

Township of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2009

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Township of Almont
Annual Financial Report
For The Year Ended June 30, 2009

Table of Contents

**Page
Number**

I. Independent Auditor's Report.....	1
II. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets (Deficit)	2
Statement of Activities	3
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	4
Reconciliation of Fund Balances to the Statement of Net Assets (Deficit)	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Fiduciary Funds	
Statement of Net Assets (Deficit)	8
Notes to Financial Statements	9-16
III. Required Supplemental Information.....	17
Budgetary Comparison Schedule	
General Fund.....	18
Major Special Revenue Funds.....	19-21
Major Capital Project Fund	22
IV. Other Supplemental Information	23
Schedule of Indebtedness	24

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Members of the Township Board
Almont Township
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Almont, Michigan as of and for the year ended June 30, 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 of Almont, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the 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 the 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 and each major fund of the Township of Almont, Michigan as of June 30, 2009 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Township of Almont has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the financial statements.

The budgetary comparison information listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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.

Lehn King

Lehn L. King
Certified Public Accountant

August 6, 2009

Township of Almont
Statement of Net Assets (Deficit)
June 30, 2009

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 1,113,024.31
Due From Other Funds	47,892.46
Capital Assets (Net of Accumulated Depreciation)	<u>3,266,735.30</u>
<u>Total Assets</u>	<u><u>\$ 4,427,652.07</u></u>
<u>Liabilities</u>	
Accounts Payable	\$ 97,306.60
Accrued Wages	17,170.50
Due From Other Funds	15,324.57
Current Portion of Long-Term Debt	203,022.00
Noncurrent Liabilities:	
Long-Term Debt	<u>430,164.65</u>
<u>Total Liabilities</u>	<u>762,988.32</u>
Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	2,633,548.65
Unrestricted	<u>1,031,115.10</u>
<u>Total Net Assets (Deficit)</u>	<u><u>\$ 3,664,663.75</u></u>

The notes are an integral part of the statements.

Township of Almont
Statement of Activities
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 385,979.51	\$ -	\$ -	\$ -	\$ (385,979.51)
Public Safety	636,171.82	40,512.95	-	-	(595,658.87)
Public Works	197,603.97	-	-	-	(197,603.97)
Recreation & Culture	-	-	-	-	-
Interest on Long-Term Debt	32,220.74	-	-	-	(32,220.74)
<u>Total Governmental Activities</u>	<u>\$ 1,251,976.04</u>	<u>\$ 40,512.95</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,211,463.09)</u>
General Revenues:					
Property Taxes & Special Assessments					\$ 1,053,293.46
State Shared Revenues					221,429.00
Interest					24,161.07
Other Revenue					27,315.66
Transfers					-
Total General Revenues, Special Items & Transfers					<u>1,326,199.19</u>
Change in Net Assets					114,736.10
Net Assets (Deficit) - Beginning of Year					<u>3,549,927.65</u>
Net Assets (Deficit) - End of Year					<u>\$ 3,664,663.75</u>

The notes are an integral part of the statements.

Township of Almont

Governmental Funds

Balance Sheet

June 30, 2009

	Major Special Revenue Funds				Fire Assessment Capital Project Fund	Total Governmental Funds
	General Fund	Fire Fund	Police Department Fund	Building Department Fund		
<u>Assets</u>						
Cash & Certificates of Deposit	\$ 451,593.58	\$ 194,728.26	\$ 395,940.14	\$ 8,837.07	\$ 61,925.26	\$ 1,113,024.31
Due From Other Funds	38,704.27	7,042.09	-	-	2,146.10	47,892.46
Total Assets	\$ 490,297.85	\$ 201,770.35	\$ 395,940.14	\$ 8,837.07	\$ 64,071.36	\$ 1,160,916.77
<u>Liabilities & Fund Equity</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 26,606.39	\$ 3,446.21	\$ 67,254.00	\$ -	\$ -	\$ 97,306.60
Accrued Wages	14,073.41	1,310.00	-	1,787.09	-	17,170.50
Due To Other Funds	15,324.57	-	-	-	-	15,324.57
Total Liabilities	56,004.37	4,756.21	67,254.00	1,787.09	-	129,801.67
<u>Fund Equity</u>						
Fund Balances						
- Unreserved & Undesignated	434,293.48	197,014.14	328,686.14	7,049.98	64,071.36	1,031,115.10
Total Fund Balances	434,293.48	197,014.14	328,686.14	7,049.98	64,071.36	1,031,115.10
Total Liabilities & Fund Equity	\$ 490,297.85	\$ 201,770.35	\$ 395,940.14	\$ 8,837.07	\$ 64,071.36	\$ 1,160,916.77

The notes are an integral part of the statements.

