

BERLIN TOWNSHIP
St. Clair County, Michigan
AUDITED FINANCIAL STATEMENTS
For The Year Ended March 31, 2007

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Berlin Township	County St Clair
Fiscal Year End 3/31/2007	Opinion Date 08/02/2007	Date Audit Report Submitted to State 08/31/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

YES NO

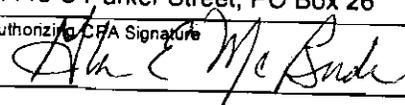
Check each applicable box below. (See instructions for further detail.)

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	
Other (Describe)	<input checked="" type="checkbox"/>	Significant deficiency letter

Certified Public Accountant (Firm Name) Mcbride, Manley & Miller PC		Telephone Number 810 765 4700	
Street Address 1115 S Parker Street, PO Box 26		City Marine City	State MI
Authorizing CPA Signature 		Zip 48039	License Number 1101008018
Printed Name Glen E McBride			

BERLIN TOWNSHIP

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BERLIN TOWNSHIP

Management's Discussion and Analysis

March 31, 2007

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 as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's net assets increased 7% from a year ago from \$1,450,000 to \$1,546,000. As we look at the governmental activities, we can see that the governmental activities net assets increased by approximately \$96,000 during the year (6.6% increase). This was the result of an increase in General Fund net assets. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

(in thousands of dollars)

	Governmental Activities	
	2006	2007
Current Assets	\$ 947	\$ 1,065
Noncurrent Assets	716	684
Total Assets	<u>1,663</u>	<u>1,749</u>
Long-Term Debt Outstanding	182	152
Other Liabilities	<u>31</u>	<u>51</u>
Total Liabilities	<u>213</u>	<u>203</u>
Net Assets		
Invested in Capital Assets - Net of Debt	534	517
Restricted	9	9
Unrestricted	<u>907</u>	<u>1,020</u>
Total Net Assets	<u>\$ 1,450</u>	<u>\$ 1,546</u>

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$113,000 for the governmental activities. This represents an increase of approximately 12%. The current level of unrestricted net assets for our governmental activities stands at \$1,020,000, or about 198% of expenditures. This exceeds the targeted range set by the Township during its last budget process.

BERLIN TOWNSHIP

Management's Discussion and Analysis

March 31, 2007

The following table shows the changes in net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities	
	2006	2007
Program Revenues		
Charges for Services	\$ 109	\$ 87
Operating Grants and Contributions	1	3
Capital Grants and Contributions	88	7
General Revenues		
Property Taxes	276	270
State-Shared Revenues	214	216
Unrestricted Investment Earnings	18	27
Other	3	2
Total Revenues	<u>709</u>	<u>612</u>
Program Expenses		
Legislative	4	4
General Government	124	126
Cemetery Operations	32	30
Public Safety	201	205
Public Works	13	19
Roads and Lighting	55	68
Cultural and Recreational	29	20
Community and Economic Development	4	4
Other	37	30
Debt Service Interest	11	10
Total Expenses	<u>510</u>	<u>516</u>
Change in Net Assets	<u>\$ 199</u>	<u>\$ 96</u>

The Township's net assets continue to remain healthy. Net assets grew by \$96,000. This was primarily because of excess revenues in the General and Fire Funds.

Governmental Activities

The Township's governmental activities consist of the General Fund, the Fire Fund, the Future Cemetery Fund, and the Cemetery Perpetual Care Fund. The governmental activities experienced an increase in net assets due to a low level of expenses in the General Fund for the year.

BERLIN TOWNSHIP

Management's Discussion and Analysis

March 31, 2007

The Township's Funds

Our analysis of the Township's major funds begins on page 4, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds include the General Fund, the Fire Fund, the Future Cemetery Fund, and the Cemetery Perpetual Care Fund.

The General Fund pays for most of the Township's governmental services. The most significant are public safety and general government, which incurred expenses totaling approximately \$331,000. These two functions are primarily supported by property taxes and State shared revenues totaling approximately \$486,000.

General Fund Budgetary Highlights

Over the course of the year, the Township made no amendments to the original budget. The Township's departments overall stayed within their budgets, resulting in total expenditures \$73,000 below the budget. The General Fund's fund balance increased from \$786,000 a year ago to \$866,000 at March 31, 2007.

Capital Asset and Debt Administration

At the end of March 31, 2007, the Township had \$684,000 invested in a broad range of capital assets, including buildings and fire equipment. The Township has no infrastructure investment prior to March 31, 2007. If the Township invests in significant infrastructure after April 1, 2007, the investment will be reported on the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Township budget for the year, including March 31, 2008, does not anticipate an increase in property tax rates. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township may grow less than by inflation, before considering new construction.

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 to show 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 clerk's office.



**McBride, Manley
& Miller P.C.**

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

INDEPENDENT AUDITORS' REPORT

August 2, 2007

Township Board
Berlin Township
13892 Hough Road
Allenton, Michigan 48002

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berlin Township, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Berlin Township'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, each major fund, and the aggregate remaining fund information of Berlin Township, as of March 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through iii, is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Berlin Township's basic financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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.

Our report of comments and recommendations dated August 2, 2007, has been submitted under separate cover.

