

TOWNSHIP OF ALMONT
Lapeer County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)
June 30, 2013

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	1 - 5
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements	
Combined Balance Sheet - Governmental Fund Types	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Fiduciary Fund	
Statement of Assets and Liabilities - Fiduciary Fund	11
Notes to Financial Statements	12 - 20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	21
Budgetary Comparison Schedule - Fire Fund	22
Budgetary Comparison Schedule - Police Department Fund	23
Budgetary Comparison Schedule - Building Department Fund	24
Budgetary Comparison Schedule - Fire Assessment Capital Projects Fund	25



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INDEPENDENT AUDITOR'S REPORT

Township of Almont
Lapeer County
Almont, MI

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 11 to the financial statements, Lexington Township implemented Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, and Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CARO, MICHIGAN

October 24, 2013

Township of Almont
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

As management of the Township of Almont, we offer readers of the Township of Almont financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2013.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$4,398,483 (net position). Of this amount, \$869,318 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$4,184.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,413,057, a decrease of \$62,976 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$814,889, or 150 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Township of Almont
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works and other functions.

The government-wide financial statements can be found on pages 6 and 7 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains six individual governmental funds. Information is presented separately in governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregate presentation.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the major special revenue funds to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 8 through 10 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 20 of this report.

Township of Almont
 Management's Discussion and Analysis
 Fiscal Year Ended June 30, 2013

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and revenue budget. Required supplementary information can be found on pages 21 through 25 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$4,398,483 at the close of the most recent fiscal year.

A portion of the Township's assets (66 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.

Township of Almont's Net Position

	<u>Governmental activities</u> June 30, 2013	<u>Governmental activities</u> June 30, 2012
Current assets	\$ 1,517,724	\$ 1,608,922
Capital assets	2,985,426	2,926,634
Total assets	<u>\$ 4,503,150</u>	<u>\$ 4,535,556</u>
Current liabilities	\$ 104,667	\$ 132,889
Total liabilities	<u>\$ 104,667</u>	<u>\$ 132,889</u>
Net position:		
Invested in capital assets	\$ 2,985,426	\$ 2,926,634
Restricted	543,739	735,374
Unrestricted	869,318	740,659
Total net position	<u>4,398,483</u>	<u>4,402,667</u>
Total liabilities and net position	<u>\$ 4,503,150</u>	<u>\$ 4,535,556</u>

The balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Township of Almont
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Governmental activities. Governmental activities decreased the Township's net position by approximately \$4,184. Key elements of this increase are as follows:

Township of Almont's Changes in Net Position

	<u>Governmental activities</u> <u>June 30, 2013</u>	<u>Governmental activities</u> <u>June 30, 2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 13,150	\$ 23,451
General revenues:		
Property taxes	738,606	958,922
State shared revenue	283,331	279,647
Gain on disposal of assets	-	167,213
Investment earnings	4,328	2,889
Other	123,120	24,258
Total revenues	<u>1,162,535</u>	<u>1,456,380</u>
Expenses:		
General government	372,901	309,322
Public safety	57,958	58,462
Public works	604,823	528,886
Depreciation	131,037	134,521
Interest	-	6,790
Total expenses	<u>1,166,719</u>	<u>1,037,981</u>
Increase in net position	<u>(4,184)</u>	<u>418,399</u>
Net position, beginning of year	4,402,667	3,862,876
Prior period adjustment - Note 12	-	121,392
Net position, end of year	<u>\$ 4,398,483</u>	<u>\$ 4,402,667</u>

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$1,413,057, a decrease of \$62,976 in comparison with the prior year.

Approximately 57 percent of this total amount (\$814,889) constitutes unassigned fund balance, which is available for spending at the government's discretion.

Township of Almont
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$814,889.

General Fund Budgetary Highlights

The final amended budget was changed from the original budget, and the significant fluctuations can be summarized as follows:

- \$37,000 increase in township board expenditures
- \$182,640 increase in operating supplies expenditures in the fire fund

The main reason for the changes resulted from higher than estimated costs.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$2,985,426 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and office equipment and furniture.

