

TOWNSHIP OF BURT
ALGER COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS

Fiscal Year Ended March 31, 2009

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SCOTT R. KENNEY

Certified Public Accountant

1374 Commercial Ave., Suite #1
Crystal Falls, Michigan 49920
(906) 875-4393 Fax: (906) 875-3879

INDEPENDENT AUDITOR'S REPORT

The Honorable Supervisor and Board
Township of Burt
P.O. Box 430
Grand Marais, MI 49839

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan, as of and for the year ended March 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's elected officials and management. My responsibility is to express an opinion on these financial statements based on my audit.

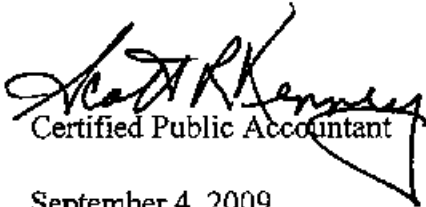
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan, as of March 31, 2009, 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 and budgetary comparison information on pages 6 through 10 and 33 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 of America. I 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, I did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Burt, Alger County, Michigan's basic financial statements. The introductory section and additional information section are presented for additional analysis and are not a required part of the basic financial statements. The additional information section has been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.


Certified Public Accountant

September 4, 2009

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 March 31, 2009

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 8.2% from a year ago - increasing from \$2.223 million to \$2.406 million. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net assets of \$100,000 during the year (10.1% increase). This is primarily attributed to increased tax revenue designated for elected officer compensation and road improvements. Business type activities net assets increased by \$83,000. This can be attributed to limitations on spending and slowly increasing revenues due to increased utilization and high fees. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$ 642	\$ 506	\$ 315	\$ 264	\$ 957	\$ 770
Noncurrent Assets	569	637	1,442	1,312	2,011	1,949
Total Assets	\$ 1,211	\$ 1,143	\$ 1,757	\$ 1,576	\$ 2,968	\$ 2,719
Long-Term Debt Outstanding	\$ 8	\$ 75	\$ 80	\$ 89	\$ 88	\$ 164
Other Liabilities	109	74	365	258	474	332
Total Liabilities	\$ 117	\$ 149	\$ 445	\$ 347	\$ 562	\$ 496
Net Assets						
Invested in Capital Assets—Net of Debt	\$ 543	\$ 488	\$ 986	\$ 1,161	\$ 1,529	\$ 1,649
Restricted	20	31	98	25	118	56
Unrestricted	531	475	228	43	759	518
Total Net Assets	\$ 1,094	\$ 994	\$ 1,312	\$ 1,229	\$ 2,406	\$ 2,223

Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$56,000 for the governmental activities. This increase can be attributed primarily to the increasing revenues explained above and close scrutiny of the operating expense budget. The current level of unrestricted net assets for our governmental activities stands at \$1,094,000.

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 March 31, 2009

The unrestricted net assets for the business type increased by \$185,000. This can be attributed to the maintaining or slightly increasing services provided to residents and other guests. In addition, the Township financed major capital improvements which preserved present working capital.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Revenues						
Charges for Services	\$ 9	\$ 8	\$ 464	\$ 421	\$ 473	\$ 429
Operating Grants and Contributions	1	9	46	34	47	43
Capital Grants and Contributions	1	0	7	0	8	0
General Revenues						
Property Taxes	\$ 361	\$ 272	\$ 0	\$ 0	\$ 361	\$ 272
State-Shared Revenues	34	71	0	0	34	71
Licenses and permits	5	5	0	0	5	5
Unrestricted Investment Earnings	12	19	8	14	20	33
Refunds and reimbursements	0	0	0	0	0	0
Sale of property	22	51	0	1	22	52
Other	52	66	0	31	52	97
Transfers	5	41	(5)	(41)	0	0
Total Revenues	\$ 502	\$ 542	\$ 520	\$ 460	\$ 1,022	\$1,002
Program Expenses						
Legislative	\$ 14	\$ 5	\$ 0	\$ 0	\$ 14	\$ 5
General Government	196	196	0	0	196	196
Public Safety	34	39	58	44	92	83
Public Works	122	92	188	193	310	285
Recreation & Culture	26	32	192	163	218	195
Community Betterment	9	2	0	0	9	2
Interest	1	7	0	0	1	7
Total Expenses	\$ 402	\$ 373	\$ 438	\$ 400	\$ 840	\$ 773
Change in Net Assets	\$ 100	\$ 169	\$ 82	\$ 60	\$ 182	\$ 229

The Township's net assets remain at a comfortable level. This can be attributed to conservative yet necessary planning and spending on past capital equipment and projects and implementation of cost savings measures.

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2009

Governmental Activities

During the year, the citizens of the Township approved doubling the Supervisor's, Clerk's and Treasurer's salaries due to increasing work loads and historically low levels of compensation. To pay for the additional costs to voters also approved a 1 mill property tax levy which is designated for that purpose. The Township has partnered with the Alger County Road Commission on various projects to upgrade the streets located in the Township. While the Township does not "own" the streets, the Road Commission has sought financial assistance with road improvements in its various jurisdiction. The Township collects designated millage for this purpose and has completed several projects.

Business-Type Activities

Fee increases and increased utilization have resulted in increased revenues for the Township's Business Type Funds. The revenue enhancement coupled with cost containment efforts by the Township Board resulted in an increase in net assets again this year.

The Township's Funds

Analysis of the Township's major funds begins on page 12, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as a federal grant/loan. The Township's major funds for 2008-2009 include the General Fund, Revolving Loan Fund, Township Improvement Fund and each of the business type funds.

The General Fund pays for most of the Township's governmental services. The most significant are general maintenance of Township property and buildings, some of the parks and recreation, maintaining the Township's equipment, and general administration. These services are primarily funded from property taxes assessed to the residents of the Township and revenues shared with the State of Michigan. The Revolving Loan Fund is established to assist businesses with various capital improvements. The Township Improvement fund functions as an extension of the General Fund and contains most of the Public Works activities.

The Township's business type funds include providing ambulance service, camping experiences at the Woodland Park, sale of fuel, maintaining the marina and providing potable water to some of the Township residents. These services are funded primarily through charges to customers for the services received.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Various accounts are amended as necessary, unanticipated expenditures are incurred by the Township in the course of its operations.

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2009

Capital Asset and Debt Administration

At the end of the 2008-2009 fiscal year, the Township had slightly more than \$4.2 million invested in a broad range of capital assets, including land and buildings, office equipment, fire protection equipment, ambulance equipment, a park, marina, harbor and a water system. The major additions during the year were electrical and water improvements at the Woodland Park. The project began in late 2007-8 and was completed during 2008-9.

The Township is capturing property taxes for road improvements. These funds will be used to supplement Road Commission funds for repair and replacement of roads located in the Township. The roads are not included in the Township's infrastructure assets as the roads are owned by the Alger County Road Commission. The cost of maintenance of the roads are reflected in their financial accounting records.

The Township continued to timely service its existing debt as is reflected on pages 28 - 30 of the Notes to the Financial Statements. During the year, the Township paid off the general fund working capital debt and refinanced its bond on the Woodland Park Fund with favorable terms.

The Township borrowed slightly more than \$115,500 during the year to pay for the electric and water system upgrades at the Woodland Park. The debt is expected to be paid with revenues generated by the Park.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2008-2009 calls for no change in property tax rates. Because of the impact of Proposal A, the new Michigan Business Tax and decreasing State Shared Revenues, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than the inflationary rate, the mathematical result is that the total taxable value for the Township will grow at a rate less than inflation, before considering new property additions.

Business Type Funds will continue to be scrutinized carefully to be certain that rates and/or fees for services are proportionate to the related expenses.

