

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 Burtchville Township	County St. Clair
Fiscal Year End March 31, 2007	Opinion Date July 12, 2007	Date Audit Report Submitted to State August 21, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

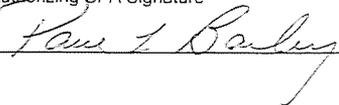
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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 type="checkbox"/>		
Certified Public Accountant (Firm Name) Stewart, Beauvais & Whipple		Telephone Number 810-984-3829	
Street Address 1979 Holland Ave.		City Port Huron	State Zip MI 48060
Authorizing CPA Signature 		Printed Name Paul L. Bailey	License Number 1101014088

BURTCHVILLE TOWNSHIP, MICHIGAN

ANNUAL FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
MARCH 31, 2007

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS



BURTCHVILLE TOWNSHIP, MICHIGAN

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BURTCHVILLE TOWNSHIP, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board
Burtchville Township
St. Clair County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burtchville Township, Michigan, 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 Burtchville 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, the business-type activities, each major fund, and the aggregate remaining fund information of Burtchville Township, Michigan, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 6, and schedules of budgetary comparisons on pages 32 through 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. 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 Burtchville Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stewart, Beauvais & Whipple

Certified Public Accountants

July 12, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS

Burtchville Township's 2007 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplemental information, which presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net assets and how they have changed. Net assets, defined as the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into two categories:

Governmental activities – most of the Township's basic services are included here, such as the fire, public works, and general administration. Property taxes, state-shared revenue, charges for services, provide most of the funding.

Business-type activities – the Township charges fees to customers to help it cover the costs of certain services it provides. The Township's only business type-activity is the water supply system.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

Governmental funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The only proprietary fund is the Water Fund.

Fiduciary Funds – The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township’s fiduciary activities are reported in a separate statement of assets and liabilities. We exclude these activities from the Township’s government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL OVERVIEW (Government-wide financial analysis)

The Township has combined total net assets of \$10,299,744. This is an increase of \$319,975 over 2006. Government-type activities comprise \$2,257,403, and business-type activities make up \$8,042,341 of the total net assets. In a condensed format, the table below shows net assets as of the March 31, 2007 and 2006:

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Assets				
Current assets	\$ 706,036	\$ 918,782	\$ 969,294	\$ 757,501
Restricted assets	55,471	64,300	2,941,251	3,049,948
Noncurrent assets	<u>1,542,974</u>	<u>1,199,109</u>	<u>8,164,273</u>	<u>8,360,053</u>
Total assets	<u>2,304,481</u>	<u>2,182,191</u>	<u>12,074,818</u>	<u>12,167,502</u>
Liabilities				
Current liabilities	47,078	88,872	31,812	20,120
Liabilities payable from restricted assets	-	-	77,588	81,403
Long-term liabilities	<u>-</u>	<u>-</u>	<u>3,923,077</u>	<u>4,170,000</u>
Total liabilities	<u>47,078</u>	<u>88,872</u>	<u>4,032,477</u>	<u>4,271,523</u>
Net Assets				
Invested in capital assets – Net of related debt	1,542,974	1,199,109	4,241,196	4,190,053
Restricted	325,871	355,646	2,863,663	2,968,545
Unrestricted	<u>388,558</u>	<u>538,564</u>	<u>937,482</u>	<u>737,381</u>
Total net assets	<u>\$ 2,257,403</u>	<u>\$ 2,093,319</u>	<u>\$ 8,042,341</u>	<u>\$ 7,895,979</u>

The Township governmental activities experienced a net change in assets of \$173,613. The business-type activities experienced a net change of assets of \$146,362.

The following table shows the changes in net assets for 2007 and 2006:

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Revenue				
Program revenue:				
Charges for services	\$ 138,895	\$ 159,727	\$ 653,162	\$ 701,881
Operating grants and contributions	33,450	18,066	-	-
Capital Grants and contributions	87,742	56,366	86,493	134,467
General revenue:				
Property taxes	260,957	246,514	-	-
State-shared revenue	269,122	272,170	-	-
Unrestricted investment earnings	36,146	33,631	102,980	99,581
Franchise fees	<u>27,286</u>	<u>22,636</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>853,598</u>	<u>809,110</u>	<u>842,635</u>	<u>935,929</u>
Program Expenses				
General government	256,343	268,565	-	-
Public safety	202,044	196,489	-	-
Public works	179,325	213,819	-	-
Recreation and cultural	42,273	45,130	-	-
Loss on demolition of building	-	55,086	-	-
Water services	<u>-</u>	<u>-</u>	<u>696,273</u>	<u>722,242</u>
Total Program Expenses	<u>679,985</u>	<u>779,089</u>	<u>696,273</u>	<u>722,242</u>
Changes in net assets	<u>\$ 173,613</u>	<u>\$ 30,021</u>	<u>\$ 146,362</u>	<u>\$ 213,687</u>

Governmental Activities

Revenues for governmental activities totaled \$853,598 in 2007. Of this amount \$260,957 was from property taxes and \$269,122 from state shared revenues.

Business-type Activities

The Township has one business-type activity, the water operations. Total revenues were \$842,635 and expenses were \$696,273 for a change in net assets of \$146,362. Water is provided to the Township residents via the Detroit Water and Sewer Department.

FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

Governmental Fund

The General fund ended 2007 with a fund balance of \$387,425, with \$129,127 reserved for an advance to the fire department for the purchase of a fire truck, that will be repaid over a the next six (5) years. The remaining fund balance of \$258,298 is unreserved and undesignated. This is a decrease of \$144,358 from the prior year.

The General Fund budget was amended throughout the year as deemed necessary, primarily to prevent over expenditure. There were no significant general fund amends during the year.

There were no budget amendments to any of the Township's Special Revenue Funds.

Business-type Activities

As indicated earlier, the Township has one business-type activity, the water operations. Total revenues were \$842,635 and expenses were \$696,273 for a change in net assets of \$146,362. Water is provided to the Township residents via the Detroit Water and Sewer Department. The Township has established a System Improvement/Equipment Replacement account, which had a balance of \$153,075 at March 31, 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township had \$9,707,247 invested in capital assets for its government and business-type activities (net of accumulated depreciation) as of March 31, 2007. The investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles and water lines. During the year the Township added \$417,214 of capital assets, of which \$415,084 was in the government-activities.