Major capital asset events during the current fiscal year included the following:

Township of Almont's Capital Assets
(net of depreciation)

	<u>Governmental activities</u> <u>June 30, 2013</u>
Land	\$ 352,510
Buildings and Improvements	1,535,321
Machinery and equipment	1,097,595
	<u>\$ 2,985,426</u>

Additional information on the Township's capital assets can be found in Note 4 on page 18 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Almont's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2014 that also promotes and funds numerous project objectives.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Township Clerk, 819 N. Main Street Almont, MI 48003.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF ALMONT
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash	\$ 1,370,659
Accounts Receivable	3,960
Due From Other Governmental Units	90,350
Due From Agency Fund	52,755
Land	352,510
Capital assets, net of accumulated depreciation	2,632,916
TOTAL ASSETS	4,503,150
 LIABILITIES	
Accounts Payable	83,158
Accrued Wages	21,368
Due To Other Governmental Units	141
Other Current Liabilities	-
TOTAL LIABILITIES	104,667
 NET POSITION	
Net investment in capital assets	2,985,426
Restricted	543,739
Unrestricted	869,318
TOTAL NET POSITION	\$ 4,398,483

See notes to financial statements

TOWNSHIP OF ALMONT
Statement of Activities
June 30, 2013

Functions/programs	Expenses	Program revenues	Net (expense) revenue and changes in net position
		Charges for services	Total governmental activities
Primary government			
Governmental activities			
General government	\$ 372,901		\$ (372,901)
Public safety	57,958		(57,958)
Public works	604,822	\$ 13,150	(591,672)
Depreciation	131,038		(131,038)
Total governmental activities	\$ 1,166,719	\$ 13,150	\$ (1,153,569)
General revenues			
Taxes			\$ 738,606
Intergovernmental			283,331
Investment income			4,328
Other revenues			123,120
Total general revenues			1,149,385
Changes in net position			(4,184)
Net position, beginning of year			4,402,667
Net position, end of year			\$ 4,398,483

See notes to financial statements

TOWNSHIP OF ALMONT
 Combined Balance Sheet -
 Governmental Fund Types
 June 30, 2013

	MAJOR SPECIAL REVENUE FUNDS				FIRE ASSESSMENT CAPITAL PROJECTS FUND	PERMANENT FUND NON-MAJOR PERPETUAL CARE	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	FIRE FUND	POLICE DEPARTMENT FUND	BUILDING DEPARTMENT FUND			
<u>ASSETS</u>							
Cash	\$ 694,368	\$ 453,966	\$ 146,330	\$ 21,435	-	\$ 54,560	\$ 1,370,659
Accounts Receivable	1,500	2,460	-	-	-	-	3,960
Due from Other Governmental Units	90,350	-	-	-	-	-	90,350
Due from other funds	4,665	8,247	-	11,491	-	-	24,403
Due from agency fund	52,755	-	-	-	-	-	52,755
TOTAL ASSETS	<u>\$ 843,638</u>	<u>\$ 464,673</u>	<u>\$ 146,330</u>	<u>\$ 32,926</u>	<u>-</u>	<u>\$ 54,560</u>	<u>\$ 1,542,127</u>
<u>LIABILITIES & FUND BALANCE</u>							
Liabilities:							
Accounts payable	\$ 7,407	\$ 960	\$ 74,741	\$ 50	-	-	\$ 83,158
Accrued wages	13,806	2,084	-	5,478	-	-	21,368
Due to other funds	7,536	45	-	16,691	-	\$ 131	24,403
Due to other governmental units	-	141	-	-	-	-	141
Other current liabilities	-	-	-	-	-	-	-
Total Liabilities	<u>28,749</u>	<u>3,230</u>	<u>74,741</u>	<u>22,219</u>	<u>-</u>	<u>131</u>	<u>129,070</u>
Fund Balances:							
Nonspendable for prepaids	-	-	-	-	-	54,429	54,429
Restricted For:							
Public safety		461,443	71,589				533,032
Building inspection				10,707			10,707
Unassigned	<u>814,889</u>						<u>814,889</u>
Total Fund Balance	<u>814,889</u>	<u>461,443</u>	<u>71,589</u>	<u>10,707</u>	<u>-</u>	<u>54,429</u>	<u>1,413,057</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 843,638</u>	<u>\$ 464,673</u>	<u>\$ 146,330</u>	<u>\$ 32,926</u>	<u>-</u>	<u>\$ 54,560</u>	<u>\$ 1,542,127</u>
Total governmental fund balances							\$ 1,413,057
Amounts reported for governmental activities in the statement of net position are different because							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds							
Cost of the capital assets						\$ 4,226,386	
Less accumulated depreciation						<u>(1,240,960)</u>	
							<u>2,985,426</u>
Net position of governmental activities							<u>\$ 4,398,483</u>

See notes to financial statements.