Contacting the Township's Management

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Supervisor's office.

TOWNSHIP OF BURT
GOVERNMENT WIDE STATEMENT OF NET ASSETS
 March 31, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 497,682	\$ 228,340	\$ 726,022
Receivables - net	102,850	50,318	153,168
Inventory	0	6,274	6,274
Internal balances	<u>41,564</u>	<u>29,833</u>	<u>71,397</u>
TOTAL CURRENT ASSETS	\$ 642,096	\$ 314,765	\$ 956,861
RESTRICTED ASSETS - Cash and equivalents	\$ 20,393	\$ 97,624	\$ 118,017
NON-CURRENT ASSETS			
Property and equipment, net of depreciation	\$ 548,609	\$ 1,344,456	\$ 1,893,065
Other	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS	\$ 548,609	\$ 1,344,456	\$ 1,893,065
TOTAL ASSETS	\$ 1,211,098	\$ 1,756,845	\$ 2,967,943
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 7,252	\$ 8,913	\$ 16,165
Accrued and other liabilities	41,262	58,819	100,081
Interprogram payables	24,358	19,487	43,845
Current part of non-current liabilities	<u>35,471</u>	<u>268,834</u>	<u>304,305</u>
TOTAL CURRENT LIABILITIES	\$ 108,343	\$ 356,053	\$ 464,396
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 0	\$ 9,000	\$ 9,000
NON-CURRENT LIABILITIES			
Compensated absences	\$ 2,491	\$ 0	\$ 2,491
Notes payable	5,689	0	5,689
Revenue bonds payable	<u>0</u>	<u>80,000</u>	<u>80,000</u>
TOTAL NON-CURRENT LIABILITIES	\$ 8,180	\$ 80,000	\$ 88,180
TOTAL LIABILITIES	\$ 116,523	\$ 445,053	\$ 561,576
NET ASSETS			
Invested in capital assets, net of related debt	\$ 542,920	\$ 986,622	\$ 1,529,542
Restricted for			
Road improvements	20,393	0	20,393
Capital outlay	0	68,578	68,578
Debt service	0	27,482	27,482
Training	0	1,564	1,564
Unrestricted	<u>531,262</u>	<u>227,546</u>	<u>758,808</u>
TOTAL NET ASSETS	\$ 1,094,575	\$ 1,311,792	\$ 2,406,367

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

TOWNSHIP OF BURT
GOVERNMENTAL FUNDS BALANCE SHEET
COMBINED BALANCE SHEET
 March 31, 2009

	GENERAL FUND	REVOLVING LOAN FUND	TOWNSHIP IMPROVEMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and equivalents	\$ 91,763	\$ 99,817	\$ 100,956	\$ 205,146	\$ 497,682
Taxes receivable	6,145	0	11,947	4,804	22,896
Notes and accounts receivable	0	36,000	0	1,039	37,039
Due from other funds	18,350	0	17,568	5,646	41,564
Due from other governmental units	6,915	0	0	0	6,915
Restricted assets	0	0	20,393	0	20,393
TOTAL ASSETS	\$ 123,173	\$ 135,817	\$ 150,864	\$ 216,635	\$ 626,489
LIABILITIES					
Accounts payable	\$ 5,043	\$ 0	\$ 1,024	\$ 1,185	\$ 7,252
Accrued payroll expense	4,204	0	956	102	5,262
Due to other funds	15,390	0	8,968	0	24,358
Deferred revenues	0	36,000	0	0	36,000
TOTAL LIABILITIES	\$ 24,637	\$ 36,000	\$ 10,948	\$ 1,287	\$ 72,872
FUND BALANCES					
Reserved for					
Road improvements	\$ 0	\$ 0	\$ 20,393	\$ 0	\$ 20,393
Unreserved	98,536	99,817	119,523	215,348	533,224
TOTAL FUND EQUITY	\$ 98,536	\$ 99,817	\$ 139,916	\$ 215,348	\$ 553,617
TOTAL LIABILITIES AND FUND EQUITY	\$ 123,173	\$ 135,817	\$ 150,864	\$ 216,635	\$ 626,489

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

TOWNSHIP OF BURT
 RECONCILIATION OF BALANCE SHEET OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
 March 31, 2009

Total fund balance - total governmental funds	\$	553,617
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds net of related depreciation		548,609
Notes receivable due at the end of the fiscal year are treated as deferred revenue in the governmental fund statements		36,000
Long term liabilities:		
Bonds/loans not due and payable with the current period and not reported in the funds		(41,160)
Accumulated employee vacation pay not used in current period		<u>(2,491)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>1,094,575</u>

TOWNSHIP OF BURT
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended March 31, 2009

	GENERAL FUND	REVOLVING LOAN FUND	TOWNSHIP IMPROVEMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
General property taxes	\$ 127,820	\$ 0	\$ 164,806	\$ 68,846	\$ 361,472
State shared revenues and grants	35,615	0	0	1,086	36,701
Licenses and fees	4,595	0	0	0	4,595
Charges for services	1,287	0	3,700	4,426	9,413
Interest and rentals	3,242	4,058	997	3,667	11,964
Sale of property/timber	16,453	0	1,100	4,796	22,349
Reimbursements	9,393	0	0	0	9,393
Other	6,392	9,404	1,844	34,222	51,862
TOTAL REVENUES	\$ 204,797	\$ 13,462	\$ 172,447	\$ 117,043	\$ 507,749
EXPENDITURES					
Legislative	\$ 14,033	\$ 0	\$ 0	\$ 0	\$ 14,033
General government	157,804	100	15,803	8,733	182,440
Public safety	1,403	0	0	32,282	33,685
Public works	0	0	112,360	0	112,360
Parks and recreation	0	0	600	10,788	11,388
Community betterment	4,736	0	4,710	0	9,446
Debt service	16,819	0	5,925	10,000	32,744
Capital outlay	1,040	0	23,300	2,832	27,172
TOTAL EXPENDITURES	\$ 195,835	\$ 100	\$ 162,698	\$ 64,635	\$ 423,268
EXCESS OF REVENUES					
OVER (UNDER) EXPENDITURES	\$ 8,962	\$ 13,362	\$ 9,749	\$ 52,408	\$ 84,481
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	\$ 24,420	\$ 0	\$ 0	\$ 0	\$ 24,420
Transfer to other funds	0	(1,500)	(5,960)	(11,688)	(19,148)
EXCESS OF REVENUES AND OTHER					
FINANCING USES OVER EXPENDITURES	\$ 33,382	\$ 11,862	\$ 3,789	\$ 40,720	\$ 89,753
Fund balance - beginning	65,154	87,955	136,127	174,628	463,864
FUND BALANCE - ENDING	\$ 98,536	\$ 99,817	\$ 139,916	\$ 215,348	\$ 553,617

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

TOWNSHIP OF BURT
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2009

Net change in fund balance - total governmental funds	\$	89,753
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful life and reported as depreciation		(12,013)
Governmental funds report receipts of revolving loan fund payments as revenue; in the Statement of Activities these are treated as reduction of assets		(9,404)
Payments on long term debt; these expenditures are reflected as a reduction of liabilities on government-wide statements and an expenditure in the governmental fund statements		
General Fund		16,516
Beach Access Fund		10,000
Improvement Fund		5,243
Decreases in accumulated employee vacation are recorded when earned in the Statement of Activities		135
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	100,230