Township of Almont
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended June 30, 2009

Total Fund Balances for Governmental Funds	\$ 1,031,115.10
Amounts reported for Governmental Activities in the Statement of Net Assets (Deficit) are different because:	
Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	3,266,735.30
Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>(633,186.65)</u>
Net Assets of Governmental Activities	<u><u>\$ 3,664,663.75</u></u>

The notes are an integral part of the statements.

Township of Almont
 Governmental Funds
 Statement of Revenues, Expenditures, And Changes
 in Fund Balances
 For The Year Ended June 30, 2009

	General Fund	Major Special Revenue Funds			Fire Assessment Capital Project Fund	Total Governmental Funds
		Fire Fund	Police Department Fund	Building Department Fund		
Revenues						
Property Taxes	\$ 337,821.53	\$ 240,471.11	\$ 243,383.21	\$ -	\$ 231,617.61	\$ 1,053,293.46
State Shared Revenue	221,429.00	-	-	-	-	221,429.00
Charges for Services	14,438.59	-	-	26,074.36	-	40,512.95
Interest Earnings	9,926.75	6,950.75	5,941.44	34.73	1,307.40	24,161.07
Other Revenues	18,579.04	8,364.87	-	321.75	50.00	27,315.66
<u>Total Revenues</u>	<u>602,194.91</u>	<u>255,786.73</u>	<u>249,324.65</u>	<u>26,430.84</u>	<u>232,975.01</u>	<u>1,366,712.14</u>
Expenditures						
General Government	379,065.11	-	-	-	-	379,065.11
Public Safety	62,003.09	159,261.07	271,432.51	37,320.92	985.66	531,003.25
Publics Works	197,603.97	-	-	-	-	197,603.97
Recreation & Culture	-	-	-	-	-	-
Capital Outlay	-	755,671.40	-	-	32,603.17	788,274.57
Debt Service - Principal	-	-	-	-	195,407.13	195,407.13
Debt Service - Interest	-	-	-	-	32,220.74	32,220.74
<u>Total Expenditures</u>	<u>638,672.17</u>	<u>914,932.47</u>	<u>271,432.51</u>	<u>37,320.92</u>	<u>261,216.70</u>	<u>2,123,574.77</u>
Excess of Revenues Over (Under) Expenditures	(36,477.26)	(659,145.74)	(22,107.86)	(10,890.08)	(28,241.69)	(756,862.63)
Other Financing Sources (Uses)						
Operating Transfers In (Out)	(17,528.40)	-	-	17,528.40	-	-
Net Change in Fund Balances	(54,005.66)	(659,145.74)	(22,107.86)	6,638.32	(28,241.69)	(756,862.63)
Fund Balances - Beginning of Year	488,299.14	856,159.88	350,794.00	411.66	92,313.05	1,787,977.73
Fund Balances - End of Year	\$ 434,293.48	\$ 197,014.14	\$ 328,686.14	\$ 7,049.98	\$ 64,071.36	\$ 1,031,115.10

The notes are an integral part of the statements.

Township of Almont
 Governmental Funds
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (756,862.63)

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 capitalized and
 allocated over their estimated useful lives as Depreciation 788,274.57

Repayment of Bond Principal is an Expenditure in the Governmental
 Funds, but not in the Statement of Activities (where it
 reduces Long-Term Debt) 195,407.13

Depreciation is an Expenditure for the Statement of
 Activities, but is not reported in the Governmental Funds (112,082.97)

Net Change in Assets of Governmental Activities \$ 114,736.10

Township of Almont
Statement of Net Assets (Deficit)
Fiduciary Funds
June 30, 2009