The table below summarizes the capital assets at March 31, 2007 and 2006:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 95,496	\$ 50,406	\$ -	\$ -
Land improvements	151,301	151,301	-	-
Building	810,955	582,001	-	-
Equipment	867,465	851,192	26,475	45,236
Construction in progress	205,644	82,172	2,130	-
Water system	-	-	<u>9,795,689</u>	<u>9,795,689</u>
	<u>2,130,861</u>	<u>1,717,072</u>	<u>9,824,294</u>	<u>9,840,925</u>
Accumulated depreciation	<u>(587,887)</u>	<u>(517,963)</u>	<u>(1,660,021)</u>	<u>(1,480,872)</u>
	<u>\$ 1,542,974</u>	<u>\$ 1,199,109</u>	<u>\$ 8,164,273</u>	<u>\$ 8,360,053</u>

Additional information on the Township's capital assets can be found in Note 8.

Long-Term Debt

At March 31, 2007 the Township's business-type activities had debt outstanding of \$3,923,077, a decrease of \$246,923 from the prior year. This debt is related to the construction of the water supply system.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

For the 2007/2008 fiscal year (4/30/07-3/31/08), the Township Board adopted a balanced budget. Although local municipalities in the State of Michigan have seen State Shared Revenues decrease significantly during the past few years, the 2007 budget does not anticipate any further cuts because of Michigan's constitutional guarantees as to revenue sharing. Additionally, present Township revenues will be enhanced by receipt of federal, state and local grants to assist in construction of the Township's portion of the Bridge to Bay bike trail. Also, the Township will be selling the remainder of the former precinct two properties which have been determined to be surplus properties and are now vacant land. The sale of this property will assist in offsetting the costs of constructing the next phase of the Bridge to Bay bike trail.

CONTACTING THE TOWNSHIP

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 finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, we invite you to contact Burtchville Township, 4000 Burtch Road, Lakeport, Michigan, 48059, or call the Township Hall at (810) 385-5577.

BASIC FINANCIAL STATEMENTS

BURTCHVILLE TOWNSHIP

St. Clair County, Michigan

STATEMENT OF NET ASSETS

MARCH 31, 2007

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 401,431	\$ 598,722	\$ 1,000,153
Investments	205,274	200,000	405,274
Receivables	55,404	138,330	193,734
Due from other governmental units	44,185	-	44,185
Internal balance	(16,124)	16,124	-
Prepaid expenses	15,866	-	15,866
Inventory	-	16,118	16,118
Restricted Assets -			
Cash and cash equivalents	7,688	273,613	281,301
Investments	47,373	1,383,817	1,431,190
Deposits with St. Clair County DPW	-	30,864	30,864
Receivable	410	1,252,957	1,253,367
Capital assets (net of accumulated depreciation)			
Assets not being depreciated	301,140	2,130	303,270
Assets being depreciated	1,241,834	8,162,143	9,403,977
Total Assets	<u>2,304,481</u>	<u>12,074,818</u>	<u>14,379,299</u>
LIABILITIES:			
Payables and accrued liabilities	47,078	31,812	78,890
Liabilities payable from restricted assets	-	77,588	77,588
Non-current liabilities			
Due within one year	-	255,000	255,000
Due in more than one year	-	3,668,077	3,668,077
Total Liabilities	<u>47,078</u>	<u>4,032,477</u>	<u>4,079,555</u>
NET ASSETS:			
Invested in capital assets, net of related liabilities	1,542,974	4,241,196	5,784,170
Net assets			
Restricted			
Debt retirement/construction of capital assets	-	2,863,663	2,863,663
Cemetery perpetual care nonexpendable	54,471	-	54,471
Public Safety	5,395	-	5,395
Public Works	266,005	-	266,005
Unreserved	<u>388,558</u>	<u>937,482</u>	<u>1,326,040</u>
Total Net Assets	<u>\$ 2,257,403</u>	<u>\$ 8,042,341</u>	<u>\$ 10,299,744</u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General Government	\$ 256,343	\$ 27,829	\$ -	\$ -
Public Safety	202,044	63,077	-	-
Public Works	179,325	47,989	2,812	-
Recreation and Culture	42,273	-	30,638	87,742
Total governmental activities	679,985	138,895	33,450	87,742
Business type activities				
Water Fund	696,273	653,162	-	86,493
Total Primary Government	1,376,258	792,057	33,450	174,235

General revenues:
Property taxes
Grants and contribution not
restricted to specific programs
 - State Shared revenue
 - Franchise fees
Unrestricted investment income
Total general revenues

Change in net assets

Net assets at beginning of year

Prior period adjustment

Net assets at beginning of year, restated

Net assets at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Assets

Primary Government		
Governmental Activities	Business Type Activities	Total
\$(228,514)	\$ -	\$(228,514)
(138,967)	-	(138,967)
(128,524)	-	(128,524)
76,107	-	76,107
(419,898)	-	(419,898)
-	43,382	43,382
(419,898)	43,382	(376,516)
260,957	-	260,957
269,122	-	269,122
27,286	-	27,286
36,146	102,980	139,126
593,511	102,980	696,491
173,613	146,362	319,975
2,093,319	7,895,979	9,989,298
(9,529)	-	(9,529)
2,083,790	7,895,979	9,979,769
\$ 2,257,403	\$ 8,042,341	\$ 10,299,744

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007

	General	Fire Fund	Public Improvement	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 152,242	\$ 100,882	\$ 117,906	\$ 6,097	\$ 24,304	\$ 401,431
Investments	80,274	-	75,000	-	50,000	205,274
Receivables -						
Interest, accounts, and taxes	17,996	13,676	4,992	-	12,913	49,577
Due from other governmental units -						
Federal/State	44,185	-	-	-	-	44,185
Due from other funds	17,145	-	-	25,000	1,000	43,145
Advances to other funds	129,127	-	-	-	-	129,127
Restricted Assets-						
Cash and cash equivalents	-	-	-	-	7,688	7,688
Investments	-	-	-	-	47,373	47,373
Interest Receivable	-	-	-	-	410	410
Total Assets	\$ 440,969	\$ 114,558	\$ 197,898	\$ 31,097	\$ 143,688	\$ 928,210
 LIABILITIES AND FUND BALANCES						
Liabilities:						
Payables -						
Accounts	\$ 10,743	\$ 547	\$ -	\$ 26,852	\$ 794	\$ 38,936
Accrued wages	-	6,465	-	-	-	6,465
Deposits	1,677	-	-	-	-	1,677
Due to other funds	41,124	-	-	-	12,318	53,442
Advances from other funds	-	129,127	-	-	-	129,127
Total Liabilities	53,544	136,139	-	26,852	13,112	229,647
 Fund Balances (Deficit):						
Reserved -						
Advance to other funds	129,127	-	-	-	-	129,127
Cemetery Perpetual Care	-	-	-	-	54,471	54,471
Unreserved -						
Undesignated (Deficit) -						
General Fund	258,298	-	-	-	-	258,298
Special Revenue Funds	-	(21,581)	197,898	4,245	76,105	256,667
Total Equity (Deficit)	387,425	(21,581)	197,898	4,245	130,576	698,563
Total Liabilities and Fund Equity	\$ 440,969	\$ 114,558	\$ 197,898	\$ 31,097	\$ 143,688	\$ 928,210

The accompanying notes are an integral part of these financial statements.

