

# *Township of Almont*

**Lapeer County, Michigan**

Audited Financial Report

June 30, 2021

**KING & KING CPAs LLC**

Marlette - Imlay City  
Michigan

**Township of Almont**  
 Annual Financial Report  
 For The Year Ended June 30, 2021

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## **Independent Auditor's Report**

Members of the Township Board  
**Township of Almont**  
Lapeer County, Michigan

### **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**, Michigan as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statement, 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 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 from 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 entity'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 entity'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 opinion.

### **Opinion**

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**, Michigan as of June 30, 2021 and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and major fund budgetary comparison schedule, as identified in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of 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.

### *Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Township of Almont**, Michigan's basic financial statements. The other supplemental information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the basic financial statements as a whole.

*King & King CPAs LLC*

**KING & KING CPAs LLC**  
Imlay City, Michigan

August 23, 2021

# Township of Almont

## Almont, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the **Township of Almont**, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Township's financial statements.

#### Using this Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This long-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current fiscal year and whether the taxpayers have fully funded the cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the fiscal year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### Condensed Financial Information

The following table shows in a condensed format, the net position as of the current fiscal year. Comparative data of the prior audit's net position is included.

	Governmental Activities	
	6/30/2021	6/30/2020
Current Assets	\$ 2,266,249	\$ 2,227,552
Noncurrent Assets	2,611,881	2,696,683
Total Assets	4,878,130	4,924,235
Current Liabilities	203,196	125,111
Noncurrent Liabilities	40,875	-
Total Liabilities	244,071	125,111
Net Position:		
Invested in Capital Assets -		
Net of Related Debt	2,566,465	2,696,683
Restricted	1,132,107	1,057,950
Unrestricted	935,489	1,044,491
Total Net Position	\$ 4,634,061	\$ 4,799,124

# Township of Almont

## Almont, Michigan

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### Condensed Financial Information – Continued

The following table shows the changes of the net position during the current fiscal year:

	<b>Governmental Activities</b>	
	<b>6/30/2021</b>	<b>6/30/2020</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 138,762	\$ 78,248
General Revenues:		
Property Taxes	1,037,563	999,679
State-Shared Revenues	360,424	346,735
Interest Earnings	7,244	33,202
Other Revenues	53,538	39,178
Total Revenues	1,597,531	1,497,042
<b>Program Expenses</b>		
General Government	\$ 355,548	\$ 342,647
Public Safety	867,980	812,468
Public Works	466,913	330,115
Recreation & Culture	16,194	14,700
Interest	1,564	-
Total Program Expenses	1,708,199	1,499,930
<b>Change in Net Position</b>	<b>\$ (110,668)</b>	<b>\$ (2,888)</b>

### The Township as a Whole

- The Township's Governmental Activities net position decreased by \$110,668 this fiscal year. This compares to a net decrease of \$2,888 in the previous fiscal year. The reduction of Change in Net Position was caused by an increase in public works expense for roads and drains. During this fiscal year, the Township paid off a new drain assessment in the amount of \$211,000.
- The Township's primary source of revenue is from property taxes and state-shared revenues, which represent 88% of total revenue.

# **Township of Almont**

## **Almont, Michigan**

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### **The Township's Funds**

Our analysis of the Township's major funds begins on Page 5, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township's major funds for the fiscal year ended June 30, 2021, include the General Fund, Fire Fund and Police Department Fund.

### **General Fund Budgetary Highlights**

The Township made amendments to the budget throughout the year to cover the expenditures incurred in the General Fund.

### **Capital Asset and Debt Administration**

During the fiscal year ended June 30, 2021, the Township finished the process of updating their municipal accounting software to BS&A for \$9,450 and purchased fire rescue equipment for \$28,000. Additional information regarding the Township's capital assets can be found in Note 5 to the financial statements.

The Township did not incur any additional long-term debt during the fiscal year ended June 30, 2021. The Township's only debt is with Lapeer County for Drain-at-large assessments. Additional information regarding the Township's long-term debt can be found in Note 6 to the financial statements.