Respectfully submitted,

McBRIDE, MANLEY & MILLER P.C.
Certified Public Accountants

BERLIN TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

	Governmental Activities
<hr/> ASSETS <hr/>	
Current Assets	
Cash - checking and on hand	\$ 686,328
- savings and cash equivalent investments	353,800
Taxes receivable (net of allowance of \$1,811)	14,503
Interest receivable	1,495
Prepaid expenses	8,797
<i>Total Current Assets</i>	<u>1,064,923</u>
Other Assets	
Capital assets, net of accumulated depreciation	684,141
TOTAL ASSETS	<u>\$ 1,749,064</u>
<hr/> LIABILITIES <hr/>	
Current Liabilities	
Accounts payable	\$ 8,544
Accrued wages	25,472
Accrued interest payable	1,989
Current portion of long-term obligations	15,206
<i>Total Current Liabilities</i>	<u>51,211</u>
Noncurrent Liabilities	
Long-term obligations, net of current portion	152,272
TOTAL LIABILITIES	<u>\$ 203,483</u>
<hr/> NET ASSETS <hr/>	
Investment in capital assets, net of related debt	\$ 516,663
Restricted for fire fund	2,360
Restricted for cemetery fund	6,943
Unrestricted	1,019,615
TOTAL NET ASSETS	<u>\$ 1,545,581</u>



BERLIN TOWNSHIP

STATEMENT OF ACTIVITIES

For the year ended March 31, 2007

	Program Revenues			Net (Expense) Revenue	
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities					
Legislative	\$ 3,900	\$ -	\$ -	\$ -	(3,900)
General government	125,833	36,174	-	-	(89,659)
Cemetery operations	30,279	27,135	-	-	(3,144)
Public safety	205,243	1,000	1,725	2,969	(199,549)
Public works	19,541	-	-	-	(19,541)
Roads and lighting	67,795	3,480	-	-	(64,315)
Cultural and recreational	20,386	19,478	1,589	3,877	4,558
Community and economic development	3,728	-	-	-	(3,728)
Other	29,601	-	-	-	(29,601)
Debt service interest	9,906	-	-	-	(9,906)
TOTAL PRIMARY GOVERNMENT	\$ 516,212	\$ 87,267	\$ 3,314	\$ 6,846	(418,785)
GENERAL PURPOSE REVENUES					
Property taxes					270,409
State shared revenues					215,747
Investment earnings					26,795
Other					1,185
TOTAL GENERAL PURPOSE REVENUES AND TRANSFERS					514,136
CHANGE IN NET ASSETS					95,351
Net Assets at April 1, 2006					1,450,230
NET ASSETS AT MARCH 31, 2007					1,545,581

Net Assets at April 1, 2006

NET ASSETS AT MARCH 31, 2007

See accompanying notes.



McBride, Manley
& Müller P.C.

BERLIN TOWNSHIP

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

March 31, 2007

	General Fund	Fire Fund	Future Cemetery Fund	Cemetery Perpetual Care Fund	Total Governmental Funds
ASSETS					
Cash in bank	\$ 487,894	\$ 195,331	\$ 3,103	\$ -	\$ 686,328
Savings and investments	333,965	12,892	-	6,943	353,800
Accounts and assessments receivable	4,994	11,320	-	-	16,314
Due from other funds	53,956	-	-	-	53,956
TOTAL ASSETS	\$ 880,809	\$ 219,543	\$ 3,103	\$ 6,943	\$ 1,110,398
LIABILITIES					
Accounts payable	\$ 6,655	\$ 1,889	\$ -	\$ -	\$ 8,544
Due to other funds	-	53,956	-	-	53,956
Accrued wages	6,985	18,487	-	-	25,472
Other liabilities	-	1,308	-	-	1,308
Deferred revenue	1,221	590	-	-	1,811
TOTAL LIABILITIES	14,881	78,230	-	-	91,091
FUND EQUITY					
Reserved	53,956	2,360	-	6,943	63,259
Unreserved, undesignated	811,992	140,953	3,103	-	956,048
TOTAL FUND EQUITY	865,948	143,313	3,103	6,943	1,019,307
TOTAL LIABILITIES AND FUND EQUITY	\$ 880,809	\$ 219,543	\$ 3,103	\$ 8,943	\$ 1,110,398



BERLIN TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS**

March 31, 2007

Total Fund Balance - Governmental Funds \$ 1,019,307

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

Cost of capital assets	\$ 1,734,031	
Less: accumulated depreciation	<u>(1,049,890)</u>	
<i>Net Capital Assets</i>		684,141

Delinquent personal property taxes receivable, federal grant revenues receivable, and interest income receivable were not available soon enough after year end to pay the current period expenditures and, therefore, are deferred in the governmental funds. 1,495

Prepaid expenses are not recorded in the governmental funds. 8,797

Long-term liabilities, including loans payable, are not due in the current period and, therefore, are not reported as liabilities in the governmental funds.