BURTCVILLE TOWNSHIP
St. Clair County, Michigan

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
MARCH 31, 2007**

Fund Balances - total governmental funds	\$ 698,563
Amounts reported for governmental activities in the statement of net assets are different because:	
Prepaid Expenses recorded in the funds on the purchase method	15,866
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	2,130,861
Accumulated depreciation	<u>(587,887)</u>
Net Assets of governmental activities	<u><u>\$ 2,257,403</u></u>

The notes to the financial statements are an integral part of this statement.

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

	General	Fire Fund	Public Improvement	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 87,543	\$ 113,786	\$ -	\$ -	\$ 59,628	\$ 260,957
Intergovernmental	271,934	-	-	30,638	-	302,572
Licenses and permits	28,754	-	-	-	57,358	86,112
Charges for services	39,900	-	-	-	16,129	56,029
Interest	19,036	1,868	9,965	198	5,079	36,146
Other	49,973	5,209	-	56,100	500	111,782
Total Revenues	497,140	120,863	9,965	86,936	138,694	853,598
Expenditures:						
Current -						
General Government	291,258	-	-	-	-	291,258
Public Safety	21,615	95,724	-	-	52,550	169,889
Public Works	92,387	-	-	-	86,938	179,325
Recreation and Cultural	232,381	-	-	145,359	-	377,740
Total Expenditures	637,641	95,724	-	145,359	139,488	1,018,212
Excess of revenues over (under) expenditures	(140,501)	25,139	9,965	(58,423)	(794)	(164,614)
Other Financing Sources (Uses):						
Transfers in	56,143	-	-	60,000	2,368	118,511
Transfers out	(60,000)	-	(56,143)	-	(2,368)	(118,511)
	(3,857)	-	(56,143)	60,000	-	-
Net change in Fund Balances	(144,358)	25,139	(46,178)	1,577	(794)	(164,614)
Fund Balances (Deficit) at beginning of year	531,783	(46,720)	244,076	2,668	140,899	872,706
Prior period adjustment	-	-	-	-	(9,529)	(9,529)
Fund Balances (Deficit) at beginning of year, restated	531,783	(46,720)	244,076	2,668	131,370	863,177
Fund Balances (Deficit) at end of year	\$ 387,425	\$(21,581)	\$ 197,898	\$ 4,245	\$ 130,576	\$ 698,563

The accompanying notes are an integral part of these financial statements.

BURTCVILLE TOWNSHIP

St. Clair County, Michigan

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

MARCH 31, 2007

Net change in fund balances - total governmental funds	\$(164,614)
Change in prepaid expenses recorded in the funds on the purchase method	(5,638)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	415,084
Depreciation expense	<u>(71,219)</u>
Change in net assets of governmental activities	<u>\$ 173,613</u>

The notes to the financial statements are an integral part of this statement.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

STATEMENT OF NET ASSETS
WATER FUND
MARCH 31, 2007

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 598,722
Investments	200,000
Receivables	138,330
Due from other funds	16,124
Inventory	16,118
Total Current Assets	969,294

Restricted Assets:

Cash and cash equivalents	273,613
Investments	1,383,817
Deposits with St. Clair County DPW	30,864
Receivables -	
Special assessments	1,006,302
Connection fees	173,900
Interest	72,755
Total Restricted Assets	2,941,251

Property, Plant and Equipment:

Property, plant and equipment	9,824,294
Less - accumulated depreciation	(1,660,021)
Total Property, Plant and Equipment (net of accumulated depreciation)	8,164,273
Total Assets	12,074,818

LIABILITIES:

Current Liabilities:

Accounts payable	31,812
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Current Liabilities - Payable from restricted assets:

Accrued interest	69,282
Due to other governmental units	8,306
Current portion of contracts payable	255,000
Total Current Liabilities - Payable From Restricted Assets	332,588

Long-Term Liabilities - (net of current portion):

Contracts payable, net of current portion	3,668,077
Total Liabilities	4,032,477

NET ASSETS:

Investment in capital assets, net	4,241,196
Reserved construction/debt	2,863,663
Unrestricted	
Designated - System Improvements	153,075
Unreserved	784,407
Total Net Assets	\$ 8,042,341

The accompanying notes are an integral part of these financial statements.

BURTCVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
WATER FUND
FOR THE YEAR ENDED MARCH 31, 2007

Operating Revenues:

User charges	\$ 462,344
Turn on/off fees	6,915
Inspection fees	825
Other charges	10,317
Total Operating Revenues	480,401

Operating Expenses:

Salaries	67,288
Fringe benefits	24,405
Water purchases	138,832
Supplies	26,485
Professional fees	4,796
Contracted services	335
Utilities	10,195
Repairs and maintenance	15,528
Miscellaneous	21,128
Total Operating Expenses	308,992

Operating Income before depreciation	171,409
Depreciation/amortization	(215,987)
Operating Loss	(44,578)

Non-Operating Revenues (Expenses):

User charges - debt service	162,111
Interest earned on -	
Investments	90,332
Special assessments	63,384
Connection fees	12,648
Special assessments	23,109
Connection fees	10,650
Interest expense and fees for debt	(171,294)
	190,940

Net Income	146,362
Net Assets at beginning of year	7,895,979
Net Assets at end of year	\$ 8,042,341

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

STATEMENT OF CASH FLOWS
WATER FUND
FOR THE YEAR ENDING MARCH 31, 2007

Cash Flow From Operating Activities:

Receipts from customers	\$ 452,027
Payments to suppliers	(207,401)
Payments to employees	(91,693)
Net Cash Provided by Operating Activities	152,933

Cash Flow From Capital and Related Financing Activities:

Bond payments -	
Principal	(265,000)
Interest	(174,753)
Special assessments/connection fees	309,934
User charges - debt service	162,111
Deposits with St. Clair County	(534)
Due to other governmental units	(356)
Net Cash Provided by Capital and Related Financing Activities	31,402

Cash Flow From Investing Activities:

Redemptions (purchase) of investments	(8,781)
Disposal (purchase) of property, plant, and equipment	(2,130)
Interest earned	115,105
Net Cash Provided from Investing Activities	104,194