### **Economic Factors and Next Year's Budget and Rates**

The Township's tax base remained relatively constant. The Township will need to continue to watch the budget very closely in all categories.

### **Contacting the Township**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Township Office in Almont, Michigan by telephone at (810) 798-8521.

# Township of Almont

## Statement of Net Position

June 30, 2021

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 2,138,033
Due From Other Funds	67,091
Accounts Receivable	61,125
Capital Assets (Net of Accumulated Depreciation)	<u>2,611,881</u>
<u>Total Assets</u>	<u>4,878,131</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
<b><u>Liabilities</u></b>	
Accounts Payable	105,913
Accrued Wages	25,650
Due From Other Funds	67,091
Current Portion of Long-Term Debt	4,542
Noncurrent Liabilities:	
Long-Term Debt	<u>40,875</u>
<u>Total Liabilities</u>	<u>244,071</u>
<b><u>Deferred Inflows of Resources</u></b>	
	<u>-</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	2,566,465
Restricted For:	
Scotch Settlement Cemetery	47,890
Public Safety	1,024,063
Building Inspection	60,154
Liquor Law Enforcement	-
Unrestricted	<u>935,489</u>
<u>Total Net Position</u>	<u>\$ 4,634,059</u>

The notes are an integral part of the statements.



**Township of Almont**  
Statement of Activities  
For The Fiscal Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue &amp; Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 355,548	\$ -	\$ -	\$ -	\$ (355,548)
Public Safety	867,980	138,762	-	-	(729,218)
Public Works	466,913	-	-	-	(466,913)
Recreation & Culture	16,194	-	-	-	(16,194)
Interest on Long-Term Debt	1,564	-	-	-	(1,564)
<u>Total Governmental Activities</u>	<u>\$ 1,708,200</u>	<u>\$ 138,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,569,438)</u>
<b>General Revenues:</b>					
Property Taxes & Special Assessments					\$ 1,037,563
State-Shared Revenues					360,424
Interest Earnings					7,244
Other Revenues					53,538
Transfers					-
Total General Revenues, Special Items & Transfers					<u>1,458,769</u>
<b>Change in Net Position</b>					(110,669)
<b><u>Net Position - Beginning of Year</u></b>					<u>4,744,728</u>
<b><u>Net Position - End of Year</u></b>					<u>\$ 4,634,059</u>

The notes are an integral part of the statements.

# Township of Almont

Governmental Funds

Balance Sheet

June 30, 2021

	Major Special Revenue Funds				
	General Fund	Fire Fund	Police Department Fund	Nonmajor Governmental Funds	
<b><u>Assets</u></b>					
Cash & Certificates of Deposit	\$ 831,658	\$ 919,368	\$ 214,642	\$ 172,366	\$ 2,138,033
Accounts Receivable	61,125	-	-	-	61,125
Due From Other Funds	67,048	-	-	44	67,091
	<u>959,830</u>	<u>919,368</u>	<u>214,642</u>	<u>172,410</u>	<u>2,266,249</u>
<b><u>Total Assets</u></b>	<b>\$ 959,830</b>	<b>\$ 919,368</b>	<b>\$ 214,642</b>	<b>\$ 172,410</b>	<b>\$ 2,266,249</b>
<b><u>Liabilities &amp; Fund Equity</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 11,189	\$ 10,994	\$ 33,322	\$ 953	\$ 56,457
Accrued Wages	13,109	2,720	-	9,821	25,650
Performance Deposits Payable	-	-	-	49,456	49,456
Due To Other Funds	44	52,349	10,562	4,137	67,091
	<u>24,342</u>	<u>66,063</u>	<u>43,884</u>	<u>64,366</u>	<u>198,654</u>
<b><u>Total Liabilities</u></b>	<b>24,342</b>	<b>66,063</b>	<b>43,884</b>	<b>64,366</b>	<b>198,654</b>
<b><u>Fund Equity</u></b>					
Fund Balances					
Restricted For:					
Scotch Settlement Cemetery	-	-	-	47,890	47,890
Public Safety	-	853,305	170,758	-	1,024,063
Building Inspection	-	-	-	60,154	60,154
Liquor Law Enforcement	-	-	-	-	-
Unassigned	935,489	-	-	-	935,489
	<u>935,489</u>	<u>853,305</u>	<u>170,758</u>	<u>108,044</u>	<u>2,067,595</u>
<b><u>Total Fund Balances</u></b>	<b>935,489</b>	<b>853,305</b>	<b>170,758</b>	<b>108,044</b>	<b>2,067,595</b>
<b><u>Total Liabilities &amp; Fund Equity</u></b>	<b>\$ 959,830</b>	<b>\$ 919,368</b>	<b>\$ 214,642</b>	<b>\$ 172,410</b>	<b>\$ 2,266,249</b>