TOWNSHIP OF ALMONT
Statement of Revenues, Expenditures and Changes In Fund Balances
Governmental Funds
Fund Types for the Year Ended June 30, 2013

	MAJOR SPECIAL REVENUE FUNDS				PERMANENT FUND	FIRE ASSESSMENT CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	FIRE FUND	POLICE DEPARTMENT FUND	BUILDING DEPARTMENT FUND	PERPETUAL CARE		
REVENUES:							
Property taxes	\$272,896	\$196,004	\$ 228,619	\$ 40,505		\$ 582	\$ 738,606
State shared revenue	283,331						283,331
Charges for services	4,750	7,900	-	-	\$ 500		13,150
Interest income	2,981	585	439	19	293	11	4,328
Other revenues	57,566	6,849	-	365	58,340		123,120
TOTAL REVENUES	<u>621,524</u>	<u>211,338</u>	<u>229,058</u>	<u>40,889</u>	<u>59,133</u>	<u>593</u>	<u>1,162,535</u>
EXPENDITURES:							
General government	344,754				4,704		349,458
Public safety	57,958						57,958
Public works	128,348	321,941	305,126	39,237			794,652
Capital outlay	11,827					11,616	23,443
Debt Service:							
Principal						-	-
Interest						-	-
TOTAL EXPENDITURES	<u>542,887</u>	<u>321,941</u>	<u>305,126</u>	<u>39,237</u>	<u>4,704</u>	<u>11,616</u>	<u>1,225,511</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>78,637</u>	<u>(110,603)</u>	<u>(76,068)</u>	<u>1,652</u>	<u>54,429</u>	<u>(11,023)</u>	<u>(62,976)</u>
FUND BALANCE - JULY 1	<u>736,252</u>	<u>572,046</u>	<u>147,657</u>	<u>9,055</u>	<u>-</u>	<u>11,023</u>	<u>1,476,033</u>
FUND BALANCE - JUNE 30	<u>\$814,889</u>	<u>\$461,443</u>	<u>\$ 71,589</u>	<u>\$ 10,707</u>	<u>\$ 54,429</u>	<u>\$ -</u>	<u>\$ 1,413,057</u>

See notes to financial statements.

TOWNSHIP OF ALMONT
Reconciliation of the Statement of Revenues,
Expenditures and Changes In Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$(62,976)
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Capital Outlay	189,830
Depreciation expense	<u>(131,038)</u>
Change in net position of governmental activities	<u><u>\$ (4,184)</u></u>

See notes to financial statements.

TOWNSHIP OF ALMONT
Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2013

	<u>FIDUCIARY FUND TYPES</u>		<u>TOTALS</u> <u>JUNE 30, 2013</u>
	<u>AGENCY FUNDS</u>		
	<u>TRUST & AGENCY FUND</u>	<u>CURRENT TAX COLLECTION FUND</u>	
<u>ASSETS</u>			
Cash in Bank	\$ 10,941	\$ 42,364	\$ 53,305
TOTAL ASSETS	<u>\$ 10,941</u>	<u>\$ 42,364</u>	<u>\$ 53,305</u>
<u>LIABILITIES</u>			
Performance Bonds Payable	\$ 550	-	\$ 550
Due to Other Funds	10,391	\$ 42,364	52,755
TOTAL LIABILITIES	<u>\$ 10,941</u>	<u>\$ 42,364</u>	<u>\$ 53,305</u>

See notes to financial statements.

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township of Almont have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Almont, Lapeer County include the accounts of all Township operations. The Township's major operations include fire protection, road maintenance, and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

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 revenues.

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 government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

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

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund – This is the government’s primary operating fund. It accounts for all the 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 – This 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.

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. Although not a major fund, this fund will be reported as a major fund in the financial statements to be consistent with prior years.

The government reports the following other non-major funds:

Permanent Fund – This fund is used to account for perpetual care trust funds to be used for the perpetual care of the township’s cemetery. Small amounts may be transferred out of this fund to help offset the true costs of maintaining the cemetery; however, the funds may never be depleted or eliminated.