	Fiduciary Fund Types		Totals June 30, 2009
	Agency Funds		
	Trust & Agency Fund	Current Tax Collection Fund	
<u>Assets</u>			
Cash - Savings & Certificates	\$ 633.52	\$ 26,282.54	\$ 26,916.06
Due From Other Funds	8,282.48	-	8,282.48
Due From Other Governmental Units	-	14,567.83	14,567.83
<u>Total Assets</u>	<u>\$ 8,916.00</u>	<u>\$ 40,850.37</u>	<u>\$ 49,766.37</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Performance Bonds Payable	\$ 8,916.00	\$ -	\$ 8,916.00
Due To Other Funds	-	40,850.37	40,850.37
Due To Other Governmental Units	-	-	-
<u>Total Liabilities</u>	<u>8,916.00</u>	<u>40,850.37</u>	<u>49,766.37</u>
<u>Fund Balances</u>			
Unreserved & Undesignated	-	-	-
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities & Fund Balances</u>	<u>\$ 8,916.00</u>	<u>\$ 40,850.37</u>	<u>\$ 49,766.37</u>

The notes are an integral part of the statements.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

The accounting methods and procedures adopted by the Township of Almont, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Almont was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Almont (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component Units - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

General Fund - 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.

Fire Fund – This fund accounts for the operation of the fire department and provides for the accumulation of funds for equipment replacement. Funding is provided primarily through a special assessment.

Police Department Fund – The fund accounts for the payment of the contract to the Village for police protection and the purchase of equipment. Funding is provided primarily through a special assessment.

Building Department Fund – This fund is set up for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

Fire Assessment Capital Project Fund – This fund is set up to account for the purchase of land for the fire hall and the various construction associated with the fire hall. Funding is provided primarily through a special assessment.

Measurement Focus and Basis of Accounting

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. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - The Township does have a contract with its employees that requires the payment of compensation during absence from duty, however, all benefits are forfeited at the end of the fiscal year.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 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.

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

Buildings & Building Improvements	35 to 50 years
Machinery & Equipment	3 to 25 years

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

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 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 could differ from those estimates.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund, Special Revenue Funds, and Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on an accrual basis, which is consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund, Special Revenue Funds, and Capital Project Fund are presented in the required supplemental information.

During the year ended June 30, 2009, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Township Board	\$ 135,000	\$ 137,007	\$ 2,007

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, 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 by two standard rating agencies 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 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 Board has designated six banks for the deposit of Township funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. All cash deposits and investments of the Township are held by the Township in the Township's name.

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

	<u>Governmental Activities</u>	<u>Fiduciary - Trust & Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 1,113,024	\$ 26,916	\$ 1,139,940

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 1,139,940

The bank balance of the primary government's deposits is \$1,113,024, of which \$506,173 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township has a deposit policy for custodial credit risk. At year end, the Township had approximately \$633,767 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

At year end, there were no investments reported in the basic financial statements.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14. Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	1.3812	mills
Fire Fund, Operating	0.9833	mills
Fire Hall	0.9471	mills
Police Fund – Operating, Special Assessment	1.4500	mills

The Township has a receivable for Delinquent Personal Property Taxes as of June 30, 2009. The total amount due to the Township is as follows:

General Fund	\$13,925.20
Fire Operating Fund	\$ 7,999.14
Fire Hall	<u>\$ 7,837.02</u>
Total	<u><u>\$29,761.36</u></u>

The Township feels that the collection of these receivables is doubtful and, therefore, has not recognized them in the financial statements.

5. Interfund Receivables, Payables, & Transfers

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

	Due From Other Funds		Due To Other Funds
General Fund	\$ 38,704	Tax Collection Fund	\$ 38,704
Fire Fund	7,042	General Fund	7,042
Trust & Agency Fund	8,282	General Fund	8,282
Fire Assessment Capital Project	<u>2,146</u>	Tax Collection Fund	<u>2,146</u>
Total	<u><u>\$ 56,174</u></u>		<u><u>\$ 56,174</u></u>

Interfund Transfers reported in the Fund Statements are as follows:

	Transferred From		Transferred To
General Fund	<u>\$ 17,528</u>	Building Department Fund	<u>\$ 17,528</u>
Total	<u><u>\$ 17,528</u></u>		<u><u>\$ 17,528</u></u>