Net increase in cash and cash equivalents for the fiscal year	288,529
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Cash and Cash Equivalents at beginning of fiscal year	583,806
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Cash and Cash Equivalents at end of fiscal year	\$ 872,335
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**Reconciliation of operating loss to net cash provided
by operating activities:**

Operating loss for the fiscal year	\$(44,578)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation and amortization	215,987
Changes in assets and liabilities -	
(Increase) Decrease in -	
Receivables	(28,374)
Inventory	(1,794)
(Decrease) in -	
Payables	11,692
Net Cash Provided by Operating Activities	\$ 152,933

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan

STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2007

	<u>Agency Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 10,070
LIABILITIES:	
Due to other governmental units	\$ 4,243
Due to other funds	<u>5,827</u>
	<u>\$ 10,070</u>

The accompanying notes are an integral part of these financial statements.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

Burtchville Township, Michigan, was organized as a Township in 1842. The Township is one of twenty-three (23) Townships in St. Clair County and covers an area of approximately 18 square miles. The Township operates under an elected Township Board, which consists of the Supervisor, Clerk, Treasurer and two Trustees, and provides services to its more than 3,900 residents in many areas including fire protection, water, roads, cemetery, public safety and recreation.

B. 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 unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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.

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 property included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting and financial statement presentation -

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are intended to finance (the December 2006 levy in the year ended March 31, 2007). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied and collected in December of each year, are budgeted and treated as revenue in the subsequent year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

Fire Fund – is a special revenue fund used to account for taxes and other related revenues restricted for fire service of the Township.

Parks and Recreation Fund – is a special revenue fund used to account for expanding and improving the Township park.

Public Improvement Fund – is a special fund used to account for non-tax revenue set aside for statutory public improvements.

The Township reports the following major proprietary fund:

Water Fund – is used to account for the purchase and distribution of water services to residential and commercial users.

Additionally, the Township reports the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulation provisions or administrative actions.

BURTCHVILLE TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Agency Fund – is used to account for assets held by the Township as an agent for other governments and other funds.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for this business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenue and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principle on-going operations. The principle operating revenues of the Enterprise Fund are charges to customers for sale and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments –

The Township's cash and cash equivalents are considered to be cash on hand and demand deposits. The investment trusts have the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonable approximates fair value.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Receivables and Payables –

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

Inventories and Prepaid Items –

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items in the statement of net assets.

Property Tax Calendar –

The Township’s property tax is levied each December 1 on the taxable value of property located in the Township as if the proceeding December 31. Property taxes are recognized as revenues in the year they were intended to finance. The December 2006 levy is recognized as revenue for the year ended March 31, 2007.

The Township also collects taxes for various other municipalities and school districts. The collection and remittance of these taxes are accounted for in the Tax Collection Fund.

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 Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of a 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Property, plant, and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

	<u>Primary Government</u>
Land improvements	10-20 years
Buildings and improvements	20-50
Utility systems	50
Machinery and equipment	3-20

Long-Term Obligations –

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity –

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

Estimates –

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information –

The Township Supervisor prepares and submits the proposed operating budgets for the year commencing April 1. The budgets include proposed expenditures and resources to finance them.

Prior to March 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, all amendments must be approved by the Township Board.

The Township's approved budgets were adopted at the department level for the General Fund and the function level (second position representing major program area) for the Special Revenue Funds.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

During the fiscal year ended March 31, 2007, the Township incurred expenditures in the General Fund which were in excess of the amount appropriated as follows:

<u>Function/Activity</u>	<u>Total Appropriations</u>	<u>Amount Expended</u>	<u>Budget Variance</u>
General Fund –			
Treasurer	\$ 19,130	\$ 19,471	\$ 341
Board of Review	1,885	2,289	404
Building Enforcement	2,610	4,071	1,461
Library	205,800	232,381	26,581
Transfers Out	18,500	60,000	41,500

Deficit Fund Balance –

As of March 31, 2007, the Fire Capital Fund (Special Revenue Fund) of the Township had a deficit fund balance of \$21,581. The deficit is a result of a new fire truck being purchased with an advance from the General Fund, which will be repaid over the next five years from the fire tax millage.

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 3 - DEPOSITS AND INVESTMENTS:

As of March 31, 2007, the carrying amount of the deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Deposits -			
Cash on hand -			
Petty Cash	\$ 400	\$ -	\$ 400
Deposits with Financial Institutions -			
Checking/Money Market	1,179,799	10,070	1,189,869
Savings/Certificates of Deposit	<u>1,937,719</u>	<u>-</u>	<u>1,937,719</u>
Total Deposits	<u>\$ 3,117,918</u>	<u>\$ 10,070</u>	<u>\$ 3,127,988</u>
Reconciliation To Combined Balance Sheet			
Reported as Cash and Cash Equivalents -			
Petty Cash	\$ 400	\$ -	\$ 400
Cash in Checking/Money Market	1,179,799	10,070	1,189,869
Certificates of Deposit	<u>101,255</u>	<u>-</u>	<u>101,255</u>
Total Cash and Cash			
Equivalents	1,281,454	10,070	1,291,524
Reported as Investments -			
Certificates of Deposit	<u>1,836,464</u>	<u>-</u>	<u>1,836,464</u>
Grand Total Combined Balance Sheet	<u>\$ 3,117,918</u>	<u>\$ 10,070</u>	<u>\$ 3,127,988</u>

Deposits -

The Township's investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

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 institution for savings and 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.

As of March 31, 2007 the bank balance of the Township's deposits were \$3,301,211 of which \$247,373 was FDIC insured with the balance \$3,053,838 exposed to credit risk because they are uninsured and uncollateralized.

The Township's investment policy primary objectives, in order of priority, are safety, return on investment liquidity, and diversification. The Township Treasurer is responsible for the investment program.

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 3 - DEPOSITS AND INVESTMENTS – (cont’d):

Investments –

Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers’ acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than one standard rating service, mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 3657, 129.111 to 129.118; investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

Custodial Credit Risk – is the risk that in the event of a bank failure, the Township’s deposit or investments may not be returned. The Township investment policy does not address credit risk.

Interest Rate Risk – is the risk that in the event that the market value of securities in the Township portfolio will fall due to changes in the market interest increases. The Township attempts to minimize interest rate by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets mutual funds, or similar public investment pools. The Township’s investments have the following range of maturity dates:

Investment Type	Fair Value	Maturity (Years)		
		<1	1-3	3-5
Certificates of Deposit	\$ 1,937,718	\$ 1,857,444	\$ 80,274	\$ -

Credit Risk – is the risk that in an issuer or other counterparty to an investment will not fulfill its obligation. State laws and Township policy limit the types of investments the Township can purchase, however, there is no additional restriction specified in the Township’s investment policy.