The government reports as fiduciary funds, the Current Tax Collection Fund as well as the Trust and Agency Fund. The Current Tax Collection Fund is utilized to account for the Township’s collection of taxes for other governmental units and the Trust and Agency Fund accounts for assets that belong to other funds, governmental units, or individuals and therefore are not represented in the governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

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

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

D. ASSETS, LIABILITIES AND NET POSITION:

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

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.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

4. 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. The Township levied the following taxes:

General Government Services	1.3812 mills
Fire Fund, Operating	0.9471 mills
Fire Hall	0.9833 mills
Police Fund – Operating, Special Assessment	1.3000 mills

5. Vacation, Sick Leave, & 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.

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

6. 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.

7. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 \$5,000 and an estimated 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.

Property, plant, and equipment 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

8. 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 position. 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.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

10. Use of Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

11. Fund Balance

The following classifications describe the relative strength of the funding constraints:

- Non-spendable fund balance-amounts that are in non-spendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance-amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- Assigned fund balance-amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned fund balance-amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Township would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year-end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to July 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations, which were amended.

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. PA 621 budget violations, if any, are noted in the required supplementary information section.

NOTE 3 - CASH AND INVESTMENTS:

As of March 31, 2013, the Township had no investments as defined by generally accepted accounting principles. The investments reported on the face of the financial statements consist of certificates of deposits.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2013, \$644,935 of the bank balance of \$1,440,773 was exposed to custodial credit risk because it was uninsured. The carrying amount of the Township's deposits was \$1,423,963.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township had no investments at March 31, 2013.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2013 are composed of the following:

	CASH AND CASH EQUIVALENTS
General Fund Deposits	\$ 694,368
Special Revenue Fund Deposits	621,731
Other Governmental Funds Deposits	54,560
Agency Fund Deposits	53,305
Cash & Cash Equivalents	\$ 1,423,964

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 4 – CAPITAL ASSETS:

The following is a summary of changes in the Township's capital assets:

	<u>BALANCE JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2013</u>
Assets not being depreciated - land	\$ 352,010	\$ 500	-	\$ 352,510
Other capital assets:				
Buildings & Improvements	1,908,572	-	-	1,908,572
Machinery and equipment	<u>1,775,974</u>	<u>189,330</u>	-	<u>1,965,304</u>
Subtotal	3,684,546	189,330	-	3,873,876
Accumulated depreciation:				
Buildings & Improvements	330,993	42,258	-	373,251
Machinery and equipment	<u>778,929</u>	<u>88,780</u>	-	<u>867,709</u>
Subtotal	<u>1,109,922</u>	<u>131,038</u>	-	<u>1,240,960</u>
Net other capital assets	<u>2,574,624</u>	<u>58,292</u>	-	<u>2,632,916</u>
Net capital assets	<u>\$ 2,926,634</u>	<u>\$ 58,792</u>	-	<u>\$ 2,985,426</u>

NOTE 5 - DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at June 30, 2013 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 57,420	\$ 7,536
Fire Fund	8,247	45
Building Department Fund	11,491	16,691
Perpetual Care Fund	-	131
Fiduciary Funds	-	<u>52,755</u>
TOTAL	<u>\$ 77,158</u>	<u>\$ 77,158</u>

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 6 - LONG TERM DEBT:

The Township has no long term debt as of June 30, 2013

NOTE 7 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date.

The Township participates in Lapeer County Delinquent Tax Fund, which purchases substantially all of the uncollected property tax of the Township each year. The Township receives settlement with the County for all uncollected taxes. On this basis, the full amount of the taxes levied is accrued as income in the year levied.

NOTE 8 – EMPLOYEE BENEFITS:

The Township pays no employee benefits.

NOTE 9 - RISK MANAGEMENT:

The Township 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 carries commercial insurance to cover any losses that may result from the above-described activities. The Township did not have any losses in the three prior fiscal years.

NOTE 10- TRANSFERS:

There were no transfers between funds.

NOTE 11 – IMPLEMENTATION OF NEW STANDARDS:

For the year ended June 30, 2013 the Township implemented the following new pronouncements:

GASB Statement 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Summary:

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure

TOWNSHIP OF ALMONT
Notes to the Financial Statements
For the Year Ended June 30, 2013

GASB Statements 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65 – *Items previously reported as Assets and Liabilities*.