TOWNSHIP OF BURT
STATEMENT OF NET ASSETS
BUSINESS TYPE FUNDS
March 31, 2009

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY FUND	MARINA FUND	TOTAL
ASSETS						
Current Assets:						
Cash and equivalents	\$ 45,003	\$ 17,545	\$ 31,026	\$ 134,546	\$ 220	\$ 228,340
Accounts receivable	12,797	0	4,181	12,309	0	29,287
Due from other funds	230	27,070	0	2,533	0	29,833
Due from other governmental units	21,031	0	0	0	0	21,031
Inventory	<u>0</u>	<u>0</u>	<u>6,274</u>	<u>0</u>	<u>0</u>	<u>6,274</u>
TOTAL CURRENT ASSETS	\$ 79,061	\$ 44,615	\$ 41,481	\$ 149,388	\$ 220	\$ 314,765
Restricted Assets	\$ 44,451	\$ 0	\$ 0	\$ 53,173	\$ 0	\$ 97,624
Property, Plant and Equipment:						
Land, buildings and equipment	\$ 125,344	\$ 848,012	\$ 100,000	\$ 1,214,513	\$ 130,459	\$ 2,418,328
Less accumulated depreciation	<u>(122,982)</u>	<u>(188,271)</u>	<u>(45,000)</u>	<u>(700,707)</u>	<u>(16,912)</u>	<u>(1,073,872)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 2,362	\$ 659,741	\$ 55,000	\$ 513,806	\$ 113,547	\$ 1,344,456
TOTAL ASSETS	\$ 125,874	\$ 704,356	\$ 96,481	\$ 716,367	\$ 113,767	\$ 1,756,845
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 2,497	\$ 4,071	\$ 167	\$ 2,178	\$ 0	\$ 8,913
Salaries, wages and payroll taxes payable	0	107	0	887	0	994
Due to other funds	0	0	0	0	19,487	19,487
Interest payable	0	3,079	0	371	0	3,450
Deferred revenue	0	0	0	54,375	0	54,375
Current portion of long term debt	<u>0</u>	<u>268,834</u>	<u>0</u>	<u>9,000</u>	<u>0</u>	<u>277,834</u>
TOTAL CURRENT LIABILITIES	\$ 2,497	\$ 276,091	\$ 167	\$ 66,811	\$ 19,487	\$ 365,053
Long Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>80,000</u>	<u>0</u>	<u>80,000</u>
TOTAL LIABILITIES	\$ 2,497	\$ 276,091	\$ 167	\$ 146,811	\$ 19,487	\$ 445,053
NET ASSETS						
Invested in capital assets - net of related debt	\$ 2,362	\$ 390,907	\$ 55,000	\$ 424,806	\$ 113,547	\$ 986,622
Restricted for debt service	0	0	0	27,482	0	27,482
Restricted for future construction and improvements	42,887	0	0	25,691	0	68,578
Restricted for training	1,564	0	0	0	0	1,564
Unrestricted	<u>76,564</u>	<u>37,358</u>	<u>41,314</u>	<u>91,577</u>	<u>(19,267)</u>	<u>227,546</u>
TOTAL NET ASSETS	\$ 123,377	\$ 428,265	\$ 96,314	\$ 569,556	\$ 94,280	\$ 1,311,792

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

TOWNSHIP OF BURT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUSINESS TYPE FUNDS
Year ended March 31, 2009

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY FUND	MARINA FUND	TOTAL
OPERATING REVENUES						
User charges, net of allowance	\$ 30,966	\$ 199,961	\$ 0	\$ 113,502	\$ 7,210	\$ 351,639
State grant	490	0	0	0	7,086	7,576
Fuel sales	0	0	82,978	0	13,750	96,728
Other	5,300	0	0	10,078	0	15,378
TOTAL OPERATING REVENUES	\$ 36,756	\$ 199,961	\$ 82,978	\$ 123,580	\$ 28,046	\$ 471,321
OPERATING EXPENSES						
Recreation						
Salaries and wages	\$ 0	\$ 35,189	\$ 0	\$ 0	\$ 981	\$ 36,170
Payroll taxes	0	5,914	0	0	75	5,989
Employee benefits	0	2,015	0	0	84	2,099
Fuel purchases for resale	0	0	0	0	12,416	12,416
Supplies	0	8,309	0	0	395	8,704
Contracted services	0	4,317	0	0	760	5,077
Other	0	69,277	0	0	9,325	78,602
Transmission, distribution, operations and maintenance						
Salaries and wages	15,154	0	1,500	27,681	0	44,335
Employee benefits	3,080	0	0	1,061	0	4,141
Payroll taxes	1,408	0	0	1,281	0	2,689
Fuel purchases for resale	0	0	69,898	0	0	69,898
Supplies	5,038	0	0	0	0	5,038
Contracted services	11,744	0	860	7,432	0	20,036
Other	21,484	0	1,851	35,588	0	58,923
Depreciation	262	26,095	5,000	31,381	3,922	66,660
TOTAL OPERATING EXPENSES	\$ 58,170	\$ 151,116	\$ 79,109	\$ 104,424	\$ 27,958	\$ 420,777
OPERATING INCOME (LOSS)	\$ (21,414)	\$ 48,845	\$ 3,869	\$ 19,156	\$ 88	\$ 50,544
NON-OPERATING INCOME (EXPENSE)						
Interest	\$ 1,348	\$ 652	\$ 0	\$ 3,258	\$ 47	\$ 5,305
Rent	0	2,700	0	0	0	2,700
Contribution from other governmental units	33,031	500	0	0	2,000	35,531
Local contributions	5,193	5,118	0	0	0	10,311
Interest and fees expense	0	(11,898)	0	(4,863)	0	(16,761)
NON-OPERATING TRANSFERS						
From other funds	\$ 0	\$ 0	\$ 0	\$ 9,188	\$ 2,500	\$ 11,688
To other funds	(2,500)	(12,500)	(1,000)	(960)	0	(16,960)
NET INCOME (LOSS)	\$ 15,658	\$ 33,417	\$ 2,869	\$ 25,779	\$ 4,635	\$ 82,358
Net assets - beginning	107,719	394,848	93,445	543,777	89,645	1,229,434
NET ASSETS - ENDING	\$ 123,377	\$ 428,265	\$ 96,314	\$ 569,556	\$ 94,280	\$ 1,311,792