The notes are an integral part of the statements.

**Township of Almont**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Position  
For The Fiscal Year Ended June 30, 2021

<b>Total Fund Balances for Governmental Funds</b>	\$ 2,067,595
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Long-term bonds payable are not due and payable in the current period and are not reported in the funds.	(45,417)
Capital assets used in Governmental Activities are not financial resources and are not reported in the funds.	<u>2,611,881</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 4,634,059</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 Fiscal Year Ended June 30, 2021

	<u>Major Special Revenue Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire Fund</u>	<u>Police Department Fund</u>	<u>Nonmajor Governmental Funds</u>	
<b><u>Revenues</u></b>					
Property Taxes	\$ 354,131	\$ 255,087	\$ 428,345	\$ -	\$ 1,037,563
Special Assessments	-	-	-	-	-
Intergovernmental Revenues	360,424	-	-	-	360,424
Charges for Services	8,085	8,653	-	122,023	138,762
Interest Earnings	3,408	3,125	143	568	7,244
Other Revenues	51,276	40	-	2,221	53,538
<b><u>Total Revenues</u></b>	<u>777,324</u>	<u>266,906</u>	<u>428,489</u>	<u>124,813</u>	<u>1,597,531</u>
<b><u>Expenditures</u></b>					
General Government	331,552	-	-	5,050	336,602
Public Safety	51,674	206,945	399,866	106,189	764,674
Public Works	466,913	-	-	-	466,913
Recreation & Culture	16,194	-	-	-	16,194
Capital Outlay	9,450	28,000	-	-	37,450
Debt Service - Principal	8,979	-	-	-	8,979
Debt Service - Interest	1,564	-	-	-	1,564
<b><u>Total Expenditures</u></b>	<u>886,326</u>	<u>234,945</u>	<u>399,866</u>	<u>111,239</u>	<u>1,632,377</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(109,003)	31,960	28,623	13,573	(34,846)
<b><u>Other Financing Sources (Uses)</u></b>					
Operating Transfers In (Out)	-	-	-	-	-
<b>Net Change in Fund Balances</b>	(109,003)	31,960	28,623	13,573	(34,846)
<b><u>Fund Balances - Beginning of Year</u></b>	<u>1,044,491</u>	<u>821,345</u>	<u>142,135</u>	<u>94,470</u>	<u>2,102,441</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 935,489</u>	<u>\$ 853,305</u>	<u>\$ 170,758</u>	<u>\$ 108,044</u>	<u>\$ 2,067,595</u>

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 Fiscal Year Ended June 30, 2021

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(34,846)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>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.</p>		37,450
<p>Governmental Funds report receivables that are collectible within 60 days as revenue. In the Statement of Activities, the revenue is recognized when measurable</p>		-
<p>Repayment of bond principal is an expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces long-term debt).</p>		8,979
<p>Depreciation is an expenditure for the Statement of Activities, but is not reported in the Governmental Funds.</p>		<u>(122,252)</u>
<b>Net Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>(110,669)</u></u></b>

The notes are an integral part of the statements.