Loans payable	\$ 167,478	
Accrued interest on loans	<u>681</u>	
<i>Total Long-Term Liabilities</i>		(168,159)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 1,545,581**



BERLIN TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the year ended March 31, 2007

	General Fund	Fire Fund	Future Cemetery Fund	Cemetery Perpetual Care Fund	Total Governmental Funds
Revenues:					
Tax collections	\$ 79,824	\$ 190,585	\$ -	\$ -	\$ 270,409
Distributions from State of Michigan	215,747	-	-	-	215,747
Licenses, permits, fines, and fees	33,754	-	-	-	33,754
Sales, services, and contributions	55,102	1,725	-	-	56,827
Grant proceeds and reimbursements	3,877	2,969	-	-	6,846
Interest and penalties earned	22,887	2,290	7	174	25,358
Miscellaneous revenue	1,143	43	-	-	1,186
TOTAL REVENUES	412,334	197,612	7	174	610,127
Other Financing Sources:					
Transfers from other funds	-	-	174	-	174
TOTAL REVENUES AND OTHER FINANCING SOURCES	412,334	197,612	181	174	610,301
Expenditures:					
Legislative	3,900	-	-	-	3,900
General government	124,885	-	-	-	124,885
Cemetery operations	30,279	-	-	-	30,279
Public safety	26,337	138,434	-	-	164,771
Public works	19,541	-	-	-	19,541
Community and economic development	3,728	-	-	-	3,728
Cultural and recreational	26,274	-	-	-	26,274
Roads and lighting	67,795	-	-	-	67,795
Other	29,601	-	-	-	29,601
Debt service - principal	-	14,219	-	-	14,219
- interest	-	10,410	-	-	10,410
TOTAL EXPENDITURES	332,340	163,063	-	-	495,403
Other Financing Uses:					
Transfers to other funds	-	-	-	174	174
TOTAL EXPENDITURES AND OTHER FINANCING USES	332,340	163,063	-	174	495,577
EXCESS OF REVENUES OVER EXPENDITURES AND AND OTHER USES	79,994	34,549	181	-	114,724
Fund Balance at April 1, 2006	785,954	108,764	2,922	6,943	904,583
FUND BALANCE AT MARCH 31, 2007	\$ 865,948	\$ 143,313	\$ 3,103	\$ 6,943	\$ 1,019,307



BERLIN TOWNSHIP

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

March 31, 2007

Total Net Change in Fund Balances - Governmental Funds \$ 114,724

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for government activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Proceeds from the sale of capital assets are reported as revenue in the governmental funds. For government activities, these proceeds are reduced by the net book value of disposed assets to provide the gain or loss on sale of such assets in the statement of activities.

Capital outlay	\$ 40,727	
Less: depreciation	<u>(73,092)</u>	(32,365)

Interest income receivable was not available soon enough after year end to pay the current period expenditures and, therefore, is deferred in the governmental funds. 1,437

Prepaid expenses are not recorded in the governmental funds. (3,167)

Repayment of loan principal is an expenditure, and loan proceeds are revenue in the governmental funds. Proceeds increase and repayments decrease liabilities in the statement of net assets and do not affect the statement of activities.

Loan principal payments	14,663
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Interest expenditures are recorded when financial resources are used in the governmental funds. Interest expense is recognized as the interest accrues regardless of when it is due in the statement of activities. 59

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 95,351**



BERLIN TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2007

	Tax Collection Fund	Surety Bond Fund
ASSETS		
Cash and cash equivalents	\$ 355	\$ 48,135
Personal property taxes receivable	28,765	-
TOTAL ASSETS	\$ 29,120	\$ 48,135
LIABILITIES		
Due to other funds	\$ 2,167	\$ 35
Due to other units of government and residents	26,953	48,100
TOTAL LIABILITIES	\$ 29,120	\$ 48,135



BERLIN TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Tax collections	\$ 70,001	\$ 70,001	\$ 79,824	\$ 9,823
Distributions from State of Michigan	213,555	213,555	215,747	2,192
Licenses, permits, fines, and fees	39,750	39,750	33,754	(5,996)
Sales, services, and contributions	46,290	46,290	55,102	8,812
Grant proceeds and reimbursements	5,600	5,600	3,877	(1,723)
Interest and penalties earned	12,000	12,000	22,887	10,887
Miscellaneous revenue	400	400	1,143	743
TOTAL REVENUES	387,596	387,596	412,334	24,738
Expenditures:				
Legislative	5,000	5,000	3,900	1,100
General government	139,266	139,266	124,885	14,381
Cemetery operations	29,850	29,850	30,279	(429)
Public safety	34,956	34,956	26,337	8,619
Public works	26,002	26,002	19,541	6,461
Community and economic development	5,530	5,530	3,728	1,802
Cultural and recreational	34,540	34,540	26,274	8,266
Roads and lighting	69,000	69,000	67,795	1,205
Other	43,452	43,452	29,601	13,851
TOTAL EXPENDITURES	387,596	387,596	332,340	55,256
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	-	79,994	79,994
Fund Balance at April 1, 2006	785,954	785,954	785,954	-
FUND BALANCE AT MARCH 31, 2007	\$ 785,954	\$ 785,954	\$ 865,948	\$ 79,994