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

6. Capital Assets

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance June 30, 2009</u>
Governmental Activities:				
Capital Assets not being Depreciated:	\$ 352,010	\$ -	\$ -	\$ 352,010
Capital Assets being Depreciated:				
Buildings & Improvements	\$ 1,898,422	\$ 10,150	\$ -	\$ 1,908,572
Machinery & Equipment	1,008,803	778,124	-	1,786,927
Total Capital Assets being Depreciated	<u>2,907,225</u>	<u>788,274</u>	<u>-</u>	<u>3,695,499</u>
Accumulated Depreciation:				
Buildings & Improvements	162,065	42,156	-	204,221
Machinery & Equipment	506,626	69,927	-	576,553
Total Accumulated Depreciation	<u>668,691</u>	<u>112,083</u>	<u>-</u>	<u>780,774</u>
Net Capital Assets being Depreciated	<u>2,238,534</u>	<u>676,191</u>	<u>-</u>	<u>2,914,725</u>
Net Total Capital Assets	<u><u>\$ 2,590,544</u></u>	<u><u>\$ 676,191</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,266,735</u></u>

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

Governmental Activities:	
General Government	\$ 10,189
Public Safety	101,894
Total Governmental Activities	<u><u>\$ 112,083</u></u>

7. Long -Term Debt

The following is a summary of the debt outstanding of the Township as of June 30, 2009:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds & Contracts						
Installment Purchase Contract - Fire Station						
Amount of Issue - \$100,500						
Maturing through August 1, 2006						
	3.89%	\$183,540 - \$219,089	\$ 828,593	\$ (195,407)	\$ 633,186	\$ 203,022
Total Governmental Activities			<u><u>\$ 828,593</u></u>	<u><u>\$ (195,407)</u></u>	<u><u>\$ 633,186</u></u>	<u><u>\$ 203,022</u></u>

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2009

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 203,022	\$ 24,606	\$ 227,628
2011	210,914	16,714	227,628
2012	219,249	8,397	227,646
Total	\$ 633,185	\$ 49,717	\$ 682,902

8. Pension Plan

The Township does not offer any pension plan.

9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

10. Comparative Data

Comparative total data for the prior year has not been presented.

11. Post Employment Benefits

The Township does not provide any post employment benefits.

12. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Township of Almont
 Budgetary Comparison Schedule
 General Fund
 For The Year Ended June 30, 2009

	General Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Property Taxes	\$ 404,300.00	\$ 404,300.00	\$ 337,821.53	\$ (66,478.47)
State Shared Revenues	220,000.00	220,000.00	221,429.00	1,429.00
Charges for Services	19,300.00	19,300.00	14,438.59	(4,861.41)
Interest Earnings	14,000.00	14,000.00	9,926.75	(4,073.25)
Other Revenues	13,000.00	13,000.00	18,579.04	5,579.04
Total Revenues	<u>670,600.00</u>	<u>670,600.00</u>	<u>602,194.91</u>	<u>(68,405.09)</u>
Expenditures				
General Government				
Township Board	110,000.00	135,000.00	137,007.33	(2,007.33)
Supervisor	35,000.00	35,000.00	30,195.60	4,804.40
Elections	12,000.00	15,000.00	13,480.54	1,519.46
Assessor	40,000.00	40,000.00	39,940.51	59.49
Clerk & Deputy Clerk	60,000.00	60,000.00	57,792.23	2,207.77
Board of Review	4,000.00	4,000.00	2,682.48	1,317.52
Treasurer & Deputy Treasurer	51,000.00	51,000.00	43,998.35	7,001.65
Building & Grounds	50,000.00	50,000.00	46,295.49	3,704.51
Cemetery	15,000.00	15,000.00	7,672.58	7,327.42
Total General Government	<u>377,000.00</u>	<u>405,000.00</u>	<u>379,065.11</u>	<u>25,934.89</u>
Public Safety				
Inspection Department	50,000.00	50,000.00	34,075.51	15,924.49
Ordinance Enforcement	6,000.00	6,000.00	3,560.44	2,439.56
Planning Commission	30,000.00	30,000.00	17,704.39	12,295.61
Street Lights	6,000.00	6,000.00	5,837.17	162.83
Board of Appeals	3,000.00	3,000.00	825.58	2,174.42
Total Public Safety	<u>95,000.00</u>	<u>95,000.00</u>	<u>62,003.09</u>	<u>32,996.91</u>
Public Works - Roads & Drains	<u>300,700.00</u>	<u>300,700.00</u>	<u>197,603.97</u>	<u>103,096.03</u>
Recreation & Culture	<u>13,000.00</u>	<u>13,000.00</u>	<u>-</u>	<u>13,000.00</u>
Total Expenditures	<u>785,700.00</u>	<u>813,700.00</u>	<u>638,672.17</u>	<u>175,027.83</u>
Excess of Revenues Over (Under) Expenditures	(115,100.00)	(143,100.00)	(36,477.26)	106,622.74
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	(17,528.40)	(17,528.40)
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	(115,100.00)	(143,100.00)	(54,005.66)	89,094.34
Fund Balance - Beginning of Year	708,000.00	708,000.00	488,299.14	(219,700.86)
Fund Balance - End of Year	<u>\$ 592,900.00</u>	<u>\$ 564,900.00</u>	<u>\$ 434,293.48</u>	<u>\$ (130,606.52)</u>

