Township of Benton
Eaton County, Michigan

FINANCIAL STATEMENTS

June 30, 2008

Township of Benton

Eaton County, Michigan

June 30, 2008

BOARD OF TRUSTEES

Joseph Bullen	Supervisor
Martha Halsey	Clerk
Judith Locke	Treasurer
Mark Ewing	Trustee
Mary Ritter	Trustee

Township of Benton

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June 30, 2008

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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Benton
Potterville, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Township of Benton, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Benton'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 major fund, and the aggregate remaining fund information of the Township of Benton as of June 30, 2008, and the respective changes in financial position 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 and budgetary comparison information, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 17, 2008

Township of Benton

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

The following is a discussion and analysis of the Township of Benton (the Township's) financial performance and position, providing an overview of the activities for the year ended June 30, 2008. This analysis should be read in conjunction with the Independent Auditor's Report and with the Township's financial statements, which follow this section. This discussion and analysis provides comparisons with the previous year.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2008:

- State shared revenue, the Township's largest revenue source in the General Fund, was approximately $217,973 this year.
- Total fund balances related to the Township's governmental funds increased by $18,808.

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 Township of Benton as a whole and present a longer-term view of the 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 operations of the Township of Benton in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2007 and June 30, 2008.

	Years Ended June 30,	
	2007	2008
Assets		
Current assets	$ 759,234	$ 771,019
Capital assets, net	373,435	405,667
Total assets	1,132,669	1,176,686
Liabilities		
Current liabilities	16,837	9,814
Net Assets		
Invested in capital assets	373,435	405,667
Unrestricted	742,397	761,205
Total net assets	$ 1,115,832	$ 1,166,872

The Township's total net assets were $1,166,872 at June 30, 2008. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were $761,205 at the end of the fiscal year. The net assets invested in capital assets were $405,667.

The following table shows the changes in net assets for the year ended June 30, 2007 and June 30, 2008.

	Years Ended June 30, 2007	Years Ended June 30, 2008
Revenue		
Program revenue:		
Charges for services	$ 45,809	$ 52,762
Operating grants and contributions	3,577	3,622
General revenue:		
Property taxes	86,853	95,046
State shared revenue	185,935	217,973
Investment earnings	20,236	26,573
Other revenue	272	1,905
Total revenue	342,682	397,881
Program Expenses		
General government	173,851	173,638
Public safety	98,549	138,554
Public works	24,209	29,336
Community and economic development	1,549	1,313
Recreation and cultural	4,262	4,000
Total program expenses	302,420	346,841
Change in Net Assets	$ 40,262	$ 51,040

Governmental Activities

The Township's governmental revenues totaled $397,881 with the greatest revenue sources being property taxes and State Revenue Sharing. Property taxes and State Revenue Sharing make up approximately 23% and 54% percent, respectively, of total governmental revenue.

The Township incurred expenses of $346,841 during the year. The majority of governmental expense is associated with the general government function, which includes Township Board, Supervisor, Clerk, and Treasurer. The second highest level of expense is incurred in the public safety area, which includes fire services.

The Township's Funds

The analysis of the Township's major fund begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant fund, not the Township of Benton as a whole. The Township of Benton's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages. The Township's major fund for the fiscal year ended June 30, 2008 was the General Fund.

The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was general government activities, which incurred expenditures of $187,542 for the fiscal year.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover the costs of various minor increased costs over certain budgeted line items. However, because all departments came in under budget at year end, there was an overall favorable variance for expenditures of approximately $153,745 from budget.

Capital Assets

At the end of the fiscal year, the Township had approximately $405,667 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, land, and equipment. In addition, the Township has made certain investments in roads and drains within the Township of Benton.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack. With the increase in assessments, the loss has been equal to our loss of revenue in the past, but we cannot withstand a reduction in revenue sharing.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall at (517) 645-7880.

BASIC FINANCIAL STATEMENTS

Township of Benton

STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 254,983
Investments	446,292
Due from other governmental units	61,640
Prepaids	8,104
Total current assets	771,019
Noncurrent assets	
Capital assets not being depreciated	34,452
Capital assets, net of accumulated depreciation	371,215
Total noncurrent assets	405,667
TOTAL ASSETS	1,176,686
LIABILITIES	
Current liabilities	
Accounts payable	2,618
Accrued wages	7,056
Due to other governmental units	140
TOTAL LIABILITIES	9,814
NET ASSETS	
Invested in capital assets	405,667
Unrestricted	761,205
TOTAL NET ASSETS	$ 1,166,872

See accompanying notes to financial statements.