Summary:

These Statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

NOTE 12 – UPCOMING ACCOUNTING PRONOUNCEMENT:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued by the GASB in June 2012 and will be effective for the Township’s 2016 fiscal year. The Statement requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF ALMONT
Required Supplementary Information
General Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Property taxes	\$ 282,345	\$ 282,345	\$ 272,896	\$ (9,449)
State shared revenue	280,000	280,000	283,331	3,331
Charges for services	3,200	3,200	4,750	1,550
Interest income	2,000	2,000	2,981	981
Other revenue	10,000	10,000	57,566	47,566
TOTAL REVENUES	<u>577,545</u>	<u>577,545</u>	<u>621,524</u>	<u>43,979</u>
EXPENDITURES:				
General Government:				
Township board	87,000	124,000	113,456	10,544
Supervisor	33,000	33,000	30,829	2,171
Elections	15,000	15,000	11,330	3,670
Assessor	42,000	43,400	43,129	271
Clerk and deputy clerk	59,800	60,300	59,627	673
Board of review	2,000	2,000	1,642	358
Treasurer and deputy treasurer	46,000	47,400	43,643	3,757
Building and grounds	35,000	38,500	33,350	5,150
Cemetery	8,000	8,000	7,748	252
Total General Government	<u>327,800</u>	<u>371,600</u>	<u>344,754</u>	<u>26,846</u>
Public Safety:				
Inspection department	-	10,000	9,745	255
First responders	38,000	38,000	24,200	13,800
Ordinance enforcement	2,500	2,500	1,910	590
Planning commission	26,500	16,500	15,748	752
Street lights	6,000	6,000	5,583	417
Board of appeals	1,000	1,000	772	228
Total Public Safety	<u>74,000</u>	<u>74,000</u>	<u>57,958</u>	<u>16,042</u>
Public Works - Roads & Drains	163,000	163,000	128,348	34,652
Capital Outlay	-	-	11,827	(11,827)
TOTAL EXPENDITURES	<u>564,800</u>	<u>608,600</u>	<u>542,887</u>	<u>65,713</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 12,745</u>	<u>\$ (31,055)</u>	<u>78,637</u>	<u>\$ 109,692</u>
FUND BALANCE - BEGINNING OF YEAR			736,252	
FUND BALANCE - END OF YEAR			<u>\$ 814,889</u>	

TOWNSHIP OF ALMONT
Required Supplementary Information
Fire Fund
Budgetary Comparison Schedule
For The Year Ended June 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Special assessments	\$ 204,420	\$ 204,420	\$ 196,004	\$ (8,416)
Charges for services	6,000	6,000	7,900	1,900
Interest income	1,000	1,000	585	(415)
Other revenue	<u>-</u>	<u>-</u>	<u>6,849</u>	<u>6,849</u>
TOTAL REVENUE	<u>211,420</u>	<u>211,420</u>	<u>211,338</u>	<u>(82)</u>
EXPENDITURES:				
Administration	66,250	66,250	50,123	16,127
Operating expenditures	69,000	69,000	32,531	36,469
Other expenditures	<u>76,170</u>	<u>258,810</u>	<u>239,287</u>	<u>19,523</u>
TOTAL EXPENDITURES	211,420	394,060	321,941	72,119
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$(182,640)</u>	<u>(110,603)</u>	<u>\$ 72,037</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(182,640)</u>	<u>(110,603)</u>	<u>\$ 72,037</u>
FUND BALANCE - BEGINNING OF YEAR			<u>572,046</u>	
FUND BALANCE - END OF YEAR			<u>\$ 461,443</u>	

TOWNSHIP OF ALMONT
 Required Supplementary Information
 Police Department Fund
 Budgetary Comparison Schedule
 For The Year Ended June 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Special assessments	\$ 229,300	\$ 229,300	\$ 228,619	\$ (681)
Interest income	<u>1,000</u>	<u>1,000</u>	<u>439</u>	<u>(561)</u>
TOTAL REVENUE	<u>230,300</u>	<u>230,300</u>	<u>229,058</u>	<u>(1,242)</u>
EXPENDITURES:				
Contractual services	<u>305,818</u>	<u>305,818</u>	<u>305,126</u>	<u>692</u>
TOTAL EXPENDITURES	305,818	305,818	305,126	692
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (75,518)</u>	<u>\$ (75,518)</u>	<u>(76,068)</u>	<u>\$ (550)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>147,657</u>	
FUND BALANCE - END OF YEAR			<u>\$ 71,589</u>	