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

TOWNSHIP OF BURT
STATEMENT OF CASH FLOWS
BUSINESS TYPE FUNDS
Year ended March 31, 2009

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY	MARINA UTILITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 39,538	\$ 199,961	\$ 78,797	\$ 136,083	\$ 21,411	\$ 475,790
Operating grants	490	0	0	0	7,086	7,576
Payments to suppliers	(37,965)	(86,520)	(69,812)	(42,687)	(22,896)	(259,880)
Payments to or on behalf of employees	(20,907)	(43,086)	(1,500)	(29,291)	(1,140)	(95,924)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	\$ (18,844)	\$ 70,355	\$ 7,485	\$ 64,105	\$ 4,461	\$ 127,562
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfer from (to) other funds	\$ (2,500)	\$ (12,500)	\$ (1,000)	\$ 8,228	\$ 2,500	\$ (5,272)
Contributions from other governmental units	12,000	500	0	0	2,000	14,500
Local contributions	5,193	5,118	0	0	0	10,311
Loans repaid from (made to) other funds	(314)	(7,822)	0	(2,660)	3,959	(6,837)
TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	\$ 14,379	\$ (14,704)	\$ (1,000)	\$ 5,568	\$ 8,459	\$ 12,702
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments on capital debt	\$ 0	\$ (40,765)	\$ 0	\$ (13,900)	\$ 0	\$ (54,665)
Purchases of capital assets	(2,625)	(129,789)	0	(3,008)	(16,045)	(151,467)
Bond/loan proceeds	0	116,590	0	0	0	116,590
Funding of restricted accounts	(8,913)	0	0	(841)	0	(9,754)
TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (11,538)	\$ (53,964)	\$ 0	\$ (17,749)	\$ (16,045)	\$ (99,296)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest earned	\$ 1,348	\$ 652	\$ 0	\$ 3,258	\$ 47	\$ 5,305
Rent received	0	2,700	0	0	0	2,700
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	\$ 1,348	\$ 3,352	\$ 0	\$ 3,258	\$ 47	\$ 8,005
NET INCREASE (DECREASE) IN CASH	\$ (14,655)	\$ 5,039	\$ 6,485	\$ 55,182	\$ (3,078)	\$ 48,973
Cash and equivalents - beginning	59,658	12,506	24,541	79,364	3,298	179,367
CASH AND EQUIVALENTS - ENDING	\$ 45,003	\$ 17,545	\$ 31,026	\$ 134,546	\$ 220	\$ 228,340
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (21,414)	\$ 48,845	\$ 3,869	\$ 19,156	\$ 88	\$ 50,544
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation	262	26,095	5,000	31,381	3,922	66,660
Change in Assets and Liabilities						
Receivables - net	3,272	0	(4,181)	(9,152)	451	(9,610)
Inventory	0	0	2,748	0	0	2,748
Accounts payable	301	(4,617)	49	333	0	(3,934)
Accrued salaries, wages and payroll taxes	(1,265)	32	0	732	0	(501)
Deferred revenue	0	0	0	21,655	0	21,655
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (18,844)	\$ 70,355	\$ 7,485	\$ 64,105	\$ 4,461	\$ 127,562

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

TOWNSHIP OF BURT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2009

	<u>PAYROLL FUND</u>	<u>TAX COLLECTIONS FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and equivalents	\$ 49	\$ 35,823	\$ 35,872
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ <u>49</u>	\$ <u>35,823</u>	\$ <u>35,872</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Due to other funds	\$ 49	\$ 27,502	\$ 27,551
Due to other governmental units	0	8,278	8,278
Due to taxpayer	<u>0</u>	<u>43</u>	<u>43</u>
TOTAL LIABILITIES	\$ 49	\$ 35,823	\$ 35,872
Fund balance - unreserved	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>49</u>	\$ <u>35,823</u>	\$ <u>35,872</u>

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

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Burt (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Township is governed by an elected five member board of trustees (Board). The accompanying financial statements present the government, as the Township does not have any component units that are required to be presented, either discretely or blended.

Government-Wide and Fund Financial Statements

The government-wide 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 government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable—Current Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes levied on December 1 are payable in one installment by the 15th day of February of the ensuing year without penalty. The Township bills and collects its own property taxes and also taxes for Burt Township School District, Alger County, State Education Tax, and the Marquette Alger Regional Education Service Agency. Collections and remittances of various property taxes are accounted for in the Tax Collection Fund. Township real property taxes are recognized when levied and personal property taxes are recognized when received.

The Township actually assessed 1.9551 mills for General Fund operations, 3.0000 mills for Improvement Fund operations, 0.2500 mills for harbor improvements, 1.3347 mills for fire protection and 0.9551 mills for road improvements. The millage generated net tax collections of \$75,083 in the General Fund, \$50,362 for fire protection, \$9,432 for harbor improvements, \$35,996 for road improvements and \$113,191 in the general Township improvements.

The Township reports the following major governmental funds:

The 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.

The Revolving Loan Fund accounts for the dollars loaned to businesses meeting objective criteria for business expansion and the subsequent repayments with interest.

The Township Improvement Fund accounts for tax collections and other revenue sources restricted by voter approval and the associated expenditures of those funds.

The Township reports the following major proprietary funds:

The Ambulance Fund accounts for the transportation of patients via the Township owned vehicles and the associated expenses.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Woodland Park Fund accounts for the camping and associated activities at the Township owned park located on the shore of Lake Superior.

The Fuel Fund is used to account for purchases and subsequent sale of fuel to various organizations and individuals.

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

The Marina Fund accounts for the activities of the marina operations including fuel sales and launch fees.

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relate to charges to customers for sales and services. The utility funds also recognizes the portion of the fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets and debt costs associated with financing upgrades to the utility systems. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Assets, Liabilities, and Net Assets or Equity

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

Receivables and Payables— In general, outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “due to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on February 16th of the following year, at which time penalties and interest are assessed.

Inventories – Inventories are valued at cost, on a first-in, first-out basis, if material in amount. Inventories of governmental funds are recorded as expenditures when purchased and adjusted at year end as appropriate.

Restricted Assets— The revenue bonds of the enterprise funds require amounts to be set aside for debt service principal and interest and a bond reserve. These amounts have been classified as restricted assets. In addition, amounts restricted by Board action or taxpayer approval have been reflected in this category.

Capital Assets— Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected not to report its infrastructure assets which is in compliance with Governmental Accounting Standards Board Statement Number 34 as the Township is a “tier three” entity. All future infrastructure asset additions will be recorded and reported in the government wide financial statements.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Land Improvements	20 years
Water System	40 years
Fuel System	20 years
Vehicles	5 years
Equipment	5 years

Compensated Absences (Vacation and Sick)—It is the Township’s policy to permit employees to accumulate earned but unused vacation benefits. The Township does not have a determinable liability for unpaid accumulated sick leave since the Township has a policy not to pay any portion of the accumulated benefits to employees upon separation from service. All vacation leave pay is accrued when incurred in the proprietary fund financial statements.

Long-Term Obligations—In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities on the Statement of Net Assets. Proceeds, if any, from noncurrent liabilities and payments on those liabilities are recorded as other financing sources and debt services expenditures, respectively, in the governmental funds financial statements.

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.

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

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

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE B - CASH AND INVESTMENTS

MCL 129.91 authorizes the Township to deposit and invest in the accounts of Federal insured banks, credit unions, savings and loan associations; bond securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements, bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated two banks for the deposit of Township funds. The investments policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized only a portion of the investments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits and investments were reported on the basic financial statements in the following categories:

Bank deposits (demand and time deposits)	\$ 844,039
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The federal insured bank balance of the Township's deposits is \$ 351,350. There were no items classified as investments during the fiscal year.

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amounts appropriated in any of its budgetary funds.

Near the end of the fiscal year, the Township Board approved various amendments to its budget that eliminated any expenditures that were in excess of appropriations in any of the Township's budgetary funds.

NOTE D - ACCUMULATED DEFICITS

The Township does not have any accumulated fund balance/retained earnings deficits in its funds. The Marina Fund, however, does have an unrestricted deficit in its retained earnings.