Concentration of Credit Risk – is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer. The Township’s policy specifies that 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.

NOTE 4 - TAXES:

The Township property taxes are levied each December on the assessed valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 4 - TAXES – (cont’d):

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property in the Township for the 2006 levy has a State Equalized Value (SEV) of \$196,543,256 and a taxable value of \$121,832,144.

The millage rates levied by the Township were .6758 for General Operating, .4701 for the Blue Water Area Transportation service and .8970 for Fire protection.

The County of St. Clair has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year.

NOTE 5 - RECEIVABLES:

Receivables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Special Assessments	\$ -	\$ 1,006,302
Connection Fees	-	173,900
Due from Other Governmental Units	44,185	-
Accounts and Interest	49,987	211,085
Due from Fiduciary Funds	<u>5,827</u>	<u>-</u>
	<u>\$ 99,999</u>	<u>\$ 1,391,287</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of March 31, 2007:

Due to/From Other Funds –

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Parks and Recreation	General Fund	\$ 25,000
Water Operating Fund	General Fund	2,192
Debt Retirement Fund	General Fund	13,932

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – (cont'd):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Cemetery Fund	Cemetery Perpetual Care Fund	\$ 1,000
General Fund	Building Fund	11,318
	Current Tax Fund	<u>5,827</u>
		<u>\$ 59,269</u>
Transfers From/To Other Funds –		
<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Public Improvement Fund	\$ 56,143
Cemetery Fund	Cemetery Perpetual Care Fund	2,368
Parks & Recreation	General Fund	<u>60,000</u>
		<u>\$ 118,511</u>

NOTE 7 - INTERFUND ADVANCES:

Interfund advances described as Advances To/From other fund, reflect long-term amounts due or owed to a particular fund by another fund of the township. These amounts include current portion of long-term loans. A summary of these balances at March 31, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	<u>\$ 129,127</u>

NOTE 8 - CAPITAL ASSETS:

Primary Government

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

	April 1, 2006		Deletions/	March 31, 2007
	<u>Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,406	\$ 45,090	\$ -	\$ 95,496
Construction in progress	<u>82,172</u>	<u>123,472</u>	<u>-</u>	<u>205,644</u>
Total capital assets not being depreciated	<u>132,578</u>	<u>168,562</u>	<u>-</u>	<u>301,140</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 8 - CAPITAL ASSETS – (cont'd):

	<u>April 1, 2006</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>March 31, 2007</u> <u>Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 151,301	\$ -	\$ -	\$ 151,301
Buildings and improvements	582,001	228,954	-	810,955
Machinery and equipment	<u>851,192</u>	<u>17,568</u>	<u>1,295</u>	<u>867,465</u>
Total capital assets being depreciated	<u>1,584,494</u>	<u>246,522</u>	<u>1,295</u>	<u>1,829,721</u>
Less accumulated depreciation for:				
Land improvements	35,753	9,615	-	45,368
Building and improvements	181,589	14,625	-	196,214
Machinery and equipment	<u>300,621</u>	<u>46,979</u>	<u>1,295</u>	<u>346,305</u>
Total accumulated depreciation	<u>517,963</u>	<u>71,219</u>	<u>1,295</u>	<u>587,887</u>
Total capital assets being depreciated, net	<u>1,066,531</u>	<u>175,303</u>	<u>-</u>	<u>1,241,834</u>
Governmental activities capital assets, net	<u>\$ 1,199,109</u>	<u>\$ 343,865</u>	<u>\$ -</u>	<u>\$ 1,542,974</u>
Business Type Activities:				
Capital Assets, not being depreciated:				
Construction in progress	\$ -	\$ 2,130	\$ -	\$ 2,130
Capital assets, being depreciated:				
Utility systems	9,795,689	-	-	9,795,689
Equipment	<u>45,236</u>	<u>-</u>	<u>18,761</u>	<u>26,475</u>
Total capital assets being depreciated	<u>9,840,925</u>	<u>-</u>	<u>18,761</u>	<u>9,822,164</u>
Less accumulated depreciation for:				
Utility systems	1,439,283	197,181	-	1,636,464
Equipment	<u>41,589</u>	<u>729</u>	<u>18,761</u>	<u>23,557</u>
Total accumulated depreciation	<u>1,480,872</u>	<u>197,910</u>	<u>18,761</u>	<u>1,660,021</u>
Business activities capital assets being depreciated, net	<u>8,360,053</u>	<u>(197,910)</u>	<u>-</u>	<u>8,162,143</u>
Business-type activities capital assets net	<u>\$ 8,360,053</u>	<u>\$ (195,780)</u>	<u>\$ -</u>	<u>\$ 8,164,273</u>

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

Governmental activities:	
General Government	\$ 12,862
Public Safety	41,398
Recreation and Culture	<u>16,959</u>
Total depreciation expense-governmental activities	<u>\$ 71,219</u>
Business-type activities:	
Water and Sewer Operation	<u>\$ 197,910</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 9 - LONG-TERM DEBT:

The following is a summary of changes in long-term liabilities (including current portion) for the year ended March 31, 2007

	Balance			Balance	Due Within
	<u>April 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2007</u>	<u>One Year</u>
<u>Business-type Activities:</u>					
2000 General Obligation Bonds	\$ 1,875,000	\$ -	\$ 75,000	\$ 1,800,000	\$ 75,000
2004 General Obligation Bonds	2,530,000	-	190,000	2,340,000	180,000
Deferred Amounts for Refunding					
Loss	<u>(235,000)</u>	<u>-</u>	<u>(18,077)</u>	<u>(216,923)</u>	<u>-</u>
	<u>\$ 4,170,000</u>	<u>\$ -</u>	<u>\$ 246,923</u>	<u>\$ 3,923,077</u>	<u>\$ 255,000</u>

St. Clair County has issued General Obligation Bonds to cover the cost of constructing a Water Supply System in Burtchville Township.

Pursuant to provisions of Act 185, Public Acts of Michigan, 1957 as amended, the County and the Township have entered into contracts, whereby the Township has agreed to pay to the County amounts sufficient to pay the principal of and interest on the bonds as they become due and payable.

In order to pay such amounts to the County, the Township is obligated, to the extent necessary to levy add valorem taxes without limitation as to the rate or amount on all taxable property listed in the Township. It is the intention of the Township Board to pay the obligations to the County from special assessments, connection fees, and user charges. Upon final payment of the contract, ownership of the system reverts to the Township.