Township of Almont
 Budgetary Comparison Schedule
 Fire Fund
 For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Special Assessments	\$ 248,400.00	\$ 248,400.00	\$ 240,471.11	\$ (7,928.89)
Interest Earnings	4,000.00	4,000.00	6,950.75	2,950.75
Other Revenue	1,600.00	1,600.00	8,364.87	6,764.87
<u>Total Revenues</u>	<u>254,000.00</u>	<u>254,000.00</u>	<u>255,786.73</u>	<u>1,786.73</u>
<u>Expenditures</u>				
Administration	71,450.00	71,450.00	45,968.51	25,481.49
Operating Expenditures	68,650.00	68,650.00	47,126.54	21,523.46
Other Expenditures	194,900.00	194,900.00	66,166.02	128,733.98
Capital Outlay	770,000.00	770,000.00	755,671.40	14,328.60
<u>Total Expenditures</u>	<u>1,105,000.00</u>	<u>1,105,000.00</u>	<u>914,932.47</u>	<u>190,067.53</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(851,000.00)	(851,000.00)	(659,145.74)	191,854.26
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(851,000.00)	(851,000.00)	(659,145.74)	191,854.26
<u>Fund Balance - Beginning of Year</u>	<u>851,000.00</u>	<u>851,000.00</u>	<u>856,159.88</u>	<u>5,159.88</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,014.14</u>	<u>\$ 197,014.14</u>

Township of Almont
 Budgetary Comparison Schedule
 Police Department Fund
 For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Special Assessments	\$ 261,560.00	\$ 261,560.00	\$ 243,383.21	\$ (18,176.79)
Interest Earnings	7,000.00	7,000.00	5,941.44	(1,058.56)
<u>Total Revenues</u>	<u>268,560.00</u>	<u>268,560.00</u>	<u>249,324.65</u>	<u>(19,235.35)</u>
<u>Expenditures</u>				
Contractual Services	330,000.00	330,000.00	271,432.51	58,567.49
<u>Total Expenditures</u>	<u>330,000.00</u>	<u>330,000.00</u>	<u>271,432.51</u>	<u>58,567.49</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(61,440.00)	(61,440.00)	(22,107.86)	39,332.14
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(61,440.00)	(61,440.00)	(22,107.86)	39,332.14
<u>Fund Balances - Beginning of Year</u>	334,000.00	334,000.00	350,794.00	16,794.00
<u>Fund Balances - End of year</u>	<u>\$ 272,560.00</u>	<u>\$ 272,560.00</u>	<u>\$ 328,686.14</u>	<u>\$ 56,126.14</u>

