	158,725	-
	<u>15,472,674</u>	<u>\$ 511,548</u>
Total assets		
		<u>\$ 511,548</u>
Liabilities - Due to other government units	<u>-</u>	<u>\$ 511,548</u>
Net Assets Held in Trust for Pension and Other Employee Benefits	<u>\$ 15,472,674</u>	

Charter Township of Benton

Fiduciary Funds

Statement of Changes in Fiduciary Net Assets - Trust Funds

Year Ended December 31, 2007

Additions

Investment income:	
Interest and dividends	\$ 451,071
Net increase in fair value of investments	<u>841,648</u>
Total investment income	1,292,719
Contributions:	
Employer	648,472
Employee	<u>152,662</u>
Total contributions	<u>801,134</u>
Total additions	2,093,853

Deductions

Benefit payments	994,051
Administrative expenses	<u>38,486</u>
Total deductions	<u>1,032,537</u>

Net Increase in Net Assets Held in Trust 1,061,316

Net Assets Held in Trust for Pension and Other Employee Benefits -
Beginning of year 14,411,358

Net Assets Held in Trust for Pension and Other Employee Benefits -
End of year \$ 15,472,674

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of the Charter Township of Benton, Michigan (the "Charter 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 Charter Township of Benton, Michigan:

Reporting Entity

The Charter Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Charter Township. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in the financial statements.

The Police and Fire Retirement System has been blended into the Charter Township's financial statements as the Pension Trust Fund. The system is governed by a five-member pension board that includes three individuals chosen by the Charter Township board. The system is reported as if it were part of the primary government because of the fiduciary responsibility that the Charter Township retains relative to the operations of the retirement system.

The Charter Township has excluded the Housing Commission from this report since the Charter Township is not able to impose its will on the Housing Commission. The Housing Commission was created by ordinance of the Charter Township of Benton, Michigan. The purpose is to provide safe, sanitary, and decent housing for qualifying senior and low-income families.

In August 2003, the Charter Township created a Brownfield Redevelopment Authority (the "Authority") to revitalize selected environmentally distressed areas within the Charter Township limits. The Authority had no assets as of December 31, 2007 and no activity for the year then ended.

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 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.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. 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 as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

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

The Charter Township reports the following major governmental funds:

General Fund - The General Fund is the Charter 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.

Police Fund - The Police Fund accounts for the activities of the police protection department.

Fire Fund - The Fire Fund accounts for the activities of the fire protection department.

Debt Service Fund - The Debt Service Fund accounts for capital construction and subsequent debt service for major capital projects of the Township.

The Charter Township reports the following major proprietary funds:

Sanitary Sewage System Fund - The Sanitary Sewage System Fund accounts for the activities of the sewage collection system.

Water System Fund - The Water System Fund accounts for the activities of the water distribution system.

Additionally, the Charter Township reports the following fiduciary fund types:

Agency Funds - The Agency Funds account for assets held by the Charter Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Trust Funds - The Trust Funds account for the activities of the police and fire employees' retirement system and retiree health insurance fund by accumulating resources for pension benefit payments and health insurance premium payments for qualified employees and retirees.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Charter Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

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

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water Fund and Sanitary Sewage Fund also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Charter Township's 2006 tax is levied on December 1, 2006 and is recognized as revenue in the year ended December 31, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Charter Township totaled \$395 million, on which taxes levied consisted of .9796 mills for general operating purposes and 7.4200 and 4.9200 for police and fire operations, respectively. This resulted in approximately \$400,000 for operating and \$2.80 million and \$1.90 million for police and fire services, respectively. These amounts are recognized in the respective General and Special Revenue Funds financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

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

Charter Township of Benton

Notes to Financial Statements December 31, 2007

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

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. 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.

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

Water and sewer treatment systems	10 to 50 years
Buildings and building improvements	15 to 50 years
Vehicles	5 to 7 years
Tools and equipment	5 to 7 years

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

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

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

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2007 is as follows:

Shortfall at January 1, 2007	\$ (1,108,816)
Current year permit revenue	171,574
Related expenses - Direct costs	<u>(388,991)</u>
Current year shortfall	<u>(217,417)</u>
Cumulative shortfall at December 31, 2007	<u>\$ (1,326,233)</u>

Note 3 - Deposits and Investments

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

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with the state statutory authority as listed above. The Charter Township's deposits and investment policies are in accordance with statutory authority.