\$2,225,000 Water Supply System No. IX – Series 2000 bond, dated July 1, 2000, due in annual installments ranging from \$75,000 to \$200,000 through November 1, 2019; interest ranging from 4.5 to 5.25 percent	\$ 1,800,000
--	--------------

The 2004 \$2,740,000 Water Supply System No. IX Bonds, dated February 10, 2004, were Issued to partially refund the 1996 Water Supply System No. IX Bonds, dated February 1, 1996 and the 1998 Water Supply System No. IX Bonds, dated February 1, 1998. The 2004 bonds Are due in annual installments ranging from \$180,000 to \$275,000 through November 1, 2016; interest ranging from 2.0 to 5.0 percent	<u>2,340,000</u>
	<u>\$ 4,140,000</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 9 - LONG-TERM DEBT – (cont'd):

Annual Debt Requirements:

The annual requirements to pay the debt principal and interest outstanding at March 31, 2007 are as follows:

	<u>Business-Type Activities</u>	
	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 255,000	\$ 166,278
2009	315,000	159,303
2010	375,000	149,965
2011	360,000	138,490
2012	370,000	120,890
2013-2017	1,890,000	389,088
2018-2020	<u>575,000</u>	<u>61,688</u>
	<u>\$ 4,140,000</u>	<u>\$ 1,185,702</u>

NOTE 10 - WATER SUPPLY SYSTEM AGREEMENT:

Burtchville Township does not own a water filtration plant. Under an agreement dated July 24, 1996, the Township agreed to purchase its present and future water requirements from the St. Clair County Department of Public Works. The County in turn amended its contract with the Detroit Water Board to supply the Township water needs.

NOTE 11 - RESTRICTED ASSETS:

The restricted assets of \$55,471 in the Cemetery Perpetual Care Fund are for perpetual care of the cemetery. The restricted assets of \$2,941,251 in the Water Fund are for capital improvements/debt retirement.

NOTE 12 - RESERVED/DESIGNATED FUND BALANCE/RETAINED EARNINGS:

Reserved Fund Balance/Retained Earnings –

Fund Balance/Retained Earnings has been reserved in the various fund types to indicate that a portion of the Fund Balance/Retained Earnings is not available but reserved for specific purposes:

<u>Fund Type/Fund</u>	<u>Description</u>	<u>Amount</u>
Fund Balance –		
General Fund	Advance to other fund	\$ 129,127
Cemetery Perpetual Care Fund	Cemetery Perpetual Care	<u>54,471</u>
		<u>\$ 183,598</u>
Retained Earnings –		
Water Fund	Debt Retirement	<u>\$ 2,863,663</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 12 - RESERVED/DESIGNATED FUND BALANCE/RETAINED EARNINGS – (cont'd):

Designated Retained Earnings –

The Township Board has the power to designate or set aside all or a portion of Unreserved Retained Earnings for specific purposes. At March 31, 2007, \$153,075 was designated in the Water Fund for System Improvement / Equipment Replacement.

NOTE 13 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses; however, would be responsible should limit of coverages be exceeded.

NOTE 14 - PRIOR PERIOD ADJUSTMENT:

The beginning fund balance of the Cemetery Perpetual Care Fund was reduced by \$9,529 to correct the recording of the interest receivable accrual at March 31, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

BURTCHVILLE TOWNSHIP

St. Clair County, Michigan

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 81,680	\$ 81,680	\$ 87,543	\$ 5,863
Licenses and permits	20,300	20,300	28,754	8,454
Intergovernmental - State	275,698	275,698	271,934	(3,764)
Charges for services	40,100	40,100	39,900	(200)
Interest and rent	10,487	10,487	19,036	8,549
Other	120,000	120,000	49,973	(70,027)
Total Revenues	<u>548,265</u>	<u>548,265</u>	<u>497,140</u>	<u>(51,125)</u>
Expenditures:				
General Government -				
Legislative	7,470	7,470	6,040	1,430
Supervisor	14,700	14,700	14,459	241
Clerk	23,652	23,652	22,720	932
Treasurer	19,130	19,130	19,471	(341)
Assessor	24,575	24,575	16,201	8,374
Board of Review	1,085	1,885	2,289	(404)
Election	10,150	10,150	9,633	517
General Expenses	201,979	201,979	200,445	1,534
	<u>302,741</u>	<u>303,541</u>	<u>291,258</u>	<u>12,283</u>
Public Safety -				
Building Enforcement	2,610	2,610	4,071	(1,461)
Planning Commission	12,350	21,350	16,962	4,388
Zoning Board of Appeals	1,000	1,000	582	418
	<u>15,960</u>	<u>24,960</u>	<u>21,615</u>	<u>3,345</u>
Public Works -				
Roads and Drains	95,000	95,000	65,580	29,420
Street Lighting	28,000	28,000	26,807	1,193
	<u>123,000</u>	<u>123,000</u>	<u>92,387</u>	<u>30,613</u>
Recreation and Culture -				
Library	205,800	205,800	232,381	(26,581)
Total Expenditures	<u>647,501</u>	<u>657,301</u>	<u>637,641</u>	<u>19,660</u>
Excess of revenues under expenditures	<u>(99,236)</u>	<u>(109,036)</u>	<u>(140,501)</u>	<u>(31,465)</u>
Other Financing Sources (Uses):				
Transfers in	91,525	91,525	56,143	(35,382)
Transfers out	(18,500)	(18,500)	(60,000)	(41,500)
	<u>73,025</u>	<u>73,025</u>	<u>(3,857)</u>	<u>(76,882)</u>
Net change in Fund Balance	(26,211)	(36,011)	(144,358)	(108,347)
Fund Balance at beginning of year	<u>531,783</u>	<u>531,783</u>	<u>531,783</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 505,572</u>	<u>\$ 495,772</u>	<u>\$ 387,425</u>	<u>\$(108,347)</u>

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan

FIRE CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 107,663	\$ 107,663	\$ 113,786	\$ 6,123
Interest	2,970	2,970	1,868	(1,102)
Other revenue	-	-	5,209	5,209
Total Revenues	<u>110,633</u>	<u>110,633</u>	<u>120,863</u>	<u>10,230</u>
Expenditures:				
Public Safety	<u>108,633</u>	<u>108,633</u>	<u>95,724</u>	<u>12,909</u>
Excess of revenues over expenditures	2,000	2,000	25,139	23,139
Fund Balance (Deficit) at beginning of year	<u>(46,720)</u>	<u>(46,720)</u>	<u>(46,720)</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u><u>\$(44,720)</u></u>	<u><u>\$(44,720)</u></u>	<u><u>\$(21,581)</u></u>	<u><u>\$ 23,139</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