NOTE E - INTERFUND TRANSFERS

The following interfund transfer was recorded during the year and is reflected in the financial statements.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE E - INTERFUND TRANSFERS (CONTINUED)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Fire	\$ 1,000
General	Harbor	1,500
General	Revolving Loan	1,500
General	Township Improvement	5,960
General	Ambulance	2,500
General	Woodland Park	10,000
General	Fuel	1,000
General	Water	960
Water	Fire	9,188
Marina	Woodland Park	2,500

NOTE F - INTERFUND RECEIVABLES AND PAYABLE

The March 31, 2009, balances of interfund receivables and payables are as follows:

<u>Due From</u>	<u>Due to</u>	<u>Amount</u>
General	Marina	\$ 8,959
General	Tax	9,342
General	Payroll	49
Fire	Tax	4,840
Harbor	Tax	806
Township Improvement	General	5,054
Township Improvement	Tax	12,514
Ambulance	General	229
Woodland Park	General	10,107
Woodland Park	Township Improvement	6,435
Woodland Park	Marina	10,528
Water	Township Improvement	2,533

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE G - CHANGES IN CAPITAL ASSETS

Capital asset activity for the Township for the year ended March 31, 2009 was as follows:

	Beginning	Additions	Disposals	Ending
Governmental Funds				
Assets not depreciated - Land	\$ 155,105	\$ 0	\$ 0	\$ 155,105
Assets depreciated				
Land improvements	29,000	16,412	0	45,412
Buildings	692,838	0	0	1,066,500
Equipment	215,105	10,362	0	225,467
Vehicles	<u>287,492</u>	<u>398</u>	<u>0</u>	<u>287,890</u>
Total at Historic Cost	\$1,753,202	\$ 27,172	\$ 0	\$1,780,374
 Less Accumulated Depreciation for:				
Land improvements	2,900	1,860	0	4,760
Buildings	719,500	26,663	0	746,163
Equipment	201,769	4,281	0	206,050
Vehicles	<u>268,412</u>	<u>6,380</u>	<u>0</u>	<u>274,792</u>
Total Accumulated Depreciation	<u>\$1,192,581</u>	<u>\$ 39,184</u>	<u>\$ 0</u>	<u>\$1,231,765</u>
 Net Governmental Funds - Capital Assets	 <u>\$ 560,621</u>			 <u>\$ 548,609</u>
 Business Type Funds				
Assets not depreciated - Land	\$ 52,014	\$ 0	\$ 0	\$ 52,014
Assets depreciated				
Ambulance	122,719	2,625	0	125,344
Woodland Park	718,224	129,788	0	848,012
Fuel	100,000	0	0	100,000
Water Utility	1,211,505	3,008	0	1,214,513
Marina	<u>62,400</u>	<u>16,045</u>	<u>0</u>	<u>78,445</u>
Total at Historic Cost	\$2,266,862	\$ 151,466	\$ 0	\$2,418,328
 Less Accumulated Depreciation for:				
Ambulance	\$ 122,719	\$ 262	\$ 0	\$ 122,981
Woodland Park	162,176	26,095	0	188,271
Fuel	40,000	5,000	0	45,000
Water Utility	669,327	31,381	0	700,708
Marina	<u>12,990</u>	<u>3,922</u>	<u>0</u>	<u>16,912</u>
Total Accumulated Depreciation	<u>\$1,007,212</u>	<u>\$ 66,660</u>	<u>\$ 0</u>	<u>\$1,073,872</u>
 Net Business Type Funds - Capital Assets	 <u>\$1,259,650</u>			 <u>\$1,344,456</u>

TOWNSHIP OF BURT
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2009

NOTE G - CHANGES IN CAPITAL ASSETS (CONTINUED):

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

Governmental Activities	
General Government	\$ 14,102
Public Safety	142
Public Works	10,293
Recreation	<u>14,647</u>
Total Governmental Activities	<u>\$ 39,184</u>
Business-Type Activities	
Ambulance	\$ 262
Woodland Park	26,095
Fuel	5,000
Water utility system	31,381
Marina	<u>3,922</u>
Total Business-Type Activities	<u>\$ 66,660</u>

NOTE H - GENERAL LONG TERM DEBT

BEACH ACCESS LAND CONTRACT

\$30,000 - The Township entered into a contract to purchase certain land to allow resident access to the harbor. The financing, which originated in 2005 was issued for \$100,000. The land contract is secured by the land being acquired and bears no interest. The contract calls for annual payments. The payments to date have been the result of local contributions to the Township.

Debt requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009-2010	<u>30,000</u>	<u>0</u>	<u>30,000</u>

PUBLIC WORKS TRUCK DEBT

\$11,160 - The Township entered into an installment purchase contract to acquire a truck for use in the Public Works and Water Departments. The financing, which originated in 2005 was issued for \$31,898.60. The debt bears interest at the rate of 4.07%. The contract calls for annual payments of \$5,925.08 due February 1 of each year. The payments are being paid through a contribution from the Water Fund of one-half of the obligation and the balance from Township operating funds.

TOWNSHIP OF BURT
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2009

NOTE H - GENERAL LONG TERM DEBT (CONTINUED)

Debt requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009-2010	\$ 5,471	\$ 454	\$ 5,925
2010-2011	5,689	236	5,925
TOTALS	\$ 11,160	\$ 690	\$ 11,850

LINE OF CREDIT

\$ 0 - During the 2006-2007 fiscal year, the Township entered into an agreement to establish a line of credit to assist in meeting short term working capital needs. The line of credit was authorized and established for \$175,000 with one draw being made on the line in the amount of \$100,000. The debt bears interest at the rate of 4.95%. The line is to be paid in full within one year. The payments have been made by contributions from the Woodland Park Fund and the revenue received through the sale of standing timber.

The principal balance of \$16,516 along with the accrued interest at the date of the payment was made within the 2008-2009 fiscal year.

Summary of General Long Term Debt

	Beginning Balance	Newly Issued	Retired	Ending Balance	Due within One Year
Beach Access Land Contract	\$ 40,000	\$ 0	\$ 10,000	\$ 30,000	\$ 30,000
Public Works Truck Contract	16,403	0	5,243	11,160	5,471
Line of Credit	16,516	0	16,516	0	0
Total General Long Term Debt	\$ 72,919	\$ 0	\$ 31,759	\$ 41,160	\$ 35,471

NOTE I - PROPRIETARY FUND DEBT

WATER SUPPLY SYSTEM REVENUE BOND - SERIES 2000

\$ 98,000 - In June of 2000, the Township issued Water Supply System Revenue Bonds - Series 2000 to finance improvements and enlargement of the Township's Water Supply System. Interest on the bond is at the rate of 5.0%. The entire bond issue was purchased by the Rural Development Agency of the United States Department of Agriculture.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE I - PROPRIETARY FUND DEBT (CONTINUED)

The cumulative debt service schedule is below:

Payable Fiscal Year	September 1		March 1		Total
	Interest		Interest	Principal	
2009-2010	\$ 2,225	\$	2,225	\$ 9,000	\$ 13,450
2010-2011	2,000		2,000	10,000	14,000
2011-2012	1,750		1,750	10,000	13,500
2012-2013	1,500		1,500	10,000	13,000
2013-2014	1,250		1,250	10,000	12,500
2014-2018	3,750		3,750	40,000	45,000
TOTALS	\$ 11,225	\$	11,225	\$ 89,000	\$ 111,450

PARK IMPROVEMENT BONDS - SERIES 2007

The Township entered into an loan agreement with a local bank to finance various improvements to Woodland Park. The agreement was authorized for up to \$400,000 and calls for draws on the loan as needed. As of the end of the fiscal year, draws totaling \$184,190 had been issued. The loan carries an annual interest rate of 4.75%. The entire principal and interest as of December 21, 2008, was due on that date. The Township renewed the Bond with the new issue plus accrued interest due in one year using a ten year amortization. The Bond repayment is expected to be completed by paying ten percent of the principal plus accrued interest each year for ten years.

During the year, the Township had various draws on the loan ranging from \$3,500 to \$83,000 to satisfy various improvement obligations. The total of the draws during the year were \$115,500.

The original note was renewed with a payment of \$8,819 of interest and principal of \$30,856 along with renewal of the note obligation

Summary of Proprietary Fund Debt

	Beginning Balance	Newly Issued	Retired	Ending Balance	Due within One Year
Water Supply Revenue Bonds	\$ 98,000	\$ 0	\$ 9,000	\$ 89,000	\$ 9,000
Woodland Park Improvements	0	268,834	0	268,834	268,834
Woodland Park Improvements	<u>184,190</u>	<u>115,500</u>	<u>299,690</u>	<u>0</u>	<u>0</u>
Total Proprietary Fund Debt	\$ 282,190	\$ 384,334	\$ 308,690	\$ 357,834	\$ 277,834

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE J - DEFINED CONTRIBUTION PENSION PLAN

The township provides pension benefits to its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to join the plan on January 1 of each year. As established by the Township Board, the Township makes a contribution to the plan according to each employee gross payroll. The contributions by the Township for the year were \$2,362.