**Township of Almont**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position - Custodial Fund  
 June 30, 2021

	<b>Fiduciary Fund Types</b>
	<b>Custodial Fund</b>
	<b>Current Tax Collection Fund</b>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ -
<u>Total Assets</u>	\$ -
<b><u>Liabilities</u></b>	
Due To Other Governments	\$ -
<u>Total Liabilities</u>	\$ -

Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position - Custodial Fund  
 For the Fiscal Year Ended June 30, 2021

	<b>Fiduciary Fund Types</b>
	<b>Custodial Fund</b>
	<b>Current Tax Collection Fund</b>
<b><u>Additions</u></b>	
Tax Collections for Other Governments	\$ 7,160,856
<b><u>Deductions</u></b>	
Tax Collections Disbursed to Other Governments	7,160,856
Change in Net Position	-
Net Position at Beginning of Year	-
Net Position at End of Year	\$ -

The notes are an integral part of the statements.

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**1. Summary of Significant Accounting Policies**

The accounting policies of the **Township of Almont**, Lapeer County, Michigan (the “Township”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the **Township of Almont**, Lapeer County, Michigan.

**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 Financial Statements**

The Government-wide Financial Statements (i.e., the Statement of Net Position 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 separate from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separate 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 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.

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**1. Summary of Significant Accounting Policies - Continued**

Additionally, the Township reports the following fund types:

**Fiduciary Fund Type** – used to account for resources held for the benefit of parties outside the Township:

**Custodial Fund (Current Tax Collection Fund)** - The Current Tax Collection Fund accounts for taxes collected by the Township for other governmental units.

**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 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 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 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 each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The Township's 2020 tax is levied and collectible on July 1, 2020, and is recognized as revenue in the fiscal year ended June 30, 2021, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the Township totaled about \$272 million (a portion of which is captured by the DDA), on which taxes levied consisted of 1.3080 mills for operating purposes and 0.9639 mills for fire protection. This resulted in approximately \$354,000 for operating and \$255,000 for fire protection. These amounts are recognized in the General Fund and Fire Fund financial statements as tax revenue. The Township also has a special assessment for Police Protection which resulted in revenues of approximately \$428,000 which is deposited in the Police Fund.



**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**1. Summary of Significant Accounting Policies - Continued**

**Vacation, Sick Leave and Other Compensated Absences** - The Township does have a contract with its employees that require 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.

**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 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.

**Fund Balance Classification** - In the fund financial statements, governmental funds report nonspendable fund balance for amounts of assets that will not be converted to cash soon enough to affect the current period; restrictions of fund balance for amounts that are legally restricted by outside parties or enabling legislation to use for a specific purpose; committed fund balance for constraints placed on resources by a formal action of the board; and assigned fund balance for constraints placed on resources by the Township's intent to be used for specific purposes.

- For *committed* fund balances, the Township's highest level of decision-making authority is the Board and it takes a Board resolution to establish a fund balance commitment.
- For *assigned* fund balances, the Board can authorize to assign amounts to a specific purpose through a motion.
- The Township's policy is that the restricted amounts are considered to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.
- The Township's policy is if it has *committed*, *assigned*, or *unassigned* fund balance available when it incurs an expenditure it will use the fund balance in the order of committed, assigned and then unassigned.
- The Township does not have a policy with respect to a minimum fund balance.

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**1. Summary of Significant Accounting Policies - *Continued***

**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, the 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.

**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’s 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 fiscal 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 Funds are presented in the required supplemental information.

During the fiscal year ended June 30, 2021, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<b>Total Appropriations</b>	<b>Amount of Expenditures</b>	<b>Budget Variance</b>
<b>Fire Fund</b>			
Public Safety	226,773	234,945	8,172

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

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

	<u>Governmental Activities</u>	<u>Fiduciary - Trust &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	<u>\$ 2,138,033</u>	<u>\$ 0</u>	<u>\$ 2,138,033</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Petty Cash	\$ 250
Bank Deposits (Checking & Savings Accounts, CDs)	<u>2,137,783</u>
Total	<u>\$ 2,138,033</u>

The bank balance of the primary government's deposits is \$ 2,137,783 of which \$2,137,783 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. The Township has a deposit policy for custodial credit risk. At the fiscal year end, the Township had approximately \$0 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. 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 the fiscal year end, there were no investments reported in the basic financial statements.