PUBLIC IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Interest	\$ 3,500	\$ 3,500	\$ 9,965	\$ 6,465
Expenditures:				
Other	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>
Excess of revenues over expenditures	3,475	3,475	9,965	6,490
Other Financing Uses:				
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>(56,143)</u>	<u>168,857</u>
Excess of revenues over (under) expenditures and other financing uses	(221,525)	(221,525)	(46,178)	175,347
Fund Balance at beginning of year	<u>244,076</u>	<u>244,076</u>	<u>244,076</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 22,551</u></u>	<u><u>\$ 22,551</u></u>	<u><u>\$ 197,898</u></u>	<u><u>\$ 175,347</u></u>

BURTCVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Intergovernmental -				
Federal	\$ 251,074	\$ 251,074	\$ -	\$(251,074)
Local	15,000	15,000	30,638	15,638
Interest	503	503	198	(305)
Other	57,000	57,000	56,100	(900)
	<u>323,577</u>	<u>323,577</u>	<u>86,936</u>	<u>(236,641)</u>
Expenditures:				
Recreation and Cultural	<u>542,575</u>	<u>542,575</u>	<u>145,359</u>	<u>397,216</u>
Excess of revenues under expenditures	(218,998)	(218,998)	(58,423)	160,575
Other Financing Sources:				
Transfers in	<u>175,000</u>	<u>175,000</u>	<u>60,000</u>	<u>(115,000)</u>
Excess of revenues and other sources over (under) expenditures	(43,998)	(43,998)	1,577	45,575
Fund Balance at beginning of year	<u>2,668</u>	<u>2,668</u>	<u>2,668</u>	<u>-</u>
Fund Balance (Deficit) at end of year	<u><u>\$(41,330)</u></u>	<u><u>\$(41,330)</u></u>	<u><u>\$ 4,245</u></u>	<u><u>\$ 45,575</u></u>

OTHER SUPPLEMENTARY INFORMATION

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2007

	Special Revenue Funds			Permanent Fund	Totals
	Cemetery	Blue Water Area Transportation	Building Inspections	Cemetery Perpetual Care	
ASSETS					
Cash and cash equivalents	\$ 1,755	\$ 7,900	\$ 14,649	\$ -	\$ 24,304
Investments	-	50,000	-	-	50,000
Receivables -					
Taxes	-	7,167	-	-	7,167
Interest	-	3,040	2,706	-	5,746
Due from other funds	1,000	-	-	-	1,000
Restricted Assets-					
Cash and cash equivalents	-	-	-	7,688	7,688
Investments	-	-	-	47,373	47,373
Interest receivable	-	-	-	410	410
	<u>\$ 2,755</u>	<u>\$ 68,107</u>	<u>\$ 17,355</u>	<u>\$ 55,471</u>	<u>\$ 143,688</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 152	\$ -	\$ 642	\$ -	\$ 794
Due to other funds	-	-	11,318	1,000	12,318
	<u>152</u>	<u>-</u>	<u>11,960</u>	<u>1,000</u>	<u>13,112</u>
Fund Balances:					
Reserved -					
Perpetual Care	-	-	-	54,471	54,471
Unreserved -					
Undesignated	2,603	68,107	5,395	-	76,105
	<u>2,603</u>	<u>68,107</u>	<u>5,395</u>	<u>54,471</u>	<u>130,576</u>
	<u>\$ 2,755</u>	<u>\$ 68,107</u>	<u>\$ 17,355</u>	<u>\$ 55,471</u>	<u>\$ 143,688</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2007

	Special Revenue Funds			Permanent Fund	Total
	Cemetery	Blue Water Area Transportation	Building Inspections	Cemetery Perpetual Care	
Revenues:					
Taxes	\$ -	\$ 59,628	\$ -	\$ -	\$ 59,628
Licenses and permits	-	-	57,358	-	57,358
Charges for services	16,129	-	-	-	16,129
Interest	28	2,364	119	2,568	5,079
Other revenue	-	-	-	500	500
	<u>16,157</u>	<u>61,992</u>	<u>57,477</u>	<u>3,068</u>	<u>138,694</u>
Expenditures:					
Public Safety	-	-	52,550	-	52,550
Public Works	21,124	65,814	-	-	86,938
Total Expenses	<u>21,124</u>	<u>65,814</u>	<u>52,550</u>	<u>-</u>	<u>139,488</u>
Excess of revenues over (under) expenditures	<u>(4,967)</u>	<u>(3,822)</u>	<u>4,927</u>	<u>3,068</u>	<u>(794)</u>
Other Financing Sources (Uses):					
Transfers in	2,368	-	-	-	2,368
Transfers out	-	-	-	(2,368)	(2,368)
	<u>2,368</u>	<u>-</u>	<u>-</u>	<u>(2,368)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(2,599)</u>	<u>(3,822)</u>	<u>4,927</u>	<u>700</u>	<u>(794)</u>
Fund Balance at beginning of year	5,202	71,929	468	63,300	140,899
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,529)</u>	<u>(9,529)</u>
Fund Balance at beginning of year as restated	<u>5,202</u>	<u>71,929</u>	<u>468</u>	<u>53,771</u>	<u>131,370</u>
Fund Balances at end of year	<u>\$ 2,603</u>	<u>\$ 68,107</u>	<u>\$ 5,395</u>	<u>\$ 54,471</u>	<u>\$ 130,576</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Charges for services -				
Sale of lots	\$ 4,000	\$ 4,000	\$ 6,060	\$ 2,060
Grave openings	6,600	6,600	10,069	3,469
Interest	2,200	2,200	28	(2,172)
	12,800	12,800	16,157	3,357
Expenditures:				
Public Works				
Salaries and fringes	796	796	781	15
Contracted services	5,000	5,000	6,230	(1,230)
Utilities	1,800	1,800	1,639	161
Repairs and maintenance	22,000	22,000	10,818	11,182
Supplies	100	100	621	(521)
Capital outlay	2,000	2,000	475	1,525
Miscellaneous	625	625	560	65
	32,321	32,321	21,124	11,197
Excess of revenues under expenditures	(19,521)	(19,521)	(4,967)	14,554
Other Financing Sources:				
Transfers in	18,500	18,500	2,368	(16,132)
Excess of revenues and other sources under expenditures	(1,021)	(1,021)	(2,599)	(1,578)
Fund Balance at beginning of year	5,202	5,202	5,202	-
Fund Balance at end of year	\$ 4,181	\$ 4,181	\$ 2,603	\$(1,578)