Township of Benton

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
General government	$ 173,638	$ 52,762	$ -	$ (120,876)
Public safety	138,554	-	-	(138,554)
Public works	29,336	-	3,622	(25,714)
Community and economic development	1,313	-	-	(1,313)
Recreation and cultural	4,000	-	-	(4,000)
Total governmental activities	$ 346,841	$ 52,762	$ 3,622	(290,457)
General revenues:				
Property taxes				95,046
State revenue sharing				217,973
Investment earnings				26,573
Other				1,905
Total general revenues				341,497
Change in net assets				51,040
Net assets, beginning of the year				1,115,832
Net assets, end of the year				$ 1,166,872

See accompanying notes to financial statements.

Township of Benton

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2008

	General	Nonmajor Fund Cemetery Perpetual Care	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 203,897	$ 51,086	$ 254,983
Investments	446,292	-	446,292
Due from other governmental units	61,640	-	61,640
Prepaids	8,104	-	8,104
TOTAL ASSETS	$ 719,933	$ 51,086	$ 771,019
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 2,618	$ -	$ 2,618
Accrued wages	7,056	-	7,056
Due to other governmental units	140	-	140
TOTAL LIABILITIES	9,814	-0-	9,814
FUND BALANCES			
Reserved for prepaids	8,104	-	8,104
Reserved for cemetery care	-	51,086	51,086
Unreserved			
Undesignated, reported in General Fund	702,015	-	702,015
TOTAL FUND BALANCES	710,119	51,086	761,205
TOTAL LIABILITIES AND FUND BALANCES	$ 719,933	$ 51,086	$ 771,019

See accompanying notes to financial statements.

Township of Benton

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2008

Total fund balance - governmental funds		$ 761,205
Amounts reported for the governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
The cost of capital assets is	$ 572,461	
Accumulated depreciation is	(166,794)	
Capital assets, net		405,667
Net assets of governmental activities		$ 1,166,872

See accompanying notes to financial statements.

Township of Benton

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2008

	General	Nonmajor Fund Cemetery Perpetual Care	Total Governmental Funds
REVENUES			
Taxes	$ 127,304	$ -	$ 127,304
Licenses and permits	5,871	-	5,871
Intergovernmental	221,595	-	221,595
Charges for services	11,200	3,433	14,633
Interest	26,329	244	26,573
Other	1,905	-	1,905
TOTAL REVENUES	394,204	3,677	397,881
EXPENDITURES			
Current			
General government	187,542	-	187,542
Public safety	138,554	-	138,554
Public works	29,336	-	29,336
Community and economic development	1,313	-	1,313
Recreation and cultural	4,000	-	4,000
Other	18,328	-	18,328
TOTAL EXPENDITURES	379,073	-0-	379,073
NET CHANGE IN FUND BALANCES	15,131	3,677	18,808
Fund balances, beginning of year	694,988	47,409	742,397
Fund balances, end of year	$ 710,119	$ 51,086	$ 761,205

See accompanying notes to financial statements.

Township of Benton

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Net change in fund balances - total governmental funds		$ 18,808
Amounts reported for governmental activities in the statement of activities are different because:		
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, this amount is:		
Capital outlay	$ 51,878	
Depreciation expense	(19,646)	
Excess capital outlay over depreciation		32,232
Change in net assets of governmental activities		$ 51,040

See accompanying notes to financial statements.

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton Township, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Eaton County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two trustees and provides services in many areas including fire protection, roads, and planning.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to Township governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*; these financial statements present all financial activities of the Township of Benton. The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township of Benton contain all the funds controlled by the Township Board.

2. Joint Ventures

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to there being no ongoing financial interest or responsibility.

Potterville-Benton Fire Board - The Township of Benton, in conjunction with the City of Potterville has entered into an agreement that created the Potterville-Benton Fire Board. Each municipality appoints three (3) individuals to the governing board of the Board. The municipalities collect and distribute property taxes that are levied by the Board. The Board provides fire and ambulance services to the municipalities.

The financial activities of Potterville-Benton Fire Board are accounted for separately. Separate audited financial statements for the Board are available directly from the Board. The Township distributed $138,554 to the Board during the fiscal year ended June 30, 2008, for per capita charges, fire protection, and additional expenditures of the Fire Board.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the Township as a whole.