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**4. Interfund Receivables, Payables and 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:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 607	Cemetery Fund	\$ 607 (1)
General Fund	52,349	Fire Fund	52,349 (1)
General Fund	10,562	Police Fund	10,562 (1)
Building Department Fund	<u>3,574</u>	General Fund	<u>3,574 (1)</u>
Total	<u>\$ 67,092</u>	Total	<u>\$ 67,092</u>

(1) Accumulation of unreimbursed bills and earnings yet to be transferred.

Interfund transfers reported in the Fund Statements are as follows:

NONE

**5. Capital Assets**

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:	\$ 402,275	\$ -	\$ -	\$ 402,275
Capital Assets Being Depreciated:				
Buildings & Improvements	2,279,730	-	-	2,279,730
Machinery & Equipment	2,173,008	37,450	-	2,210,458
Total Capital Assets Being Depreciated	<u>4,452,738</u>	<u>37,450</u>	<u>-</u>	<u>4,490,188</u>
Accumulated Depreciation:				
Buildings & Improvements	687,640	56,723	-	744,363
Machinery & Equipment	1,470,690	65,529	-	1,536,219
Total Accumulated Depreciation	<u>2,158,330</u>	<u>122,252</u>	<u>-</u>	<u>2,280,582</u>
Net Capital Assets Being Depreciated	<u>2,394,429</u>	<u>(84,802)</u>	<u>-</u>	<u>2,209,606</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 2,796,704</u>	<u>\$ (84,802)</u>	<u>\$ -</u>	<u>\$ 2,611,881</u>

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**5. Capital Assets - Continued**

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

<b>Governmental Activities:</b>		
General Government		\$ 18,946
Public Safety		<u>103,306</u>
<b>Total Governmental Activities</b>		<u><u>\$ 122,252</u></u>

**6. Long-Term Debt**

	Interest Rate Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Mortgage & Note Payables					
Lapeer Co. Drain Commission					
Maturing through 2030	3.13%	\$ 54,396	\$ (8,979)	\$ 45,417	\$ 4,542
<b>Total Primary Government</b>		<u>\$ 54,396</u>	<u>\$ (8,979)</u>	<u>\$ 45,417</u>	<u>\$ 4,542</u>

The Lapeer County Drain Commission has made improvements to the following drains and levied multi-year assessments against the Township as follows:

Marshall Drain	(12 Year Assessment through 2030)	3.13% Interest	\$ 45,417
			<u>\$ 45,417</u>

**7. Pension Plan**

The Township does not offer any pension plan.

**8. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

NONE

**9. Comparative Data**

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

**10. Post-Employment Benefits**

The Township does not provide any post-employment benefits.

**Township of Almont**  
Notes to the Financial Statements  
For The Fiscal Year Ended June 30, 2021

**11. 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.

**12. Subsequent Events**

On March 11, 2021, President Biden signed the American Rescue Plan (ARP), a COVID Relief Package that will provide \$350 Billion in aid to state and local governments over the next two years. The Township is eligible to receive the aid in two 50% installments (if applied for). The first payment is anticipated to be sent by the end of the 2021 calendar year, and the second installment will be approximately 1 year later. The total amount eligible to be received by the Township is estimated at \$430,000.

**13. Tax Abatements**

**Industrial Facilities Exemption**

The Township entered into a property tax abatement agreement with multiple businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFE on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2021, the Township abated property tax revenues of less than \$1,000 under this program

**Commercial Rehabilitation Act**

The Township entered into a property tax abatement agreement with one business under the Commercial Rehabilitation Act, PA 210 of 2005, as amended, affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years, as determined by the local unit of government. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC.