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

BLUE WATER TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 56,427	\$ 56,427	\$ 59,628	\$ 3,201
Interest	700	700	2,364	1,664
	<u>57,127</u>	<u>57,127</u>	<u>61,992</u>	<u>4,865</u>
Expenditures:				
Public Works	<u>85,000</u>	<u>85,000</u>	<u>65,814</u>	<u>19,186</u>
Excess of revenues under expenditures	(27,873)	(27,873)	(3,822)	24,051
Fund Balance at beginning of year	<u>71,929</u>	<u>71,929</u>	<u>71,929</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 44,056</u></u>	<u><u>\$ 44,056</u></u>	<u><u>\$ 68,107</u></u>	<u><u>\$ 24,051</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

BUILDING INSPECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits -				
Building permits	\$ 30,000	\$ 30,000	\$ 34,239	\$ 4,239
Electrical permits	15,000	15,000	8,020	(6,980)
Plumbing and mechanical permits	15,000	15,000	15,099	99
Interest	220	220	119	(101)
Total Revenues	60,220	60,220	57,477	(2,743)
Expenditures:				
Public Safety -				
Building inspection	27,525	27,525	30,662	(3,137)
Electrical inspection	13,135	13,135	7,717	5,418
Plumbing inspection	19,500	19,500	14,171	5,329
Administrative expense	19,075	19,075	-	19,075
Total Expenditures	79,235	79,235	52,550	26,685
Excess of revenues over (under) expenditures	(19,015)	(19,015)	4,927	23,942
Fund Balance at beginning of year	468	468	468	-
Fund Balance (Deficit) at end of year	\$(18,547)	\$(18,547)	\$ 5,395	\$ 23,942

FIDUCIARY FUND

BURTCHVILLE TOWNSHIP

**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND - CURRENT TAX FUND
 FOR THE YEAR ENDED MARCH 31, 2007**

	Balance April 1, 2006	Additions	Reductions	Balance March 31, 2007
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and cash equivalents	\$ 7,258	\$ 3,406,902	\$ 3,404,090	\$ 10,070
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Due to other governmental funds	\$ 4,023	\$ 3,404,310	\$ 3,404,090	\$ 4,243
Due to other funds	3,235	2,592	-	5,827
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 7,258</u>	<u>\$ 3,406,902</u>	<u>\$ 3,404,090</u>	<u>\$ 10,070</u>



To the Supervisor and
Members of the Township Board
Burtchville Township
St. Clair County, Michigan

In planning and performing our audit of the financial statements of Burtchville 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 Burtchville Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or 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.

The following deficiencies in internal control are considered to be material weaknesses:

Preparation of Financial Statements In Accordance with Generally Accepted Accounting Principles. (New Comment)

Management routinely prepares internal financial information to assess operations and the financial position of the Township on an ongoing basis. Although the internal financial information is useful to management, it is not presented in accordance with generally accepted accounting principles. The Township contracts with us, the auditors, to prepare adjustments to convert the financial statements from a modified cash basis to the modified accrual or accrual basis, to record the information necessary for the GASB 34 adjustments, and to draft the financial statements, including all necessary notes, in accordance with generally accepted accounting principles. (During our audit we proposed various audit entries, some of which were significant to the financial statements.)

This is considered to be a control deficiency since errors could occur in the preparation of the financial statements that would result in material deviation from generally accepted accounting principles and the Township would not be in a position to detect them.

All permits should be prenumbered and collected at the Township hall. (Repeat Comment)

At the current time the permits issued are not prenumbered nor is the sequence of the permits accounted for on a routine basis. To increase controls we recommend that all permits be prenumbered and periodically reconciled by a person not involved in the issuing receipting process.

In addition, the plumbing/mechanical inspector currently issues plumbing and mechanical permits. To increase controls over these permits we recommend that the Township hall issue all permits.

The following deficiencies in internal control are considered to be significant deficiencies:

Certain cash receipts do not appear to be processed immediately upon receipt and a daily reconciliation between the cash receipts listing report and physical cash received should be performed prior to releasing any funds to the Treasurer to deposit. (New Comment)

During our audit inquiries, we noted that cash did not always appear to be receipted into the register at the time that the funds were received and that a reconciliation between the cash register receipts listing report and the physical cash on hand is not performed on a daily basis prior to bundling the reports, checks, cash and duplicate receipts and leaving them in the Township safe for the Treasurer to prepare the deposit slip.

To increase controls we recommend that all monies received be ran through the register immediately upon receipt . We also recommend that the amounts received be balanced before the funds are passed on in order to the Treasurer to eliminate any discrepancies in the amount to be deposited.

All checks written (both payroll and disbursements) should have the required dual signature. (New Comment)

During the audit it was noted that certain checks (both payroll and disbursements) were released without the two signatures that is required by internal policy. It is our understanding that the bank does call the Treasurer when a second signature is not present but to increase controls we recommend that the policy be followed more closely to require dual signature on all checks written.

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

Sincerely,



July 12, 2007



MANAGEMENT LETTER

To the Supervisor and Members
of the Township Board
Burtchville Township
St. Clair County, Michigan

As you know, we have recently completed our audit of the basic financial statements of Burtchville Township, as of and for the year ended March 31, 2007. In connection with the audit, we believe that certain changes in your accounting procedures would be helpful in improving management's control and the operational efficiency of the Township's recordkeeping system or compliance with laws and regulations. These suggestions are a result of our evaluation of internal accounting controls and procedures and our discussions with management. As noted in our *Report on Internal Accounting Controls*, these weaknesses were not considered significant deficiencies in relation to the basic financial statements of Burtchville Township.

The employment status for the Township Assessor should be reviewed.

During the audit it was noted that the Township Assessor is currently being treated as an independent contractor and is being issued a 1099 as opposed to a township employee who would receive a W-2. If considered an independent contractor it does not appear that the Township should be contributing to a deferred compensation plan on a monthly basis.

We recommend that the employment status for this individual be reviewed and whether a deferred compensation contribution is allowable for independent contractors.

The Township should consider modifying its investment policy.

During the year, a new GASB Statement, GASB No. 40, became effective for all governmental units. The Statement requires that the governmental unit disclose additional information regarding the types of investments held, length of maturity, securities rating, etc. In addition, it discusses four types of risk: custodial credit risk, interest rate risk, credit risk and concentration of credit risk. (See Note 3 to the annual financial statements.)

We recommend that the current Township investment policy be reviewed and modified to address each type of risk.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2007 financial statements. We have not considered internal control since the date of our report. It is important to remember that management is responsible for the design and implementation of programs and controls to prevent and detect fraud.

This report is intended solely for the information of the audit committee, administration and the Township Board of Burtchville Township and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our examination. We are available to discuss any or all of these conditions with you and to provide assistance in the implementation of improvements.

Sincerely,

Stewart, Beauvais & Whipple

July 12, 2007