The Charter Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had approximately \$12.8 million of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Charter Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Type of Investment	Carrying Value	How Held
U.S. government or agency bond or notes	\$ 2,700,044	Counterparty's trust department
Corporate bonds	1,724,199	Counterparty's trust department
Corporate stocks	7,932,222	Counterparty's trust department

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Charter Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds	\$ 2,772,567	0.38 years
U.S. government or agency bonds	2,700,044	3.39 years
Corporate bonds (pension)	1,724,199	2.34 years

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

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 199,528	Aaa	S&P
Corporate bonds	356,520	Aa	S&P
Corporate bonds	963,138	Aa-	S&P
Corporate bonds	100,319	A+	S&P
Corporate bonds	104,694	A	S&P

Concentration of Credit Risk - The Charter Township places no limit on the amount the Charter Township may invest in any one issuer. No more than 5 percent of the Charter Township's investments are invested in any one issuer.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds		Governmental
	Unavailable	Unearned	Activities Unearned
Property taxes	\$ -	\$ 5,164,577	\$ 5,164,577
Subdivision deposits	-	2,000	2,000
Special assessments	381,532	-	-
Total	<u>\$ 381,532</u>	<u>\$ 5,166,577</u>	<u>\$ 5,166,577</u>

Note 5 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 508,771	\$ 152,617	\$ -	\$ 661,388
Capital assets being depreciated:				
Buildings and improvements	3,431,471	709,927	-	4,141,398
Vehicles	1,797,791	48,013	-	1,845,804
Land improvements	-	33,046	-	33,046
Tools and equipment	903,583	119,843	-	1,023,426
Subtotal	6,132,845	910,829	-	7,043,674
Accumulated depreciation:				
Buildings and improvements	1,122,740	62,984	-	1,185,724
Vehicles	1,509,406	90,479	-	1,599,885
Land improvements	-	734	-	734
Tools and equipment	660,923	64,061	-	724,984
Subtotal	3,293,069	218,258	-	3,511,327
Net capital assets being depreciated	2,839,776	692,571	-	3,532,347
Net capital assets	<u>\$ 3,348,547</u>	<u>\$ 845,188</u>	<u>\$ -</u>	<u>\$ 4,193,735</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital assets not being depreciated -				
Land	\$ 34,628	\$ -	\$ -	\$ 34,628
Capital assets being depreciated:				
Utility system	17,723,766	109,899	-	17,833,665
Vehicles	168,769	188,000	(120,000)	236,769
Other tools and equipment	200,456	18,492	-	218,948
Subtotal	18,092,991	316,391	(120,000)	18,289,382
Accumulated depreciation:				
Utility system	10,269,725	557,730	-	10,827,455
Vehicles	166,960	20,609	(120,000)	67,569
Other tools and equipment	96,170	22,173	-	118,343
Subtotal	10,532,855	600,512	(120,000)	11,013,367
Net capital assets being depreciated	7,560,136	(284,121)	-	7,276,015
Net capital assets	\$ 7,594,764	\$ (284,121)	\$ -	\$ 7,310,643

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

Governmental activities:

General government	\$ 46,003
Public safety	144,590
Public works	25,292
Recreation and culture	2,373
Total governmental activities	\$ 218,258

Business-type activities:

Sanitary Sewage System Fund	\$ 297,773
Water System Fund	302,739
Total business-type activities	\$ 600,512

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Water System Fund	\$ 17,552
Fire Fund	General Fund	270,589
Police Fund	General Fund	36,573
Other governmental funds	General Fund	<u>1,319,997</u>
	Total governmental funds	<u>\$ 1,644,711</u>
Proprietary Funds		
General Fund	Sanitary Sewage System Funds	<u>\$ 164,082</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Rental Ordinance	General Fund	\$ 10,000
Debt Service Fund	General Fund	447,399
Police Fund	General Fund	<u>386,000</u>
	Total	<u>\$ 843,399</u>

The transfers from the General Fund to the Rental Ordinance and Fire Funds are to subsidize operating costs of each fund. The transfer from the General Fund to the Debt Service Fund is to cover all debt service requirements for the upcoming year.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 7 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. Municipal contractual agreements and leases are also general obligations of the government.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Maturing Through	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Municipal contract	4.99%	2016	\$ 1,200,000	\$ -	\$ (120,000)	\$ 1,080,000	\$ 120,000
Fire station loan	4.44%	2013	-	800,000	(68,590)	731,410	121,918
Accumulated employee benefits			904,091	116,271	-	1,020,362	324,626
Total governmental activities			2,104,091	916,271	(188,590)	2,831,772	566,544
Business-type Activities -							
General obligation bonds	5.0%-5.5%	2025	3,230,000	-	(100,000)	3,130,000	105,000
Total outstanding debt			\$ 5,334,091	\$ 916,271	\$ (288,590)	\$ 5,961,772	\$ 671,544

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 241,918	\$ 83,776	\$ 325,694	\$ 105,000	\$ 167,528	\$ 272,528
2009	247,611	71,862	319,473	115,000	162,278	277,278
2010	253,476	59,925	313,401	120,000	156,528	276,528
2011	259,610	47,721	307,331	125,000	150,528	275,528
2012	265,003	35,340	300,343	130,000	144,276	274,276
2013-2017	543,792	55,316	599,108	770,000	612,396	1,382,396
2018-2022	-	-	-	1,010,000	380,602	1,390,602
2023-2025	-	-	-	755,000	84,425	839,425
Total	\$ 1,811,410	\$ 353,940	\$ 2,165,350	\$ 3,130,000	\$ 1,858,561	\$ 4,988,561

Note 8 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation and in the Michigan Townships Participating Plan for all other claims.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 8 - Risk Management (Continued)

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

The Michigan Townships Participating Plan operates as an insurance purchasing 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.

Note 9 - Postemployment Benefits

The Charter Township provides healthcare benefits at retirement to all employees covered under the police and fire retirement system, in accordance with labor contracts. Currently, 23 retirees are eligible. The Charter Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, and pays the monthly premium cost up to \$400 for all police and fire retirement system participants. The participant must pay any balance. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$103,000.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

Note 10 - Pension Plan

Plan Description - The Police and Fire Pension Plan is a single-employer defined benefit pension plan that is administered by the Charter Township of Benton Police and Fire Employees' Retirement System; this plan covers all full-time police and fire employees of the Charter Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2006, the date of the most recent actuarial valuation, membership consisted of 39 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 41 current active employees. The plan does not issue a separate financial report.

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 10 - Pension Plan (Continued)

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Charter Township's competitive bargaining units and requires a contribution from the employees of 6.5 percent. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Annual Pension Cost - For the year ended December 31, 2007, the Charter Township's annual pension cost of \$546,157 for the plan was equal to the Charter Township's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7 percent investment rate of return, (b) projected salary increases of 4 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

Reserves - As of December 31, 2007, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 2,287,897
Reserve for retired benefit payments	12,433,530

Three-year Trend Information

	Fiscal Year Ended December 31		
	2007	2006	2005
Annual pension cost (APC)	\$ 546,157	\$ 416,676	\$ 195,359
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -

Charter Township of Benton

Notes to Financial Statements December 31, 2007

Note 11 - Defined Contribution Pension Plan

The Charter Township provides pension benefits to all of its full-time employees (except for police and fire) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by Benton Charter Township board, the Charter Township contributes 10 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$121,000 during the current year and employees contributed approximately \$61,000.

Note 12 - Sale of Delinquent Property Taxes

The Charter Township annually sells its delinquent real property taxes to the County, which then becomes responsible for collecting the taxes, and taking uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Charter Township is less than the face value that has been received because of the time value of money; however, the net present value to the County is greater than this amount because of the statutory provision that allows the County to retain all penalties and interest. As of December 31, 2007, the Charter Township has no accrual for this sale. At the end of the tax reversion process (approximately three years), the County charges the Charter Township back for any uncollected taxes. Historically, this amount has not been significant.

Note 13 - Subsequent Events

Subsequent to year end, the Charter Township purchased land for \$225,000 for future residential development.

Required Supplemental Information

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original and Amended Budget	Actual	Variance
Revenue			
Property taxes	\$ 521,600	\$ 539,215	\$ 17,615
Licenses and permits	162,000	218,819	56,819
State-shared revenue and grants	1,527,000	1,494,552	(32,448)
Other charges for services	549,000	569,641	20,641
Revenue from sales of land	125,000	137,568	12,568
Investment income	179,000	297,406	118,406
Other revenue	136,400	243,847	107,447
Total revenue	3,200,000	3,501,048	301,048
Expenditures			
General government:			
Township Board	665,000	552,624	112,376
Supervisor	90,000	79,990	10,010
Treasurer	116,000	102,395	13,605
Assessing	310,000	245,603	64,397
Board of review	4,000	1,450	2,550
Clerk	283,000	220,934	62,066
Elections	97,000	69,397	27,603
Buildings and grounds	155,000	99,935	55,065
Public safety:			
Building department	466,000	388,991	77,009
Ordinance officer	109,000	100,864	8,136
Public works:			
Other street costs	140,000	21,542	118,458
Trash and rubbish	531,000	478,175	52,825
Street lighting	122,000	111,836	10,164
Garage	62,000	51,431	10,569
Community and economic development:			
Community redevelopment	14,000	5,079	8,921
Planning	15,000	9,248	5,752
Zoning	3,000	2,015	985
Recreation and culture - Parks and recreation	93,000	40,594	52,406
Total expenditures	3,275,000	2,582,103	692,897
Excess of Revenue Over (Under) Expenditures	(75,000)	918,945	993,945
Other Financing Uses - Transfers out	(454,111)	(843,399)	(389,288)
Net Change in Fund Balance	(529,111)	75,546	604,657
Fund Balance - Beginning of year	792,092	792,092	-
Fund Balance - End of year	\$ 262,981	\$ 867,638	\$ 604,657

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2007

	Original and Amended Budget	Actual	Variance
Revenue			
Property taxes	\$ 2,773,000	\$ 2,799,070	\$ 26,070
Licenses and permits	16,000	16,178	178
Federal grants	32,000	-	(32,000)
State-shared revenue and grants	3,000	6,724	3,724
Other local donations	-	1,000	1,000
Other fines and forfeitures	26,000	28,697	2,697
Investment income	1,000	4,960	3,960
Other revenue	35,000	98,144	63,144
Total revenue	2,886,000	2,954,773	68,773
Expenditures - Public safety	3,225,000	3,332,559	(107,559)
Excess of Expenditures Over Revenue	(339,000)	(377,786)	(38,786)
Other Financing Sources -			
Transfers in	306,000	386,000	80,000
Net Change in Fund Balance	(33,000)	8,214	41,214
Fund Balance - Beginning of year	66,929	66,929	-
Fund Balance - End of year	\$ 33,929	\$ 75,143	\$ 41,214

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2007

	Original and Amended Budget	Actual	Variance
Revenue			
Property taxes	\$ 1,826,000	\$ 1,844,100	\$ 18,100
Other charges for services	12,000	11,734	(266)
Other revenue	8,000	16,737	8,737
Total revenue	1,846,000	1,872,571	26,571
Expenditures - Public safety	1,845,750	1,934,246	(88,496)
Net Change in Fund Balance	250	(61,675)	(61,925)
Fund Balance - Beginning of year	283,990	283,990	-
Fund Balance - End of year	<u>\$ 284,240</u>	<u>\$ 222,315</u>	<u>\$ (61,925)</u>

Charter Township of Benton

Required Supplemental Information Police and Fire Pension System Schedule of Funding Progress Year Ended December 31, 2007

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/01	\$ 15,031,008	\$ 11,826,984	\$ (3,204,024)	127.1	\$ 2,095,644	(152.9)
12/31/02	14,917,190	12,430,450	(2,486,740)	120.0	2,122,210	(117.2)
12/31/03	14,561,567	13,288,345	(1,273,222)	109.6	2,288,623	(55.6)
12/31/04	14,057,892	14,691,688	633,796	95.7	2,437,753	26.0
12/31/05	13,784,029	16,222,657	2,438,628	85.0	2,248,702	108.4
12/31/06	13,979,840	17,281,070	3,301,230	80.9	2,307,557	143.1