TOWNSHIP OF ALMONT
 Required Supplementary Information
 Building Department Fund
 Budgetary Comparison Schedule
 For The Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUE:				
Permit and inspection fees	\$ 30,000	\$ 30,000	\$ 40,505	\$ 10,505
Interest income	-	-	19	19
Other revenue	5,000	5,000	365	(4,635)
TOTAL REVENUE	35,000	35,000	40,889	5,889
EXPENDITURES:				
Public safety	35,000	35,000	39,237	(4,237)
TOTAL EXPENDITURES	35,000	35,000	39,237	(4,237)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ -	\$ -	1,652	\$ 1,652
FUND BALANCE - BEGINNING OF YEAR			9,055	
FUND BALANCE - END OF YEAR			\$ 10,707	

TOWNSHIP OF ALMONT
 Required Supplementary Information
 Fire Assessment Capital Project Fund
 Budgetary Comparison Schedule
 For The Year Ended June 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Special assessments	\$ -	\$ -	\$ 582	\$ 582
Interest income	-	-	11	11
Other revenue	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>593</u>	<u>593</u>
EXPENDITURES:				
Capital Outlay	<u>10,856</u>	<u>10,856</u>	<u>11,616</u>	<u>(760)</u>
TOTAL EXPENDITURES	<u>10,856</u>	<u>10,856</u>	<u>11,616</u>	<u>(760)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u><u>\$ (10,856)</u></u>	<u><u>\$ (10,856)</u></u>	<u>(11,023)</u>	<u><u>\$ (167)</u></u>
FUND BALANCE - BEGINNING OF YEAR			<u>11,023</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ -</u></u>	



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
.....
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Angela M. Burnette, CPA
David A. Ondrajka, CPA

To the Members of the Board
Township of Almont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont for the year ended June 30, 2013, and have issued our report thereon dated October 24, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 10, 2013, our 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. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 25, 2013.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Almont Township are described in Note 1 to the financial statements. The Township adopted the following new accounting policies during 2013: GASB 63 (*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*) and GASB 65 (*Items Previously Reported as Assets and Liabilities*). We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimate affecting the financial statements were estimated fixed asset lives for depreciation.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us 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. We proposed adjustments that we consider to be significant and have communicated this to management in our letter dated October 24, 2013.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2013.

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, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We 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 our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants
Caro, Michigan

October 24, 2013



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
.....
Jerry J. Bernhardt, CPA
Robert L. Tuckey, CPA

Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy D. Franzel
Laura J. Steffen, CPA
Angela M. Burnette, CPA
David A. Ondrajka, CPA

To the Members of the Board
Township of Almont

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Almont's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Almont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Almont's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses; therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the township's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Township of Almont's internal control to be significant deficiencies:

Financial Statements (Repeat)

After considering the qualifications of the accounting personnel of the Township of Almont, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

Segregation of Duties (Repeat)

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

Audit Adjustments (Repeat)

There were a large number of audit adjustments made during the current year. All bookkeeping and reconciling should be done prior to providing the year end trial balance to the auditor. The target number of audit adjustments each year should be less than five. We recommend you take steps to ensure the accounting and reconciling is done prior to the start of the audit.

Bank Reconciliations (Repeat)

As part of the internal control process bank reconciliation should be prepared timely and also reconciled to the general ledger cash accounts for all funds. We found during the course of the audit that bank reconciliations were not being reconciled to the general ledger accounts. This reconciliation process will help identify errors or frauds that may have occurred within an account. We recommend the Township make this a standard monthly procedure going forward.

Other Matters:

Accounting in the Tax Fund (Repeat)

The general ledger is the official record keeping system of the Township. The tax fund should be maintained in a manner consistent with treatment for all other funds. It is important that the Treasurer's subsidiary records are reconciled to the tax fund in the general ledger software for accurate record keeping. We recommend that the Treasurer's records, including amounts due to/due from other governmental units, are reconciled to the tax fund within the general ledger on a monthly basis.

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

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants
Caro, Michigan

October 24, 2013