BERLIN TOWNSHIP

**FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended March 31, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues:				
Tax collections	\$ 180,597	\$ 180,597	\$ 190,585	\$ 9,988
Sales, services, and contributions	-	-	1,725	1,725
Grant proceeds and reimbursements	-	-	2,969	2,969
Interest and penalties earned	-	-	2,290	2,290
Miscellaneous revenue	-	-	43	43
TOTAL REVENUES	180,597	180,597	197,612	17,015
Expenditures:				
Public safety	142,200	142,200	138,434	3,766
Debt service - principal	27,155	27,155	14,219	12,936
- interest	11,242	11,242	10,410	832
TOTAL EXPENDITURES	180,597	180,597	183,063	17,534
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	34,549	34,549
Fund Balance at April 1, 2006	108,764	108,764	108,764	-
FUND BALANCE AT MARCH 31, 2007	\$ 108,764	\$ 108,764	\$ 143,313	\$ 34,549



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES: Berlin Township operates under an elected Supervisor, Clerk, Treasurer and Board of two Trustees and provides services to its residents (approximately 3,300) including fire protection.

REPORTING ENTITY: The financial reporting entity consists solely of Berlin Township. GASB Statement No. 14 states that the financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria for determining the financial reporting entity are separately elected governing body, legally separate, fiscally independent, ability to appoint voting majority of governing body, ability to impose its will, and potential for benefit or burden. Certain other organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization would be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Using this criteria, it has been determined that Berlin Township has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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 government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes and other revenues are recognized in the accounting period when they become measurable and available to finance operations. Properties are assessed as of December 31. The related property taxes become a lien on December 1 of the following year and are due February 15. These tax revenues are recognized when levied to the extent that they result in current receivables. All real property taxes levied December 31, 2006, have been recognized as revenue at March 31, 2007.

The government reports the following major governmental funds:

GENERAL FUND - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

FIRE FUND, FUTURE CEMETERY FUND, AND CEMETERY PERPETUAL CARE FUND – These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

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

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.

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

(Continued)

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS

BANK DEPOSITS AND INVESTMENTS: Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

RECEIVABLES AND PAYABLES: In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts. All property taxes receivable were estimated to be uncollectible.

INVENTORIES AND PREPAID ITEMS: Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide statements, but are expensed in the fund financial statements.

CAPITAL ASSETS: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 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.

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

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

Equipment	3-12 years
Building and improvements	20-40 years
Vehicles	5 years

COMPENSATED ABSENCES: The Township has no established policy for compensated absences.

LONG-TERM OBLIGATIONS: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	<u>\$1,811</u>	<u>\$ --</u>



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

(Continued)

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

It is the policy of the Township to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS: P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets, as amended, of the Township for these budgetary funds were adopted to the departmental level and are shown in the supplemental schedules to this statement. Budget amendments require approval from a majority of the Township Board. Actual expenditures exceeded those budgeted as follows:

	<u>General Fund</u>
Cemetery Operations	\$429

NOTE 3: CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are at Michigan banks in the name of Berlin Township. Michigan Act 20 P.A. 1943 allows a township to make various investments with public monies including, but not limited to, the following:

1. Direct bonds and obligations of the U.S., its agencies or instrumentalities
2. Certificates of deposit, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency and located in the State of Michigan
3. Commercial paper - rated within 2 highest rate classifications by at least 2 rating services and matures not later than 270 days
4. U.S. or agency repurchase agreements
5. Mutual funds - investments which local unit can make directly
6. Bankers' acceptances of U.S. banks
7. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The deposits of the Township are in accordance with statutory authority.

Deposits and investments are recorded at cost. The carrying amounts are included on the balance sheet as "Cash and Investments."



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

March 31, 2007

NOTE 3: CASH AND INVESTMENTS (Continued)

CREDIT RISK

The Township has no formal policy regarding credit risk covering cash and investments; however, it has been the policy of the Township to invest only in cash accounts and certificates of deposits with Michigan financial institutions.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of March 31, 2007, \$644,779 of the government's bank balance of \$1,103,106 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$644,779

Certificates and bank accounts of the Township are subject to custodial credit risk and concentration of credit risk as follows:

Total government funds	\$1,039,736
Total fiduciary funds	48,490
Less cash on hand	(50)
Total Deposits	<u>\$1,088,176</u>

These deposit accounts are with three banking institutions as follows:

Capac State Bank	81%
Citizens First Bank	10%
Tri-County Bank	9%

There was no significant variation of investments or amounts invested throughout the fiscal year.

There are no investments subject to interest rate or foreign currency risk.



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

March 31, 2007

NOTE 4: FIXED ASSETS

GOVERNMENTAL ACTIVITIES FIXED ASSETS

A summary of changes in governmental fixed assets follows:

	Balance <u>3/31/06</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>3/31/07</u>
General Government:				
Equipment	\$ 471,978	\$ 3,437	\$ --	\$ 475,415
Buildings and improvements	42,906	--	--	42,906
Land	35,616	--	--	35,616
Cemetery:				
Equipment	800	--	--	800
Land	102,055	--	--	102,055
Public Safety:				
Equipment	303,115	22,467	--	325,582
Vehicles	321,138	--	--	321,138
Buildings and improvements	257,508	--	--	257,508
Cultural and Recreational:				
Equipment	21,431	2,455	--	23,886
Buildings and improvements	<u>136,757</u>	<u>12,368</u>	--	<u>149,125</u>
	1,693,304	40,727	--	1,734,031
Accumulated Depreciation	<u>976,798</u>	<u>73,092</u>	--	<u>1,049,890</u>
	<u>\$ 716,506</u>	<u>\$32,365</u>	<u>\$ --</u>	<u>\$ 684,141</u>

The above amounts include land with a cost of \$137,671 not subject to depreciation.

Governmental activity depreciation, included on the Statement of Activities, was allocated as follows:

General Government	\$ 4,482
Cemetery	--
Public Safety	59,675
Cultural and Recreational	<u>8,935</u>
Total	<u>\$73,092</u>



BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

March 31, 2007

NOTE 5: GENERAL LONG-TERM DEBT

CHANGES IN INDEBTEDNESS

	<u>Payable at March 31, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Payable at March 31, 2007</u>
General obligation:				
Installment loan	<u>\$182,141</u>	\$ --	<u>\$14,663</u>	<u>\$167,478</u>
Total Indebtedness	<u>\$182,141</u>	<u>\$ --</u>	<u>\$14,663</u>	<u>\$167,478</u>

INSTALLMENT LOAN

The Township owes Capac State Bank \$167,478 on an installment agreement for a building addition. This agreement bears interest at 4.95% per annum, is secured by tax revenues, matures March 1, 2016, and is being retired by semi-annual payments of \$11,660.

SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS ON INSTALLMENT LOAN

<u>Payable In Fiscal Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 15,205	\$ 8,115	\$ 23,320
2009	15,967	7,353	23,320
2010	16,768	6,552	23,320
2011	17,608	5,712	23,320
2012	18,490	4,830	23,320
2013-2016	<u>83,440</u>	<u>9,843</u>	<u>93,283</u>
	<u>\$167,478</u>	<u>\$42,405</u>	<u>\$209,883</u>

Principal and interest are due March 1 and September 1.

DEBT MARGIN

Michigan Compiled Law limits indebtedness incurred by townships to 10% of the total state equalized valuation of the township. For the fiscal year 05/06, the state equalized value of Berlin Township was \$160,613,652; therefore, the legal debt margin is \$16,061,365.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

General Fund	<u>Interfund Receivable</u> <u>\$53,956</u>	Fire Fund	<u>Interfund Payable</u> <u>\$53,956</u>
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BERLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

(Continued)

March 31, 2007

NOTE 7: FUND BALANCE RESERVATIONS

As of March 31, 2007, the General Fund Balance Sheet reflects a non-current receivable from the Fire Fund. Governmental accounting requires fund balances be restricted for all amounts not available to pay current obligations. Therefore, the amount due to the General Fund of \$53,956 is presented as a reservation to fund balance.

The fund balance of the Cemetery Perpetual Care Fund is reserved for the maintenance of the Township Cemetery. The reserved fund balance of the Fire Fund is donations made in the name of Jerry Fetty for the purchase of specialized equipment for the Fire Department.

NOTE 8: INTERFUND TRANSFERS

	<u>Transfers In</u>		<u>Transfers Out</u>
Future Cemetery Fund	<u>\$174</u>	Cemetery Perpetual Care Fund	<u>\$174</u>

These transfers have been eliminated on the entity-wide Statement of Activities.

NOTE 9: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

The Township has also adopted Resolution 95-1, which states that the Township will contribute 6.2% of gross pay to the deferred compensation plan for all elected officials and employees who work less than 100 hours per year, and who contribute at least 1.3% of their gross pay to the plan. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the Township that the Township has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor.

NOTE 10: RISK FINANCING

Berlin Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.



SUPPLEMENTAL SCHEDULES

BERLIN TOWNSHIP

GENERAL FUND DETAILS OF EXPENDITURES

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
Legislative			
Trustee Salary	\$ 5,000	\$ 3,900	\$ 1,100
Total Legislative	\$ 5,000	\$ 3,900	\$ 1,100
General Government			
General Administration			
Auditor	\$ 1,000	\$ 898	\$ 102
Consulting	1	3,029	(3,028)
Dues	2,300	2,449	(149)
Equipment	7,500	710	6,790
Legal	3,000	1,360	1,640
Mileage	300	234	66
Miscellaneous	1,400	867	533
Office Supplies	2,500	3,119	(619)
Postage	3,400	3,099	301
Repairs and Maintenance	2,000	2,758	(758)
Telephone	3,000	2,575	425
Website	500	360	140
County Tax Refunds	500	-	500
Secretary	18,500	17,909	591
	<u>45,901</u>	<u>39,367</u>	<u>6,534</u>
Supervisor			
Supervisor Salary	14,000	14,000	-
Deputy Supervisor	3,465	3,032	433
Training and Meetings	1,500	775	725
Transportation	250	594	(344)
Membership/Dues	30	25	5
Miscellaneous	1,000	486	514
	<u>20,245</u>	<u>18,912</u>	<u>1,333</u>
Clerk			
Clerk Salary	14,000	14,000	-
Deputy Clerk	3,465	3,231	234
Membership/Dues	75	25	50
Miscellaneous	1,000	153	847
Training and Meetings	1,500	72	1,428
Transportation	250	383	(133)
	<u>20,290</u>	<u>17,864</u>	<u>2,426</u>



BERLIN TOWNSHIP

**GENERAL FUND
DETAILS OF EXPENDITURES
(Continued)**

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
General Government			
Treasurer			
Treasurer Salary	\$ 14,000	\$ 14,000	\$ -
Deputy Treasurer	3,465	2,470	995
Membership Dues	50	-	50
Miscellaneous	1,000	113	887
Training and Meetings	1,500	105	1,395
Transportation	150	136	14
	<u>20,165</u>	<u>16,824</u>	<u>3,341</u>
Township Hall			
Electric	2,200	2,000	200
Equipment	1,000	2,349	(1,349)
Heating	1,800	1,984	(184)
Maintenance Salary	1,750	1,559	191
Miscellaneous	200	-	200
Repairs and Maintenance	4,000	2,526	1,474
	<u>10,950</u>	<u>10,418</u>	<u>532</u>
Assessing			
Assessor Salary	11,500	11,500	-
Assessor/Desk Help	2,500	3,019	(519)
Computer Services	1,200	1,146	54
Training and Meetings	-	585	(585)
Transportation	-	83	(83)
	<u>15,200</u>	<u>16,333</u>	<u>(1,133)</u>
Board of Review			
Salaries	-	36	(36)
Workers	800	893	(93)
Training and Meetings	250	210	40
Miscellaneous	65	27	38
	<u>1,115</u>	<u>1,166</u>	<u>(51)</u>



BERLIN TOWNSHIP

GENERAL FUND DETAILS OF EXPENDITURES (Continued)

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
General Government			
Elections			
Wages	\$ 3,250	\$ 2,063	\$ 1,187
Miscellaneous	250	121	129
Postage	200	120	80
Supplies	1,500	1,623	(123)
Transportation	200	74	126
	<u>5,400</u>	<u>4,001</u>	<u>1,399</u>
TOTAL GENERAL GOVERNMENT	\$ <u>139,266</u>	\$ <u>124,885</u>	\$ <u>14,381</u>
Cemetery Operations			
Cemetery Records	\$ 750	\$ 389	\$ 361
Contract Burials	13,000	16,035	(3,035)
Contract Mowing	13,500	13,500	-
Miscellaneous/Lot Sales	500	281	219
Repairs and Maintenance	2,100	74	2,026
TOTAL CEMETERY OPERATIONS	\$ <u>29,850</u>	\$ <u>30,279</u>	\$ <u>(429)</u>
Public Safety			
Ordinance Enforcement			
Enforcement Officer Wages	\$ 2,256	\$ 2,160	\$ 96
Transportation	100	-	100
Education/Seminars	200	-	200
	<u>2,556</u>	<u>2,160</u>	<u>396</u>
Inspections			
Education/Seminars	1,000	470	530
Inspector - Building	13,500	11,011	2,489
Inspector - Electric	6,000	4,758	1,242
Inspector - Fire	1,000	1,000	-
Inspector - Mechanical	5,500	3,376	2,124
Inspector - Plumbing	3,500	2,808	692
Membership/Dues	600	90	510
Miscellaneous	800	371	429
Transportation	500	293	207
TOTAL PUBLIC SAFETY	\$ <u>34,956</u>	\$ <u>26,337</u>	\$ <u>8,619</u>



BERLIN TOWNSHIP

**GENERAL FUND
DETAILS OF EXPENDITURES
(Continued)**

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
General Government			
Elections			
Wages	\$ 3,250	\$ 2,063	\$ 1,187
Miscellaneous	250	121	129
Postage	200	120	80
Supplies	1,500	1,623	(123)
Transportation	200	74	126
	<u>5,400</u>	<u>4,001</u>	<u>1,399</u>
TOTAL GENERAL GOVERNMENT	\$ <u>139,266</u>	\$ <u>124,885</u>	\$ <u>14,381</u>
Cemetery Operations			
Cemetery Records	\$ 750	\$ 389	\$ 361
Contract Burials	13,000	16,035	(3,035)
Contract Mowing	13,500	13,500	-
Miscellaneous/Lot Sales	500	281	219
Repairs and Maintenance	2,100	74	2,026
TOTAL CEMETERY OPERATIONS	\$ <u>29,850</u>	\$ <u>30,279</u>	\$ <u>(429)</u>
Public Safety			
Ordinance Enforcement			
Enforcement Officer Wages	\$ 2,256	\$ 2,160	\$ 96
Transportation	100	-	100
Education/Seminars	200	-	200
	<u>2,556</u>	<u>2,160</u>	<u>396</u>
Inspections			
Education/Seminars	1,000	470	530
Inspector - Building	13,500	11,011	2,489
Inspector - Electric	6,000	4,758	1,242
Inspector - Fire	1,000	1,000	-
Inspector - Mechanical	5,500	3,376	2,124
Inspector - Plumbing	3,500	2,808	692
Membership/Dues	600	90	510
Miscellaneous	800	371	429
Transportation	500	293	207
TOTAL PUBLIC SAFETY	\$ <u>34,956</u>	\$ <u>26,337</u>	\$ <u>8,619</u>



BERLIN TOWNSHIP

GENERAL FUND DETAILS OF EXPENDITURES (Continued)

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
Public Works			
Drains at Large	\$ 11,002	\$ 9,011	\$ 1,991
Clean-Up Days	15,000	10,530	4,470
TOTAL PUBLIC WORKS	\$ 26,002	\$ 19,541	\$ 6,461
Roads and Lighting			
Roads	\$ -	\$ 222	\$ (222)
Gravel/Emergency	4,000	280	3,720
Limestone	20,000	21,927	(1,927)
Chloride	22,000	30,247	(8,247)
Culverts	5,000	-	5,000
Ditching and Mowing	3,000	-	3,000
Metro Act/Beautification	8,000	7,813	187
Street Lighting	7,000	7,306	(306)
TOTAL ROADS AND LIGHTING	\$ 69,000	\$ 67,795	\$ 1,205
Cultural and Recreational			
Parks			
Park Director	\$ 1,800	\$ 1,200	\$ 600
Mowing/Miscellaneous	3,000	2,850	150
Park Development	12,700	7,010	5,690
Park Expenditures	2,290	2,193	97
Repairs and Maintenance	500	335	165
Senior Center			
Electric	1,300	1,327	(27)
Equipment/Capital Outlay	-	378	(378)
Gas	900	1,052	(152)
Maintenance Salary	1,500	1,176	324
Miscellaneous	1,750	1,694	56
Repairs and Maintenance	5,000	3,337	1,663
Senior Director	1,800	1,800	-
Senior Rental Attendant	1,250	1,200	50
Transportation	150	-	150
Supplies/Cleaning	200	331	(131)
Telephone	400	391	9
TOTAL CULTURAL AND RECREATIONAL	\$ 34,540	\$ 26,274	\$ 8,266



BERLIN TOWNSHIP

**GENERAL FUND
DETAILS OF EXPENDITURES
(Continued)**

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
Community and Economic Development			
Planning Commission	\$ 4,490	\$ 3,560	\$ 930
Zoning Board of Appeals	1,040	168	872
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	\$ 5,530	\$ 3,728	\$ 1,802
Other Expenditures			
Printing and Publishing	\$ 4,000	\$ 1,825	\$ 2,175
Dog Licenses	2,800	2,988	(188)
Health Insurance/Benefits	12,700	11,712	988
Liability Insurance	5,500	5,253	247
Workmens' Compensation	800	1,176	(376)
Contingency	11,152	-	11,152
Payroll Taxes/Deferred Compensation	6,500	6,647	(147)
TOTAL OTHER EXPENDITURES	\$ 43,452	\$ 29,601	\$ 13,851

BERLIN TOWNSHIP

FIRE FUND DETAILS OF EXPENDITURES

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
Legal Expense	\$ 100	\$ 115	\$ (15)
Fundraising Expense	1,000	900	100
Runs Salary	18,000	28,027	(10,027)
Officer's Salary	19,990	19,900	90
Meetings Salary	5,000	5,107	(107)
Fire Inspector	1,000	1,000	-
Supplies	500	1,122	(622)
Computer	1,300	1,300	-
Office Equipment	150	-	150
Postage	50	42	8
Fire Prevention	4,000	1,730	2,270
Class Bills	10,000	4,555	5,445
Class Mileage	500	179	321
Physical Fit Program	1,000	-	1,000
Training Expenses	750	1,790	(1,040)
Hepatitis Shots	500	686	(186)
Physicians	6,000	5,110	890
Gas and Oil	1,500	2,135	(635)
Vehicle Maintenance	5,500	5,704	(204)
Building Maintenance	4,000	2,539	1,461
Equipment Maintenance	6,000	5,033	967
Transportation	100	241	(141)
Printing, Publishing, and Dues	500	105	395
Heat	3,500	3,019	481
Electricity	2,800	2,505	295
Telephone	1,600	2,454	(854)
Internet	500	389	111
Uniforms	2,500	1,242	1,258
Air Bottles	3,500	9,027	(5,527)
Gear	6,000	6,233	(233)
<i>Subtotal</i>	<u>107,840</u>	<u>112,189</u>	<u>(4,349)</u>



BERLIN TOWNSHIP

**FIRE FUND
DETAILS OF EXPENDITURES
(Continued)**

For the year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfav.)
New Pagers	\$ 4,499	\$ 355	\$ 4,144
Medical Supplies	300	336	(36)
Grant Purchases	3,000	5,907	(2,907)
Run Expenses	150	133	17
Principal Payments	27,155	14,219	12,936
Interest Payments	11,242	10,410	832
Workers' Compensation Insurance	1,600	2,442	(842)
Death/Disability Insurance	3,600	3,583	17
Liability Insurance	2,400	2,171	229
Vehicle Insurance	12,000	5,713	6,287
Property Insurance	2,100	1,919	181
Payroll Taxes	4,000	3,686	314
Contingency	710	-	710
Tax Tribunal Refunds	1	-	1
TOTAL FIRE FUND	\$ 180,597	\$ 163,063	\$ 17,534



BERLIN TOWNSHIP

SCHEDULE OF CODE ENFORCEMENT ALLOCATION PURSUANT TO PUBLIC ACT 245 OF 1999

For the year ended March 31, 2007

Code Enforcement Revenues:			
	\$	14,496	
Building		6,587	
Electrical		3,357	
Plumbing		4,980	
Mechanical		<u>4,980</u>	\$ 29,420
Direct Code Enforcement Expenditures:			
		11,011	
Building inspection fees		4,758	
Electrical inspection fees		2,808	
Plumbing inspection fees		3,376	
Mechanical inspection fees		2,224	
Miscellaneous inspection fees		<u>2,224</u>	(24,177)
Indirect Code Enforcement Expenditures:			
		17,909	
Secretary wages		3,119	
Office supplies		3,099	
Postage		2,575	
Telephone		2,758	
Repairs and maintenance		867	
Miscellaneous		1,559	
Maintenance wages		3,984	
Utilities		11,712	
Health insurance		6,647	
Benefits		<u>54,229</u>	
Total Indirect Expenditures To Be Allocated			
		33%	(17,896)
Allocation Percentage			
NET EXCESS OF EXPENDITURES OVER REVENUES FOR			
CODE ENFORCEMENT AT MARCH 31, 2007			<u>\$ (12,653)</u>





**McBride, Manley
& Miller P.C.**

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

August 2, 2007

Township Board
Berlin Township
Allenton, Michigan 48002

Honorable Members:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berlin Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Berlin 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 Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

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 generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

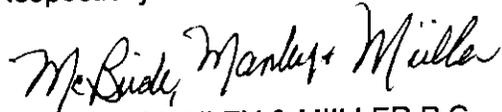
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

1. The employees of the Township do not possess the education, experience, or background to record all transactions in accordance with Generally Accepted Accounting Principles, or to prepare complete and accurate financial statements according to Generally Accepted Accounting Principles.
2. The Township does not regularly monitor and balance the amounts outstanding on resident's delinquent personal property taxes.
3. The Township does not regularly monitor and balance the amounts due to residents for surety bonds.

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

Respectfully submitted,



McBRIDE, MANLEY & MILLER P.C.
Certified Public Accountants



McBride, Manley
& Miller P.C.



McBride, Manley & Miller P.C.

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

August 2, 2007

Township Board
Berlin Township
13892 Hough Road
Allenton, Michigan 48002

Honorable Members:

We have examined the financial statements of Berlin Township for the year ended March 31, 2007, and have issued our report thereon dated August 2, 2007. Our examination included a study and evaluation of internal control to the extent we considered necessary in order to establish a basis for reliance on the accounting records. The following areas of internal accounting control could be improved, and we feel they warrant your consideration.

PERMITS

During our testing, we noted that bond charges did not always calculate to the amounts set forth on the fee schedule. It is important that the proper bond amount be charged. We suggest that greater attention be given to this area.

PAYROLL

During our examination, we found one instance of an incorrect pay rate. This rate was corrected on the next pay period; however, care should be taken to assure that correct rates are always used. We also were unable to verify the pay rate of one individual. This was addressed in subsequent Board minutes; however, rates should be verified in Board minutes prior to payment.

BANK STATEMENTS

During our examination, we found two bank account statements that did not contain copies of all cleared checks for the month. It is important that copies of all cancelled checks be returned with the bank statements. We recommend that the number of cancelled checks returned with the bank statement be agreed to the number of checks clearing the account.

DELINQUENT PERSONAL PROPERTY TAXES

During our examination, we found that the Township does not regularly monitor and balance the amounts outstanding on resident's delinquent personal property taxes. We recommend that the Township review outstanding balances to determine the accuracy of the amounts that are delinquent.

SURETY BONDS

In the course of our examination, we found that the Township does not regularly monitor and balance the amounts due to residents for surety bonds. We suggest that the Township examine these balances on a regular basis to assure the appropriate amounts are being held.

ITEMS FROM PREVIOUS LETTER

PAYROLL

During our testing, we found instances where federal and state withholdings did not agree to W-4's on file. It is important that the Township keep current W-4's on file for each employee.

PURCHASING AND CASH DISBURSEMENTS

During our examination, we noted that invoices are not being checked for mathematical accuracy. We suggest that all invoices be footed and extended to ensure there are not any miscalculations, and the Township is not overcharged for purchases.

BOARD MINUTES

In the course of our examination, we were unable to verify the approval of specific bills at the Board meetings. We recommend that a list of bills approved for payment be included in the Board minutes on file.

GENERAL FUND AND FIRE FUND

In the course of our examination, we noted the lack of account numbers on the Balance Sheet accounts in both the General Fund and the Fire Fund. The Township is required to follow the Michigan Uniform Chart of Accounts. We recommend the correct account numbers be assigned to all accounts.

CONCLUSION

This report is intended solely for the information and use of the Board of Trustees, management, and others within the Township.

We feel the above recommendations will enhance the overall efficiency of the Township's recordkeeping system and provide stronger internal accounting control.

We would like to express our appreciation and thanks to the Supervisor, Clerk, Treasurer, their deputies, and office personnel for their cooperation and many courtesies extended to us during our examination. We will be available to discuss these recommendations in detail or to assist in their implementation.

Respectfully submitted,

McBride, Manley & Miller

McBRIDE, MANLEY & MILLER P.C.
Certified Public Accountants