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/02	12/31/00	\$ -	100.0
12/31/03	12/31/01	-	100.0
12/31/04	12/31/02	-	100.0
12/31/05	12/31/03	195,359	100.0
12/31/06	12/31/04	416,676	100.0
12/31/07	12/31/05	546,157	100.0

* The required contribution is expressed to the Charter Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2006, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent
Amortization period (perpetual)	29 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	4.0%
Cost of living adjustments	None
*Includes inflation at	4.0%

Charter Township of Benton

Note to Required Supplemental Information Year Ended December 31, 2007

Note - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. The budgets are prepared by the Charter Township controller and approved by the Charter Township board prior to the start of the fiscal year. The budget was not amended during the year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Charter Township of Benton, Michigan incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund - Transfers out	\$ 454,111	\$ 843,399
Police Fund - Public safety	3,225,000	3,332,558
Fire Fund - Public safety	1,845,750	1,934,247

Other Supplemental Information

Charter Township of Benton

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2007

	<u>Special Revenue Funds</u>			Total Nonmajor Governmenta l Funds
	<u>Rental Ordinance</u>	<u>Community Development</u>	<u>Capital Projects Fund</u>	
Assets				
Cash and cash equivalents	\$ -	\$ 140,334	\$ -	\$ 140,334
Receivables	-	1,498	-	1,498
Due from other funds	8,966	-	241,833	250,799
Total assets	\$ 8,966	\$ 141,832	\$ 241,833	\$ 392,631
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 56,290	\$ -	\$ 56,290
Accrued liabilities and other	925	-	-	925
Total liabilities	925	56,290	-	57,215
Fund Balances - Unreserved	8,041	85,542	241,833	335,416
Total liabilities and fund balances	\$ 8,966	\$ 141,832	\$ 241,833	\$ 392,631

Charter Township of Benton

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2007

	<u>Special Revenue Funds</u>			Total Nonmajor Governmenta l Funds
	<u>Rental Ordinance</u>	<u>Community Development</u>	<u>Capital Projects Fund</u>	
Revenue				
Licenses and permits	\$ 20,164	\$ -	\$ -	\$ 20,164
Other revenue	-	22,287	-	22,287
Total revenue	20,164	22,287	-	42,451
Expenditures				
Public safety	28,638	-	-	28,638
Community and economic development	-	93,411	-	93,411
Total expenditures	28,638	93,411	-	122,049
Excess of Expenditures Over Revenue	(8,474)	(71,124)	-	(79,598)
Other Financing Sources - Transfers in	10,000	-	-	10,000
Net Change in Fund Balances	1,526	(71,124)	-	(69,598)
Fund Balances - Beginning of year	6,515	156,666	241,833	405,014
Fund Balances - End of year	\$ 8,041	\$ 85,542	\$ 241,833	\$ 335,416

Charter Township of Benton

Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds December 31, 2007

	Pension Trust Funds			Agency Funds		
	Pension Trust	Retiree Health Insurance	Total Pension Trust Funds	Current Tax Collections	Delinquent Tax	Total Agency Funds
Assets						
Cash and cash equivalents	\$ 184,917	\$ -	\$ 184,917	\$ 326,062	\$ 185,486	\$ 511,548
Investments	14,377,785	751,247	15,129,032	-	-	-
Prepaid expenses and other assets	158,725	-	158,725	-	-	-
Total assets	14,721,427	751,247	15,472,674	<u>\$ 326,062</u>	<u>\$ 185,486</u>	<u>\$ 511,548</u>
Liabilities - Due to other government units	-	-	-	<u>\$ 326,062</u>	<u>\$ 185,486</u>	<u>\$ 511,548</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 14,721,427</u>	<u>\$ 751,247</u>	<u>\$ 15,472,674</u>			

Charter Township of Benton

Other Supplemental Information Combining Statement of Changes in Net Assets Trust Funds Year Ended December 31, 2007