NOTE K - RISK MANAGEMENT

The Township of Burt, Alger County, Michigan, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended March 31, 2009

	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>AMENDED BUDGET</u>
Beginning Fund Balance	\$ 65,154	\$ 65,154	\$ 65,154	\$ 0
Resources (Inflows)				
Property taxes	94,602	127,800	127,820	20
State shared revenues and grants	36,377	35,600	35,615	15
Licenses and fees	0	4,550	4,595	45
Charges for services	1,600	1,600	1,287	(313)
Interest and rentals	0	3,100	3,242	142
Sale of property/timber	60,955	16,000	16,453	453
Reimbursements	0	9,300	9,393	93
Other	0	6,300	6,392	92
Transfer from other funds	<u>0</u>	<u>24,400</u>	<u>24,420</u>	<u>20</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$ <u>258,688</u>	 \$ <u>293,804</u>	 \$ <u>294,371</u>	 \$ <u>567</u>
Charges to Appropriations (Outflows)				
Legislative				
Board	\$ 16,850	\$ 14,050	\$ 14,033	\$ 17
General Government				
Supervisor	15,020	18,200	18,112	88
Elections	10,682	4,400	4,332	68
Administration	80,386	58,300	58,289	11
Clerk	16,250	17,800	17,798	2
Assessor	34,200	32,800	32,758	42
Board of review	1,550	1,400	1,378	22
Treasurer	21,220	21,220	21,161	59
Buildings and other property	0	1,000	934	66
Zoning	4,450	3,100	3,042	58
Public Safety				
Liquor control	1,900	1,500	1,403	97
Coast Guard Auxiliary	0	0	0	0
Community betterment				
Historical society	500	0	0	0
Other	0	4,800	4,736	64
Debt service	0	16,900	16,819	81
Capital outlay	0	1,100	1,040	60
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL CHARGES TO APPROPRIATIONS	 \$ <u>203,008</u>	 \$ <u>196,570</u>	 \$ <u>195,835</u>	 \$ <u>735</u>
 BUDGETARY FUND BALANCE--ENDING	 \$ <u>55,680</u>	 \$ <u>97,234</u>	 \$ <u>98,536</u>	 \$ <u>1,302</u>

TOWNSHIP OF BURT
 BUDGETARY COMPARISON SCHEDULE
 REVOLVING LOAN FUND
 Year ended March 31, 2009

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u> <u>AMENDED BUDGET</u>
Beginning Fund Balance	\$ 87,955	\$ 87,955	\$ 87,955	\$ 0
Resources (Inflows)				
Principal repaid	0	0	9,404	9,404
Interest earned	<u>38,000</u>	<u>0</u>	<u>4,058</u>	<u>4,058</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$ 125,955	 \$ 87,955	 \$ 101,417	 \$ 13,462
Charges to Appropriations (Outflows)				
Professional fees	\$ 0	\$ 100	\$ 100	\$ 0
Transfers to other funds	<u>1,900</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
 TOTAL CHARGES TO APPROPRIATIONS	 <u>\$ 1,900</u>	 <u>\$ 1,600</u>	 <u>\$ 1,600</u>	 <u>\$ 0</u>
 BUDGETARY FUND BALANCE--ENDING	 <u>\$ 124,055</u>	 <u>\$ 86,355</u>	 <u>\$ 99,817</u>	 <u>\$ 13,462</u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
TOWNSHIP IMPROVEMENT FUND
Year ended March 31, 2009

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u> <u>AMENDED BUDGET</u>
Beginning Fund Balance	\$ 136,127	\$ 136,127	\$ 136,127	\$ 0
Resources (Inflows)				
Property taxes - unrestricted	119,750	128,500	128,810	310
Property taxes - roads	35,000	35,000	35,996	996
Charges for services	1,800	3,700	3,700	0
Interest and rentals	550	1,050	997	(53)
Sale of property	0	1,100	1,100	0
Other	0	1,900	1,844	(56)
Transfer from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ <u>293,227</u>	\$ <u>307,377</u>	\$ <u>308,574</u>	\$ <u>1,197</u>
Charges to Appropriations (Outflows)				
General Government				
Airport	\$ 2,825	\$ 1,400	\$ 1,390	\$ 10
Cemetery	1,509	1,025	1,023	2
Buildings and grounds	0	5,000	4,991	9
Other	0	8,400	8,399	1
Public Works				
General	0	98,700	98,652	48
Street lighting	157,766	14,800	13,708	1,092
Recreation	0	600	600	0
Community betterment				
Holiday decorations	0	1,125	1,125	0
Other	0	3,600	3,585	15
Debt service	0	5,925	5,925	0
Capital outlay	0	23,300	23,300	0
Transfers to other funds	<u>0</u>	<u>6,000</u>	<u>5,960</u>	<u>40</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>162,100</u>	\$ <u>169,875</u>	\$ <u>168,658</u>	\$ <u>1,217</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u>131,127</u>	\$ <u>137,502</u>	\$ <u>139,916</u>	\$ <u>2,414</u>

ADDITIONAL
INFORMATION

TOWNSHIP OF BURT
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 March 31, 2009

	<u>FIRE PROTECTION FUND</u>	<u>HARBOR FUND</u>	<u>BEACH ACCESS FUND</u>	<u>MEDICAL FACILITY FUND</u>	<u>TOTAL</u>
ASSETS					
Cash and equivalents	\$ 81,029	\$ 112,065	\$ 11,767	\$ 285	\$ 205,146
Taxes receivable	4,048	756	0	0	4,804
Due from other funds	4,840	806	0	0	5,646
Accounts receivable	0	0	0	1,039	1,039
Other assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ <u>89,917</u>	\$ <u>113,627</u>	\$ <u>11,767</u>	\$ <u>1,324</u>	\$ <u>216,635</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 75	\$ 0	\$ 0	\$ 1,110	\$ 1,185
Accrued wages	<u>0</u>	<u>0</u>	<u>0</u>	<u>102</u>	<u>102</u>
TOTAL LIABILITIES	\$ 75	\$ 0	\$ 0	\$ 1,212	\$ 1,287
FUND EQUITY					
Fund balance:					
Unreserved-undesignated	\$ <u>89,842</u>	\$ <u>113,627</u>	\$ <u>11,767</u>	\$ <u>112</u>	\$ <u>215,348</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>89,917</u>	\$ <u>113,627</u>	\$ <u>11,767</u>	\$ <u>1,324</u>	\$ <u>216,635</u>

TOWNSHIP OF BURT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
Year ended March 31, 2009