Township of Almont
 Budgetary Comparison Schedule
 Building Department Fund
 For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Permits & Inspections Fees	\$ 50,000.00	\$ 50,000.00	\$ 26,074.36	\$ (23,925.64)
Interest Earnings	100.00	100.00	34.73	(65.27)
Other Revenue	-	-	321.75	321.75
<u>Total Revenues</u>	<u>50,100.00</u>	<u>50,100.00</u>	<u>26,430.84</u>	<u>(23,669.16)</u>
<u>Expenditures</u>				
Inspectors' Salaries, Wages, & Fees	45,000.00	45,000.00	34,351.38	10,648.62
Operating Supplies & Education	5,000.00	5,000.00	2,969.54	2,030.46
<u>Total Expenditures</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>37,320.92</u>	<u>12,679.08</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	100.00	100.00	(10,890.08)	(10,990.08)
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	17,528.40	(17,528.40)
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	100.00	100.00	6,638.32	(28,518.48)
<u>Fund Balance - Beginning of Year</u>	-	-	411.66	411.66
<u>Fund Balance - End of Year</u>	<u>\$ 100.00</u>	<u>\$ 100.00</u>	<u>\$ 7,049.98</u>	<u>\$ (28,106.82)</u>

Township of Almont
 Budgetary Comparison Schedule
 Fire Assessment Capital Project Fund
 For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Special Assessments	\$ 238,000.00	\$ 238,000.00	\$ 231,617.61	\$ (6,382.39)
Interest Earnings	3,000.00	3,000.00	1,307.40	(1,692.60)
Other Revenue	-	-	50.00	50.00
<u>Total Revenues</u>	<u>241,000.00</u>	<u>241,000.00</u>	<u>232,975.01</u>	<u>(8,024.99)</u>
<u>Expenditures</u>				
Miscellaneous	44,000.00	44,000.00	985.66	43,014.34
Capital Outlay	40,000.00	40,000.00	32,603.17	7,396.83
Debt Service - Principal	200,000.00	200,000.00	195,407.13	4,592.87
Debt Service - Interest	50,000.00	50,000.00	32,220.74	17,779.26
<u>Total Expenditures</u>	<u>334,000.00</u>	<u>334,000.00</u>	<u>261,216.70</u>	<u>72,783.30</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(93,000.00)	(93,000.00)	(28,241.69)	64,758.31
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(93,000.00)	(93,000.00)	(28,241.69)	64,758.31
<u>Fund Balance - Beginning of Year</u>	<u>93,000.00</u>	<u>93,000.00</u>	<u>92,313.05</u>	<u>(686.95)</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,071.36</u>	<u>\$ 64,071.36</u>

Other Supplemental Information

Township of Almont
 Other Supplemental Information
 Schedule of Indebtedness
 June 30, 2009

Fire Station
Installment Purchase Contract
Annual Payment Due June 1

Dated: August 13, 2001
Original Issue: \$1,100,500

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2009</u>	<u>2008</u>	
3.89%	6/1/2009	\$ -	\$ 195,407	\$ -
3.89%	6/1/2010	203,022	203,022	24,606
3.89%	6/1/2011	210,914	210,914	16,714
3.89%	6/1/2012	219,250	219,250	8,397
Total		<u>\$ 633,186</u>	<u>\$ 828,593</u>	<u>\$ 49,717</u>
<u>Total Installment Purchase Contracts</u>		<u>\$ 633,186</u>	<u>\$ 828,593</u>	<u>\$ 49,717</u>

August 6, 2009

Almont Township
819 N. Main Street
Almont, MI 48003

Members of the Board:

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Almont for the year ended June 30, 2009, and have issued my report thereon dated August 6, 2009. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated October 1, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Almont are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2009. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated August 6, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Communication of Significant Deficiencies and Material Weaknesses

In planning and performing my audit of the financial statements, as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, I considered the Township of Almont's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and other deficiencies that I consider to be material weaknesses.

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

accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I considered the following deficiencies to be significant deficiencies in internal control:

Segregation of Duties - The relative size of the Township of Almont limits the extent to which the officials can segregate duties and responsibilities which impairs the basic premise that no one individual should have access to both the physical assets and the related accounting records (or all recording tasks of a transaction from inception to completion).

The Township has implemented mitigating controls to strengthen internal controls and the segregation of duties; however, it must be recognized that the risk of intentional or unintentional errors could be made and not detected in a timely manner.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Almont Township's financial statements are free of material misstatement, I 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, I do not express such an opinion.

This report is intended solely for the information and use of management, the Board of the Township of Almont, and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant