Burr Oak Township

Financial Statements

March 31, 2006

Michigan Department of Treasury
496 (02/06)

# 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 | Local Unit Name | County |
|---|---|---|
| ☐County ☐City ☒Twp ☐Village ☐Other | BURR OAK TWSP | ST JOSEPH |

| Fiscal Year End | Opinion Date | Date Audit Report Submitted to State |
|---|---|---|
| 3-31-06 | 2-3-06 | 12-4-06 |

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 | ☒ | |
| The letter of Comments and Recommendations | ☒ | |
| Other (Describe) | ☐ | |

| Certified Public ~~Accountant~~ (Firm Name) | Telephone Number | | |
|---|---|---|---|
| David Lacey | | | |
| **Street Address** | **City** | **State** | **Zip** |
| 670 36th N.W. Lake | Sturgis | MI | 49091 |
| **Authorizing CPA Signature** | **Printed Name** | **License Number** | |
| David Lacey | DAVID LACEY | | |

BURR OAK TOWNSHIP

TABLE OF CONTENTS


| | Page |
|---|---|
| Audit Letter | 3 |
| Combined Balance Sheet - All Fund Types | 5 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types | 6 |
| NOTES TO FINANCIAL STATEMENTS | 7-13 |
| Statement of Revenues and Other Sources - General Fund | 14 |
| Statement of Expenditures - General Fund | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund | 16 |
| Combining Balance Sheet - Special Revenue Funds | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - All Special Revenue Funds | 18 |
| Combining Balance Sheet - Trust and Agency Funds | 19 |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 20 |

**David F. Locey, CPA, PC**

P.O. Box 7037
67036 N. M-66
Sturgis, MI 49091

(269)-651-4225 Phone
(269)-651-1989 Fax

# INDEPENDENT AUDITOR'S REPORT

To the Township Board
Burr Oak Township
Burr Oak, 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 Burr Oak Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Burr Oak Township, St. Joseph County, Michigan's management. Our responsibility is to express an opinion 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.

As discussed in the notes to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Burr Oak Township, St. Joseph County, Michigan, as of March 31, 2006, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Burr Oak Township, St. Joseph County, Michigan, as of March 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

David F. Locey, CPA, PC
Sturgis, Michigan
November 10, 2006

Burr Oak Township - St. Joseph County
Combined Balance Sheet
All Fund Types
March 31, 2006

| | Governmental Fund Types | | Fiduciary Fund Types |
|---|---|---|---|
| | General | Special Revenue | Trust and Agency |
| ASSETS | | | |
| Cash | $256,009 | $281,960 | $137 |
| Due From State of Michigan | 31,987 | 0 | 0 |
| Due From General Fund | 0 | 0 | 1,496 |
| Property Tax Receivable | 4,645 | 0 | 0 |
| Property and Equipment at Cost No Allowance for Depreciation | 0 | 0 | 0 |
| Total Assets | $292,641 | $281,960 | $1,633 |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities | | | |
| Accounts Payable | $8,510 | $0 | $0 |
| Due - Federal/State Taxes | 0 | 829 | 0 |
| Due To Trust and Agency | 1,496 | 0 | 1,633 |
| Total Liabilities | 10,006 | 829 | 1,633 |
| Fund Equity | | | |
| Unreserved--Undesignated | 282,635 | 281,131 | 0 |
| Investment in General Fixed Assets | 0 | 0 | 0 |
| Total Fund Equity | 282,635 | 281,131 | 0 |
| Total Liabilities and Fund Equity | $292,641 | $281,960 | $1,633 |

The Notes to the Financial Statements are an integral part of this statement.

| Account Groups | Total (Memorandum Only) |
| --- | --- |
| General Fixed Assets | Reporting Entity |
| $0 | $538,106 |
| 0 | 31,987 |
| 0 | 1,496 |
| 0 | 4,645 |
| 599,211 | 599,211 |
| $599,211 | $1,175,445 |

| | |
| --- | --- |
| $0 | $8,510 |
| 0 | 829 |
| 0 | 3,129 |
| 0 | 12,468 |

| | |
| --- | --- |
| 0 | 563,766 |
| 599,211 | 599,211 |
| 599,211 | 1,162,977 |
| $599,211 | $1,175,445 |

Burr Oak Township - St. Joseph County
Combined Statement of Revenues, Expenditures And Changes In Fund Balanees - All Governmental Fund Types
For the Year Ended March 31, 2006

| | Governmental Funds | | Total (Memorandum Only) |
|---|---|---|---|
| | General | Special Revenue | Reporting Entity |
| Revenues | | | |
| Taxes | $49,288 | $0 | $49,288 |
| Licenses and Permits | 325 | 0 | 325 |
| State Aid | 134,051 | 13,265 | 147,316 |
| Charges for Services | 9,319 | 0 | 9,319 |
| Interest | 8,513 | 8,092 | 16,605 |
| Other Revenue | 7,175 | 6,635 | 13,810 |
| Total Revenues | 208,671 | 27,992 | 236,663 |
| Expenditures | | | |
| Legislative | 27,823 | 0 | 27,823 |
| General Government | 111,969 | 0 | 111,969 |
| Public Safety | 25,473 | 0 | 25,473 |
| Public Works | 60,228 | 35,674 | 95,902 |
| Total Expenditures | 225,493 | 35,674 | 261,167 |
| Excess of Revenues Over (Under) Expenditures | (16,822) | (7,682) | (24,504) |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | 11,140 | 24,000 | 35,140 |
| Operating Transfers (Out) | (24,000) | (11,140) | (35,140) |
| Total Other Financing Sources (Uses) | (12,860) | 12,860 | 0 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (29,682) | 5,178 | (24,504) |
| Prior Period Adjustment | 0 | (1,844) | (1,844) |
| Fund Balance - April 1, 2005 | 312,317 | 277,797 | 590,114 |
| Fund Balance - March 31, 2006 | $282,635 | $281,131 | $563,766 |

The Notes to the Financial Statements arc an integral part of this statement.

## SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Burr Oak Township is located in St. Joseph County and provides services in many areas including public safety, highways and streets, and general administrative services. The Township is governed by a five-member board elected by the citizens of Burr Oak Township. The board consists of the supervisor, clerk, treasurer, and two trustees who reside in the community.

### Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 " The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component units (none). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading, if data were not included.

### Joint Venture

The Township is a member of the Burr Oak Fire Department: a joint venture of the Village of Burr Oak and the Township of Burr Oak was formed to provide fire protection within the participating municipalities. Costs of operations and capital expenditures are supported by contributions from the participating municipalities that take into account their respective population and number of fire calls. The Burr Oak Fire Department is managed by a board which consists of members from each participating municipality. The board adopts the department's budget and controls its financing.

Summary financial information of Burr Oak Fire Department is not available.

Information on the complete financial statements for the Burr Oak Fire Department can be obtained from the Burr Oak Fire Department, 208 Front Street, Burr Oak, Michigan.

### BASIS OF PRESENTATION

### Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

## SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

### GOVERNMENTAL FUNDS TYPES

General Fund – This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from State Revenue Sharing distributions.

Special Revenue Funds – These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations, and charges for services which are to be expended for specific purposes as dictated by legal, regulatory, or administrative requirements.

### FIDUCIARY FUNDS

Trust and Agency Funds – These are used for the assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

### BASIS OF ACCOUNTING

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

### GOVERNMENTAL FUNDS

All governmental funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred.

### FIDUCIARY FUNDS

The fiduciary funds are maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

## SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

### FUND EQUITY

The unreserved fund balance for governmental funds represents the amount available for budgeting future operations.

### REVENUE RECOGNITION

The Township's 2005 ad valorem tax is levied and collectible on December 1, 2005, based on the assessments made the previous December 31. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the Township's operations. Property taxes are recognized when levied since the County purchases the delinquent taxes each year.

### TOTAL COLUMN ON COMBINED STATEMENTS –OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation beeause interfund elimination's have not been made in the aggregation of this data.

### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

### CASH AND CASH EQUIVALENTS

#### Deposits

The Township's policies regarding deposits of cash are discussed below. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2006. The categories of credit risk are defined as follows:

Category 1-Insured by FDIC or collateralized with securities held by the Township or its agent in its name

Category 2-Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name

Category 3-Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral Agreement

| Type of Deposits | **Total Bank** Balance | **Category** I | **Category** 2 | **Category** 3 |
|---|---|---|---|---|
| Demand deposits | $538,106 | $111,723 | $ 0 | $426,383 |
| Total Deposits | $538,106 | $111,723 | $ 0 | $426,383 |

## COMPENSATED ABSENCE

None.

## POST EMPLOYMENT BENEFITS

The Township adopted a Section 457 Retirement Plan on 10/15/91.

Eligibility: An employee or independent contractor of the Township, who earns more than $100 per calendar year.

Employee/Contractor contribution: An employee/contractor may enter into the program by agreeing to contribute from 4.03% of their compensation to 25% of their compensation (the maximum shall be reduced by any contribution made by the Township). The employee's contribution shall be effective, the first of the month, following such election. The election may be changed, on the first of any month, by filing the appropriate form with the Township Clerk, prior to the month the effects shall take place.

Township Contributions: The Township will contribute for each employee that is not covered by the Township's 218 (Social Security) Agreement, 3.75% of pay. The effect of the employee's and Township's contribution is to satisfy the required 7 ½% of total compensation retirement contribution necessary to meet the Social Security OAS & D substitute requirements. Employees who are covered by Social Security will not receive any Township contributions.

Vesting: All monies contributed by the employer/contractor and Township contributions will be 100% vested at all times.

Funding: All employee and Township contributions (except deminimus amounts) shall be paid into a variable annuity contract issued by Northwestern Mutual Life Insurance Company. Payments shall be made quarterly providing a minimum of $25 deposit (employee and Township combined).

Payment Commencement Date: The employee may have the annuity contract begin benefit payments upon the later of the following:

1. separation of employment (or contractual agreement) with the Township
2. retirement (no later than age 70)
3. death
4. unforeseen financial emergency

## POST EMPLOYMENT BENEFITS (CONT'D)

Methods of Payment: The employee or beneficiary may elect any of the following distribution payments:

1. equal payments for life
2. equal payments for a specified period of time (5 years, 10 years, etc.)
3. equal payments over the employee's life and the life of a spouse or contingent annuitant.
4. lump-sum (if monies are withdrawn before eight years or not on account of the death of the employee/contractor a reducing surrender charges will be made)

Limitations and Regulations: Notwithstanding anything contained herein to the contrary, the Plan shall be subject to the limitations, regulations, and provisions of Internal Revenue Code Section 457.

## RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

## GENERAL FIXED ASSETS ACCOUNT GROUP

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in general fixed assets account group, rather than in governmental funds. Assets are stated at cost or market value at the date of original acquisition. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized. The Township has not maintained a record of its general fixed assets.

## GASB 34 REPORTING FINANCIAL

The Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/06, also no current charge is being recorded for current year depreciation. Accordingly, the Management Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

Burr Oak Township - St. Joseph County
Statement of Revenues And Other Sources - General Fund
For the Year Ended March 31, 2006

| | |
|---|---|
| Revenues | |
| Property Taxes | |
| Current Property Taxes | $44,186 |
| Delinquent Property Taxes | 5,102 |
| Total Property Taxes | 49,288 |
| Licenses and Permits | |
| Zoning Permits | 278 |
| Dog License | 47 |
| Total Licenses and Permits | 325 |
| State Aid | 134,051 |
| Total State Aid | 134,051 |
| Charge for Services | |
| Cemetery Lots/Vault/Foundation | 9,319 |
| Total Charge for Services | 9,319 |
| Interest | 8,513 |
| Total Interest | 8,513 |
| Other Revenue | |
| Rent | 0 |
| Miscellaneous - Other Revenue | 7,175 |
| Total Other Revenue | 7,175 |
| Total Revenue | 208,671 |
| Other Financing Sources | |
| Operating Transfers In | 11,140 |
| Total Other Financing Sources | 11,140 |
| Total Revenue and Other Sources | $219,811 |

The Notes to the Financial Statements are an integral part of this statement.

Burr Oak Township - St. Joseph County
Statement of Expenditures - General Fund
For the Year Ended March 31, 2006

| | |
|---|---|
| Legislative | |
| Township Board | $27,823 |
| Total Legislative | 27,823 |
| General Government | |
| Supervisor | 7,549 |
| Elections | 53 |
| Assessor | 20,900 |
| Township Hall | 4,192 |
| Clerk | 9,914 |
| Board of Review | 420 |
| Treasurer | 11,972 |
| Cemetery | 39,373 |
| Trustees | 1,870 |
| Library | 15,726 |
| Total General Government | 111,969 |
| Public Safety | |
| Fire Protection | 21,790 |
| Planning Commission-Board of Appeals | 3,683 |
| Total Public Safety | 25,473 |
| Public Works | |
| Road Construction | 60,228 |
| Total Public Works | 60,228 |
| Total Expenditures | 225,493 |
| Other financing Uses | |
| Operating Transfer Out | (24,000) |
| Total Other Financing Uses | (24,000) |
| Total Expenditures and Other Uses | $249,493 |

The Notes to the Financial Statements are an integral part of this statement.

Burr Oak Township - St. Joseph County
Statement of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual
General Fund
For the Year Ended March 31, 2006

| | GENERAL FUND | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | $39,000 | $49,288 | $10,288 |
| Licenses and Permits | 200 | 325 | 125 |
| State Aid | 125,000 | 134,051 | 9,051 |
| Charge for Services | 7,000 | 9,319 | 2,319 |
| Interest | 1,500 | 8,513 | 7,013 |
| Other Revenue | 11,000 | 7,175 | (3,825) |
| Total Revenue | 183,700 | 208,671 | 24,971 |
| Expenditures | | | |
| Legislative | 37,500 | 27,823 | 9,677 |
| General Government | 123,900 | 111,969 | 11,931 |
| Public Safety | 36,000 | 25,473 | 10,527 |
| Public Works | 61,000 | 60,228 | 772 |
| Total Expenditures | 258,400 | 225,493 | 32,907 |
| Excess of Revenues Over (Under) Expenditures | (74,700) | (16,822) | 57,878 |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | 0 | 11,140 | 11,140 |
| Operating Transfers (Out) | (25,000) | (24,000) | 1,000 |
| Total Other Financing Sources (Uses) | (25,000) | (12,860) | 12,140 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (99,700) | (29,682) | 70,018 |
| Fund Balance - April 1, 2005 | 312,317 | 312,317 | 0 |
| Fund Balance - March 31, 2006 | $212,617 | $282,635 | $70,018 |

The Notes to the Financial Statements are an integral part of this statement.

Burr Oak Township - St. Joseph County
Combining Balance Sheet - Special Revenue Funds
March 31, 2006

| | Library Fund | Building Fund | Fire Fund | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Interest Bearing Deposits | $67,821 | $102,049 | $112,090 | $281,960 |
| Total Assets | $67,821 | $102,049 | $112,090 | $281,960 |
| LIABILITIES AND FUND EQUITY | | | | |
| Accrued Taxes | $829 | $0 | $0 | $829 |
| Fund Equity | 66,992 | 102,049 | 112,090 | 281,131 |
| Total Liabilities and Fund Equity | $67,821 | $102,049 | $112,090 | $281,960 |

The Notes to the Financial Statements are an integral part of this statement.

Burr Oak Township - St. Joseph County
Statement of Revenues, Expenditures And Changes In Fund Balance
All Special Revenue Funds
For the Year Ended March 31, 2006

| | Library Fund | Building Fund | Fire | Total |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $1,692 | $3,133 | $3,267 | $8,092 |
| State Aids | 13,265 | 0 | 0 | 13,265 |
| Other Revenue | 6,635 | 0 | 0 | 6,635 |
| Total Revenue | 21,592 | 3,133 | 3,267 | 27,992 |
| Expenditures | | | | |
| Public Works | 35,674 | 0 | 0 | 35,674 |
| Total Expenditures | 35,674 | 0 | 0 | 35,674 |
| Excess of Revenues Over (Under) Expenditures | (14,082) | 3,133 | 3,267 | (7,682) |
| Other Financing Sources (Uses) | | | | |
| Transfers In - General Fund | 14,000 | 0 | 10,000 | 24,000 |
| Transfer (Out) - General Fund | 0 | (11,140) | 0 | (11,140) |
| Total Other Financing Sources (Uses) | 14,000 | (11,140) | 10,000 | 12,860 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (82) | (8,007) | 13,267 | 5,178 |
| Prior Period Adjustment | (1,844) | 0 | 0 | (1,844) |
| Fund Balance - April 1, 2005 | 68,918 | 110,056 | 98,823 | 277,797 |
| Fund Balance - March 31, 2006 | $66,992 | $102,049 | $112,090 | $281,131 |

The Notes to the Financial Statements are an integral part of this statement.

Burr Oak Township - St. Joseph County
Combining Balance Sheet - Trust And Agency Funds
March 31, 2006

| | AGENCY FUNDS | | |
|---|---|---|---|
| | Trust and Agency | Tax Collection | Total |
| ASSETS | | | |
| Cash and Interest-Bearing Deposits | $137 | $0 | $137 |
| Due from General Fund | 1,496 | 0 | 1,496 |
| Total Assets | $1,633 | $0 | $1,633 |
| LIABILITIES AND FUND EQUITY | | | |
| Due - General Fund | $0 | $0 | $0 |
| Due - Federal & State Government | 1,633 | 0 | 1,633 |
| Total Liabilities | 1,633 | 0 | 1,633 |
| Fund Equity | 0 | 0 | 0 |
| Total Fund Equity | 0 | 0 | 0 |
| Total Liabilities and Fund Equity | $1,633 | $0 | $1,633 |

The Notes to the Financial Statements are an integral part of this statement.

**David F. Locey, C.P.A., P.C.**

P.O. Box 7037
67036 N. M-66
Sturgis, Michigan 49091

Phone (269) 651-4225
Fax (269) 651-1989

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Burr Oak Township Board
Burr Oak, 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 Burr Oak Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Burr Oak Township, St. Joseph County, Michigan's basic financial statements and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Burr Oak Township, St. Joseph County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Burr Oak Township, St. Joseph County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

Sturgis, Michigan
November 10, 2006

**David F. Locey, CPA, PC**

P.O. Box 7037
67036 N. M-66
Sturgis, MI 49091

(269)-651-4225 Phone
(269)-651-1989 Fax

To the Township Board
Burr Oak Township
Burr Oak, Michigan

COMMENTS AND RECOMMENDATIONS

We appreciate the opportunity to be of service to your township in performing the audit for the year ended March 31, 2006. During the process of the audit we have the following comments and recommendations.

1. Computerizing your records by utilizing the Quick Books software you have for the fire, building, and library functions.

2. Post the earned interest income during the year as it is credited to savings/investment accounts.

3. Special Revenue Accounts - a general ledger needs to be maintained during the year on revenue and expense activities.

Any question in implementing these recommendations please respond, we will be happy to answer any questions or offer advice.

David F. Locey, CPA, PC
November 4, 2006

DFL/ta