	<u>FIRE PROTECTION FUND</u>	<u>HARBOR FUND</u>	<u>BEACH ACCESS FUND</u>	<u>MEDICAL FACILITY FUND</u>	<u>TOTAL</u>
REVENUES					
Property taxes	\$ 58,126	\$ 10,720	\$ 0	\$ 0	\$ 68,846
State grants	1,086	0	0	0	1,086
Local grants/contributions	1,175	7,828	17,345	7,874	34,222
Charges for services	500	3,926	0	0	4,426
Sale of supplies	0	4,796	0	0	4,796
Interest	1,349	2,068	246	4	3,667
Other	0	0	0	0	0
TOTAL REVENUES	\$ 62,236	\$ 29,338	\$ 17,591	\$ 7,878	\$ 117,043
EXPENDITURES					
Salaries and wages	\$ 9,540	\$ 0	\$ 0	\$ 2,502	\$ 12,042
Payroll taxes	878	0	0	184	1,062
Employee benefits	1,434	0	0	0	1,434
Supplies	6,791	3,153	619	2,247	12,810
Professional fees	2,880	975	4,652	599	9,106
Insurance	7,959	0	0	250	8,209
Repairs and maintenance	59	0	0	628	687
Utilities	1,390	0	0	2,323	3,713
Debt service	0	0	10,000	0	10,000
Capital outlay	2,832	0	0	0	2,832
Other	1,351	1,389	0	0	2,740
TOTAL EXPENDITURES	\$ 35,114	\$ 5,517	\$ 15,271	\$ 8,733	\$ 64,635
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 27,122	\$ 23,821	\$ 2,320	\$ (855)	\$ 52,408
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfer to other funds	(10,188)	(1,500)	0	0	(11,688)
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	\$ 16,934	\$ 22,321	\$ 2,320	\$ (855)	\$ 40,720
Fund balance - beginning	72,908	91,306	9,447	967	174,628
FUND BALANCE - ENDING	\$ 89,842	\$ 113,627	\$ 11,767	\$ 112	\$ 215,348

TOWNSHIP OF BURT
WATER UTILITY FUND
BALANCE SHEET
March 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets:		
Cash and equivalents	\$ 134,546	\$ 79,364
Accounts receivable	12,309	3,157
Due from other fund	2,533	24
TOTAL CURRENT ASSETS	\$ 149,388	\$ 82,545
Restricted Assets:		
Motors	\$ 25,591	\$ 25,000
Wellhead protection	100	100
Bond interest and redemption and reserve	27,482	27,233
TOTAL RESTRICTED ASSETS	\$ 53,173	\$ 52,333
Property, Plant and Equipment:		
Land	\$ 10,000	\$ 10,000
Plant, lines and equipment	1,204,513	1,201,505
Less accumulated depreciation	(700,707)	(669,327)
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 513,806	\$ 542,178
TOTAL ASSETS	\$ 716,367	\$ 677,056
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,178	\$ 1,845
Salaries and wages payable	887	155
Due to other funds	0	151
Interest payable	371	408
Deferred revenue	54,375	32,720
Current portion of long term debt	9,000	9,000
TOTAL LIABILITIES	\$ 66,811	\$ 44,279
LONG TERM LIABILITIES - Bonds payable	\$ 80,000	\$ 89,000
 FUND EQUITY		
Retained earnings:		
Restricted	\$ 53,173	\$ 52,333
Unrestricted, undesignated	516,383	491,444
TOTAL FUND EQUITY	\$ 569,556	\$ 543,777
TOTAL LIABILITIES AND FUND EQUITY	\$ 716,367	\$ 677,056

TOWNSHIP OF BURT
WATER UTILITY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Years ended March 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
User charges	\$ 113,502	\$ 88,356
State grant income	0	7,492
Other	10,078	7,775
TOTAL OPERATING REVENUES	\$ 123,580	\$ 103,623
OPERATING EXPENSES		
Transmission, distribution and maintenance	\$ 73,043	\$ 85,296
Depreciation	31,381	30,992
TOTAL OPERATING EXPENSES	\$ 104,424	\$ 116,288
OPERATING INCOME	\$ 19,156	\$ (12,665)
NON-OPERATING INCOME (EXPENSE)		
Interest income	\$ 3,258	\$ 4,579
Transfers from other funds	9,188	9,004
Interest expense	(4,863)	(5,312)
Transfers to other funds	(960)	(6,623)
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ 6,623	\$ 1,648
NET INCOME	\$ 25,779	\$ (11,017)
Retained earnings - Beginning of period	543,777	554,794
RETAINED EARNINGS - END OF PERIOD	\$ 569,556	\$ 543,777

TOWNSHIP OF BURT
STATEMENT OF CASH FLOWS
WATER UTILITY FUND
Year ended March 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 136,083	\$ 98,680
Operating grants	0	7,492
Payments to suppliers	(42,687)	(55,822)
Payments to or on behalf of employees	(29,291)	(27,474)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	\$ 64,105	\$ 22,876
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from (to) other funds	\$ 8,228	\$ 2,285
Loans repaid from (made to) other funds	(2,660)	5,000
TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	\$ 5,568	\$ 7,285
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	\$ (3,008)	\$ (14,641)
Payments on revenue bonds	(13,900)	(14,350)
Funding of restricted accounts	(841)	(13,393)
TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (17,749)	\$ (42,384)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ 3,258	\$ 4,579
NET INCREASE (DECREASE) IN CASH	\$ 55,182	\$ (7,644)
Cash and equivalents - beginning	79,364	87,008
CASH AND EQUIVALENTS - ENDING	\$ 134,546	\$ 79,364
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 19,156	\$ (12,665)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	31,381	30,992
Change in Assets and Liabilities		
Receivables - net	(9,152)	2,398
Accounts payable	333	1,845
Accrued salaries and wages	732	155
Deferred revenue	21,655	151
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 64,105	\$ 22,876

TOWNSHIP OF BURT
WATER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES
 Year ended March 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Transmission, Distribution & Maintenance:		
Salaries and wages	\$ 27,681	\$ 24,752
Payroll taxes	1,281	1,882
Employee benefits	1,061	995
Professional fees	7,432	20,547
Supplies and other	<u>35,588</u>	<u>37,120</u>
Total Transmission, Distribution & Maintenance	\$ 73,043	\$ 85,296
Depreciation	\$ <u>31,381</u>	\$ <u>30,992</u>
TOTAL OPERATING EXPENSE	\$ <u>104,424</u>	\$ <u>116,288</u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
Year ended March 31, 2008

	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>AMENDED BUDGET</u>
Beginning Fund Balance	\$ 72,908	\$ 72,908	\$ 72,908	\$ 0
Resources (Inflows)				
Property taxes	59,350	58,100	58,126	26
State grants	0	1,000	1,086	86
Charges for services	0	500	500	0
Interest earned	0	1,300	1,349	49
Other	0	1,175	1,175	0
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$ 132,258	 \$ 134,983	 \$ 135,144	 \$ 161
Charges to Appropriations (Outflows)				
Public safety - fire	\$ 41,154	\$ 33,300	\$ 32,282	\$ 1,018
Debt service	0	0	0	0
Capital outlay	0	2,850	2,832	18
Transfer to other funds - hydrant rental	<u>0</u>	<u>9,200</u>	<u>10,188</u>	<u>(988)</u>
 TOTAL CHARGES TO APPROPRIATIONS	 <u>\$ 41,154</u>	 <u>\$ 45,350</u>	 <u>\$ 45,302</u>	 <u>\$ 48</u>
 BUDGETARY FUND BALANCE--ENDING	 <u><u>\$ 91,104</u></u>	 <u><u>\$ 89,633</u></u>	 <u><u>\$ 89,842</u></u>	 <u><u>\$ 209</u></u>

TOWNSHIP OF BURT
 BUDGETARY COMPARISON SCHEDULE
 HARBOR FUND
 Year ended March 31, 2009

	<u>ORIGINAL</u>	<u>BUDGET</u>	<u>AMENDED</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u>		
						<u>AMENDED BUDGET</u>		
Beginning Fund Balance	\$	91,306	\$	91,306	\$	91,306	\$	0
Resources (Inflows)								
Property taxes		9,130		10,700		10,720		20
User fees		2,100		3,900		3,926		26
Sale of supplies		5,000		4,750		4,796		46
Interest		0		2,000		2,068		68
Other		<u>0</u>		<u>7,800</u>		<u>7,828</u>		<u>28</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$	 107,536	 \$	 120,456	 \$	 120,644	 \$	 188
Charges to Appropriations (Outflows)								
Recreation - Harbor	\$	16,050	\$	5,600	\$	5,517	\$	83
Debt service		0		0		0		0
Capital outlay		0		0		0		0
Transfer to other funds		<u>0</u>		<u>1,500</u>		<u>1,500</u>		<u>0</u>
 TOTAL CHARGES TO APPROPRIATIONS	 \$	 <u>16,050</u>	 \$	 <u>7,100</u>	 \$	 <u>7,017</u>	 \$	 <u>83</u>
 BUDGETARY FUND BALANCE--ENDING	 \$	 <u>91,486</u>	 \$	 <u>113,356</u>	 \$	 <u>113,627</u>	 \$	 <u>271</u>

TOWNSHIP OF BURT
 BUDGETARY COMPARISON SCHEDULE
 MEDICAL FACILITY FUND
 Year ended March 31, 2009

	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>AMENDED BUDGET</u>
Beginning Fund Balance	\$ 967	\$ 967	\$ 967	\$ 0
Resources (Inflows)				
Local grants	7,833	7,875	7,874	(1)
Interest	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$ 8,800	 \$ 8,842	 \$ 8,845	 \$ 3
Charges to Appropriations (Outflows)				
General government	\$ 0	\$ 8,780	\$ 8,733	\$ 47
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL CHARGES TO APPROPRIATIONS	 <u>0</u>	 <u>8,780</u>	 <u>8,733</u>	 <u>47</u>
 BUDGETARY FUND BALANCE--ENDING	 <u>8,800</u>	 <u>62</u>	 <u>112</u>	 <u>50</u>

TOWNSHIP OF BURT
 BUDGETARY COMPARISON SCHEDULE
 BEACH ACCESS FUND
 Year ended March 31, 2009

	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>AMENDED BUDGET</u>
Beginning Fund Balance	\$ 9,447	\$ 9,447	\$ 9,447	\$ 0
Resources (Inflows)				
Local contributions	11,200	15,400	17,345	1,945
Interest earned	<u>0</u>	<u>0</u>	<u>246</u>	<u>246</u>
 AMOUNTS AVAILABLE FOR APPROPRIATION	 \$ 20,647	 \$ 24,847	 \$ 27,038	 \$ 2,191
Charges to Appropriations (Outflows)				
General government	\$ 0	\$ 4,700	\$ 4,652	\$ 48
Recreation	0	620	619	1
Debt service	10,800	10,000	10,000	0
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL CHARGES TO APPROPRIATIONS	 \$ 10,800	 \$ 15,320	 \$ 15,271	 \$ 49
 BUDGETARY FUND BALANCE--ENDING	 <u>\$ 9,847</u>	 <u>\$ 9,527</u>	 <u>\$ 11,767</u>	 <u>\$ 2,240</u>

SCOTT R. KENNEY

Certified Public Accountant

1374 Commercial Ave., Suite #1
Crystal Falls, Michigan 49920
(906) 875-4393 Fax: (906) 875-3879

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

The Honorable Supervisor and Board
Township of Burt
P.O. Box 430
Grand Marais, MI 49839

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan (Township) as of and for the year ended March 31, 2009, which collectively comprise the Township's basic financial statements and have issued my report thereon dated September 4, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to the management of the Township in a separate letter dated September 4, 2009.

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


Certified Public Accountant

September 4, 2009

SCOTT R. KENNEY

Certified Public Accountant

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Crystal Falls, Michigan 49920
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P.O. Box 430
Grand Marais, MI 49839

In conjunction with the audit of the general purpose financial statements of the Township of Burt, Alger County, Michigan (Township) as of and for the year ended March 31, 2009, I have reviewed the Township's accounting policies and procedures and systems of internal control. My audit was conducted primarily to enable me to formulate an opinion on the Township's financial statements and accordingly, would not disclose all weaknesses in the system which may exist. My review disclosed certain areas in which I believe more effective internal control or increased efficiency may be achieved. This letter is intended to summarize my findings and present my overall conclusions and recommendations. It has been prepared solely for the information of the Township Board and management and should not be presented or quoted to anyone outside of the Township because of the possibility of misunderstanding by other persons who may not be aware of the objectives and limitations of internal controls and my study and evaluation thereof. Statement on Audit Standard Number 112 (SAS 112) requires that I inform the Township of all significant control deficiencies and those control deficiencies be split into one of two types. The two types of control deficiencies are "significant deficiencies" and "material weaknesses". A significant deficiency is defined as a control deficiency that has more than a remote likelihood that the entity's ability to initiate, authorize, record, process or report financial data in compliance with accounting principles generally accepted in the United States of America will be adversely affected and that such affect will be more than inconsequential. A material weakness is defined as a significant deficiency(ies) that could have a material affect on the financial statements. The first two of the comments below are repeated from the prior year.

SIGNIFICANT DEFICIENCIES

1. **OBSERVATION** - As is the case with many smaller and medium-sized entities, the Township has relied on its independent external auditors to assist in the preparation of the financial statements. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls. The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

1. **RECOMMENDATION** - I recommend that the Township continue to outsource the preparation of its financial statements in conformance with the findings stated above.

2. **OBSERVATION** - Delinquent personal property taxes have not been properly accounted for nor maintained by the Township.

RECOMMENDATION - After the close of the fiscal year, the Township retrospectively determined liabilities with the various entities that it collects taxes for. The amounts have been remitted to those entities.

3. **OBSERVATION** - During the year, the Township did not receive the County assessed tax for the Ambulance service. Historically, the County has collected the tax and remitted most of the Township's assessment to the Township in support of the Township's Ambulance Fund.

RECOMMENDATION - I recommend that the Township develop a long term written agreement with the County that clearly defines how the payment(s) from the County to the Township will be determined and the schedule of when the payments will be made.

4. **OBSERVATION** - The Township has a limited number of employees in the administrative office due to budget constraints. While a proper "separation of duties" is not feasible due to the limited staff, proper splitting of duties will further enhance internal control.

RECOMMENDATION - I recommend that the Township review each of the officer's and staff's duties and revise them where feasible to enhance the "separation of duties" and the internal accounting control.

5. **OBSERVATION** - While testing disbursements, it was noted that images of the checks are not received nor maintained for each of the bank accounts.

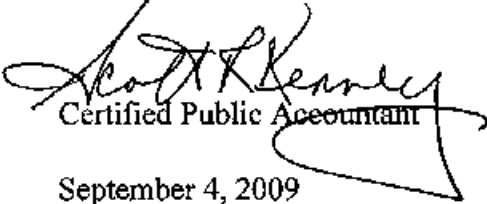
RECOMMENDATION - I recommend that images of all checks written be received from the bank (non-truncated accounts) and that those images be maintained with the bank statements.

6. **OBSERVATION** - The Township's records are being maintained on a small software system designed primarily for use by commercial entities (Quickbooks).

RECOMMENDATION - I recommend that the Township review the software available for small municipalities and transition to the governmental system. This will aid in report preparation, assist in reconciliation of accounts (both cash and due to/from) and diminish the present nearly exclusive reliance on the Clerk's expertise in the operation of the Quickbooks system.

I would like to thank the Township Board for allowing me to conduct the audit of the financial statements and I would especially like to thank Jack, Kay, Marc, and Sandy for their assistance during the audit.

If the Township would like my assistance in implementing any of the above recommendations, I am willing to help in any way that I can.


Certified Public Accountant
September 4, 2009