The statement of activities presents the direct functional expenses of the Township and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

Program revenues are associated with specific functions and include charges to recipients for goods or services that are restricted to meeting the operational requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest, and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major fund and nonmajor fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The major fund of the Township is the General Fund. The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

4. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

5. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and deferred revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

6. Budgets and Budgetary Accounting

The General Fund budget shown as required supplementary information to the financial statements was prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to July 1, the budget is legally adopted on a departmental (activity) level through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Budgets and Budgetary Accounting - continued

   b. Formal budgetary integration is employed as a management control device during the year.

   c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at June 30 are not carried forward to the following fiscal year.

   d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were appropriately approved by the Township Board in accordance with required procedures.

7. Cash, cash equivalents, and investments

Cash and cash equivalents consist of checking and money market accounts. The cash and cash equivalents are recorded at cost, which approximates market value.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

8. Capital Assets

Capital assets include land and improvements, buildings, and office and computer equipment. Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities. Capital assets are those with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 - 15 years
Buildings and improvements	40 - 60 years
Furniture and equipment	5 - 15 years

9. Due From Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for State revenue sharing collected that is still owed to the Township.

10. Property Taxes

Benton Township bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The property taxes attach as an enforceable lien on property as of December 1. Taxes are levied December 1 and are payable through February 14. All property taxes not paid by February 14 are deemed delinquent. Delinquent real property taxes are turned over to the Eaton County Treasurer on March 1.

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Property Taxes - continued

The Eaton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to $1 per $1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended June 30, 2008, the Township levied .9089 mills per $1,000 of assessed valuation for general governmental services. The total taxable value for the 2007 levy for property within the Township was $88,511,000.

11. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township of Benton is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

4. The United States government or Federal agency obligations repurchase agreements.

5. Bankers acceptances of United States banks.

6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of $100,000 for deposits in an insured bank for savings deposits and $100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of $100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2008, the carrying amount of the Township's deposits was $701,275 and the bank balance was $702,294. As of June 30, 2008, the Township accounts were insured by the FDIC for $696,917, and the amount of $5,377 was uninsured.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2008, the Township did not have any investments that would be subject to rating.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by designing its portfolio so that the investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Custodial credit risk

The Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments that are in possession of an outside party by diversifying its investments by institution to ensure that potential losses on individual securities do not exceed the income generated by the remainder of the portfolio.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated				
Land	$ 34,452	$ -	$ -	$ 34,452

NOTE C: CAPITAL ASSETS - CONTINUED

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets being depreciated				
Land improvements	$ 59,483	$ -	$ -	$ 59,483
Buildings and improvements	388,398	42,447	-	430,845
Furniture and equipment	47,328	9,431	(9,078)	47,681
Total capital assets being depreciated	495,209	51,878	(9,078)	538,009
Less accumulated depreciation for:				
Land improvements	(22,456)	(4,478)	-	(26,934)
Buildings and improvements	(91,867)	(10,241)	-	(102,108)
Furniture and equipment	(41,903)	(4,927)	9,078	(37,752)
Total accumulated depreciation	(156,226)	(19,646)	9,078	(166,794)
Net capital assets being depreciated	338,983	32,232	-0-	371,215
Capital assets, net	$ 373,435	$ 32,232	$ -0-	$ 405,667

Depreciation expense of $19,646 was charged to the general government function on the statement of activities.

NOTE D: RISK MANAGEMENT

The Township participates in a pool, the Michigan Township Participating Plan, with other municipalities for auto, property, additional equipment, boiler and machinery, official bond and oath, crime, and liability losses. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township carries commercial insurance for the risk of loss due to workers' compensation claims.

NOTE E: RETIREMENT PLAN

The Township of Benton is the sponsor of a defined contribution retirement plan for the sole benefit of its employees. The Township of Benton Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on a preestablished wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. To be eligible to participate, an employee must be full-time, eighteen (18) years of age, and have completed six (6) months of services. Elected officials are not required to fulfill the service requirements. The eligibility computation period is the six (6) month period that begins with the date hired.

The contributions fund the premiums for ordinary life insurance tax deferred annuities and various pooled investment funds with the MetLife Insurance Company.

For the year ended June 30, 2008, the Township of Benton had a total payroll of $85,024. The Township of Benton Defined Contribution Retirement Plan had a covered payroll of $57,379. Township of Benton made employer contributions to the retirement plan in the amount of $7,192.

NOTE F: FUND BALANCE RESERVES

Reserved fund balance is used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use.

The following are the fund balance reserves as of June 30, 2008:

General Fund	
Reserved for prepaids	$ 8,104
Nonmajor governmental fund	
Reserved for cemetery care	$ 51,086

NOTE G: RELATED PARTY TRANSACTIONS

The Township engaged in business transactions with JTL Developments LLC which is owned and operated by John Locke Jr. who is related to the Township Treasurer. These transactions were made in the normal course of business and amounted to $42,447 for the year ended June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Benton

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current property taxes	$ 83,700	$ 83,700	$ 88,647	$ 4,947
Delinquent property taxes	5,000	5,000	6,022	1,022
Administrative and collection fees	30,500	30,500	32,258	1,758
Trailer taxes	400	400	377	(23)
Total taxes	119,600	119,600	127,304	7,704
Licenses and permits				
Franchise fees	5,400	5,400	5,719	319
Dog license fees	140	140	152	12
Total licenses and permits	5,540	5,540	5,871	331
Intergovernmental				
State revenue sharing	176,000	176,000	217,973	41,973
Metro maintenance fee	3,600	3,600	3,622	22
Total intergovernmental	179,600	179,600	221,595	41,995
Charges for services				
Cemetery lots and burials	4,400	4,400	11,170	6,770
Land divisions	150	150	30	(120)
Total charges for services	4,550	4,550	11,200	6,650
Interest	13,000	13,000	26,329	13,329
Other	400	400	1,905	1,505
TOTAL REVENUES	322,690	322,690	394,204	71,514
EXPENDITURES				
Current				
General government				
Township Board	7,400	8,780	7,636	1,144
Supervisor	14,050	14,550	14,159	391
Clerk	56,750	56,750	39,284	17,466
Board of review	1,000	1,000	545	455
Treasurer	29,150	29,150	28,481	669
Assessor	13,000	12,500	12,500	-0-
Elections	9,000	9,000	1,757	7,243
Buildings and grounds	110,100	90,100	62,541	27,559
Cemetery	20,800	20,800	20,639	161
Total general government	261,250	242,630	187,542	55,088

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Public safety				
Fire protection	$ 118,854	$ 138,854	$ 138,554	$ 300
Public works				
Highways, streets, and bridges	42,000	42,000	23,648	18,352
Drains	4,000	5,688	5,688	-0-
Total public works	46,000	47,688	29,336	18,352
Community and economic development				
Planning department	2,300	2,300	1,313	987
Recreation and cultural				
Parks and recreation	4,900	4,900	4,000	900
Other				
Insurance	8,000	8,000	7,931	69
Pension plan contributions	7,000	7,600	7,218	382
Contingencies	10,000	6,122	-	6,122
Other	3,000	3,210	3,179	31
Total other	28,000	24,932	18,328	6,604
TOTAL EXPENDITURES	461,304	461,304	379,073	82,231
NET CHANGE IN FUND BALANCE	(138,614)	(138,614)	15,131	153,745
Fund balance, beginning of year	694,988	694,988	694,988	-0-
Fund balance, end of year	$ 556,374	$ 556,374	$ 710,119	$ 153,745

Principals
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Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Benton, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America 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.

PREPARATION OF FINANCIAL STATEMENTS

Statement on Auditing Standards No. 112 titled *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate when a client requires assistance in the preparation of financial statements and the related footnotes that are required in accordance with accounting principles generally accepted in the United States of America. Throughout the year the Township prepares monthly financial reporting at the fund level. The annual audited financial statements for the year ended June 30, 2008 for the Township required few audit adjustments.

PREPARATION OF FINANCIAL STATEMENTS - CONTINUED

The staff at Benton Township understands substantially all of the information included in the financial statements, and as such are able to take responsibility for the content. However, the presentation of financial statements in accordance with generally accepted accounting principles also includes the preparation of government-wide financial statements and note disclosures. Currently the government-wide financial statements and note disclosures are prepared during the audit process. This issue was noted and reported in our audit comments last year.

We are communicating these circumstances as required by professional standards, and do not see a need for any change in the situation at this time.

A *material weakness* is a significant deficiency, or a 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the following significant deficiency to be a material weakness:

MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Material journal entries were proposed by the auditors to correct misstatements noted during the audit process. These misstatements were not detected by the Township's internal control over financial reporting. Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit,* emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Material journal entries for the adjustment of accounts receivable, prepaids and cash were proposed by the auditors. These misstatements were not detected by the Township's internal control over financial reporting.

Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the Township's internal controls.

We recommend that the Township take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Compliance and Other Matters

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

This report is intended solely for the information and use of management and the members of the Board of the Township of Benton, others within the Township, and applicable departments of the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

October 17, 2008