	Pension Trust	Retiree Health Insurance	Total
Additions			
Investment income:			
Interest and dividends	\$ 430,791	\$ 20,280	\$ 451,071
Net increase in fair value of investments	806,898	34,750	841,648
Total investment income	1,237,689	55,030	1,292,719
Contributions:			
Employer	546,157	102,315	648,472
Employee	152,662	-	152,662
Net contributions	698,819	102,315	801,134
Total additions	1,936,508	157,345	2,093,853
Deductions			
Benefit payments	891,736	102,315	994,051
Administrative expenses	36,596	1,890	38,486
Total deductions	928,332	104,205	1,032,537
Net Increase in Net Assets Held in Trust	1,008,176	53,140	1,061,316
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	13,713,251	698,107	14,411,358
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	\$ 14,721,427	\$ 751,247	\$ 15,472,674

Charter Township of Benton

**Report to the Board of Trustees
December 31, 2007**



Plante & Moran, PLLC
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To the Board of Trustees
Charter Township of Benton

We have recently completed our audit of the basic financial statements of the Charter Township of Benton (the "Township") for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Township:

	<u>Page</u>
Report on Internal Control	1-2
Results of the Audit	3-6
Summary of Unrecorded Possible Adjustments	7

We are grateful for the opportunity to be of service to the Charter Township of Benton. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

May 22, 2008

Report on Internal Control

May 22, 2008

To the Board of Trustees
Charter Township of Benton

Dear Board Members:

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

In planning and performing our audit of the financial statements of the Charter Township of Benton as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

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

To the Board of Trustees
Charter Township of Benton

Segregation of Duties

With limited personnel, the Township does not operate with a distinct segregation of duties related to the cash receipt cycle. The same individual is responsible for recording the cash receipts, maintaining the general ledger, preparing the bank reconciliations, and posting the adjustments to the general ledger. The bank reconciliations and journal entries are not being independently reviewed.

Control Over Manual Journal Entries

All manual journal entries, including year-end accruals, posted to the general ledger are initiated, entered, and reviewed by the same individual. We continue to recommend an independent review of all manual entries and related documentation.

Control Over Payroll Transactions

While the Township does utilize a third party for payroll processing, the Township has one individual involved in maintaining the employee database which includes employee files and pay rates. This individual provides all information to the third-party processor and receives the completed transactions and records back from the processor. The journal entry is given to a second individual for posting. However, currently there is not any independent review of the transactions related to payroll.

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

Very truly yours,

Plante & Moran, PLLC



Sharon L. Vargo, CPA
Partner



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Results of the Audit

May 22, 2008

To the Board of Trustees
Charter Township of Benton

We have audited the financial statements of the Charter Township of Benton (the "Township") for the year ended December 31, 2007 and have issued our report thereon dated May 22, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 13, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Township. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 25, 2008.

To the Board of Trustees
Charter Township of Benton

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Benton are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008.

We noted no transactions entered into by the 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 estimates affecting the financial statements were the collectibility of property taxes and the ultimate collectibility of the receivable from the City of Benton Harbor.

Management's estimate of the collectibility of the taxes is based on historical collection rates and the ability to settle with the county for real taxes. We evaluated the key factors and assumptions used to assess the need for reserve in determining that it is reasonable in relation to the financial statements taken as a whole. The position that the receivable from the City is fully collectible is based on the recent payment activity and the legally binding contract entered approximately one year ago. Per discussion with the attorney, the Township should be able to collect the entire receivable.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Trustees
Charter Township of Benton

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 except for those listed on the attached schedule summarizing uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Material misstatements detected as a result of audit procedures were corrected by management including adjusting pension assets to market value, recording a transfer in the municipal building fund, and recording the GASB No. 34 adjustments.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated May 22, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

To the Board of Trustees
Charter Township of Benton

This information is intended solely for the use of the board of trustees and the management of the Charter Township of Benton and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Sharon L. Vargo". The signature is written in a cursive style with a large, looped 'S' at the beginning.

Sharon L. Vargo, CPA
Partner

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Increases (Decreases)

Ref. #	Description of Misstatement	Assets	Liabilities	Net Assets	Revenue	Expenses
Known Misstatements:						
A1	To reclass water line repairs out of sewage treatment costs	\$ 6,200				\$ (6,200)
Estimate Adjustments:						
B1	None					
Implied Adjustments:						
C1	None					
		-	\$ -	\$ -	\$ -	-
	Combined effect	<u>\$ 6,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,200)</u>