For the year ended June 30, 2021, the Township abated property tax revenues of less than \$1,000 under this program

**Required Supplemental Information**

# Township of Almont

Required Supplemental Information

Budgetary Comparison Schedule

General Fund

For The Fiscal Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Property Taxes	\$ 356,357	\$ 356,357	\$ 354,131	\$ (2,226)
Special Assessments	-	-	-	-
State-Shared Revenues	302,928	302,928	360,424	57,496
Charges for Services	6,700	6,700	8,085	1,385
Interest Earnings	3,200	3,200	3,408	208
Other Revenues	12,000	12,000	51,276	39,276
<b>Total Revenues</b>	681,185	681,185	777,324	96,139
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	96,963	96,963	75,886	21,077
Supervisor	35,054	35,054	33,124	1,930
Elections	16,658	18,000	17,799	201
Assessor	52,115	52,115	50,032	2,083
Clerk & Deputy Clerk	65,289	65,289	62,356	2,933
Board of Review	2,000	2,000	1,542	458
Treasurer & Deputy Treasurer	62,362	62,362	48,624	13,738
Building & Grounds	35,000	35,000	30,615	4,385
Cemetery	12,800	12,800	11,575	1,225
<b>Total General Government</b>	378,241	379,583	331,552	48,031
<b>Public Safety</b>				
Inspection Department	10,300	10,300	10,270	30
First Responders	30,647	30,647	20,300	10,347
Ordinance Enforcement	2,500	2,500	431	2,069
Planning Commission	13,265	13,265	9,853	3,412
Street Lights	8,000	11,000	9,658	1,342
Board of Appeals	1,930	1,930	1,161	769
<b>Total Public Safety</b>	66,642	69,642	51,674	17,968
<b>Parks &amp; Recreation</b>	17,550	17,550	16,194	1,356
<b>Public Works - Roads &amp; Drains</b>	325,000	537,600	466,913	70,687
<b>Capital Outlay</b>	10,000	10,000	9,450	550
<b>Debt Service - Principal</b>	10,000	10,000	8,979	1,021
<b>Debt Service - Interest</b>	2,000	2,000	1,564	436
<b>Total Expenditures</b>	809,433	1,026,375	886,326	140,049
<b>Excess of Revenues Over (Under) Expenditures</b>	(128,248)	(345,190)	(109,003)	236,187
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Operating Transfers Over (Under) Expenditures &amp; Operating Transfers Out</b>	(128,248)	(345,190)	(109,003)	236,187
<b>Fund Balance - Beginning of Year</b>	1,044,491	1,044,491	1,044,491	-
<b>Fund Balance - End of Year</b>	\$ 916,243	\$ 699,301	\$ 935,489	\$ 236,187



# Township of Almont

Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Special Revenue Fund - Fire Fund  
 For The Fiscal Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Special Assessments	\$ 262,609	\$ 262,609	\$ 255,087	\$ (7,522)
Charges For Services	-	-	8,653	8,653
Interest Earnings	7,500	7,500	3,125	(4,375)
Other Revenues	-	-	40	40
<b><u>Total Revenues</u></b>	270,109	270,109	266,906	(3,203)
<b>Expenditures</b>				
Administration	61,013	61,013	60,202	811
Operating Expenditures	80,260	80,260	89,869	(9,609)
Other Expenditures	57,500	57,500	56,875	625
Capital Outlay	28,000	28,000	28,000	-
<b><u>Total Expenditures</u></b>	226,773	226,773	234,945	(8,172)
<b>Excess of Revenues Over (Under) Expenditures</b>	43,336	43,336	31,960	(11,376)
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	43,336	43,336	31,960	(11,376)
<b><u>Fund Balance - Beginning of Year</u></b>	821,345	821,345	821,345	-
<b><u>Fund Balance - End of Year</u></b>	\$ 864,681	\$ 864,681	\$ 853,305	\$ (11,376)

# Township of Almont

Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Special Revenue Fund - Police Department Fund  
 For The Fiscal Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Special Assessments	\$ 430,066	\$ 430,066	\$ 428,345	\$ (1,721)
Interest Earnings	-	-	143	143
Other Income	-	-	-	-
<b><u>Total Revenues</u></b>	430,066	430,066	428,489	(1,577)
<b><u>Expenditures</u></b>				
Contractual Services	399,866	399,866	399,866	-
<b><u>Total Expenditures</u></b>	399,866	399,866	399,866	-
<b>Excess of Revenues Over (Under) Expenditures</b>	30,200	30,200	28,623	(1,577)
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	30,200	30,200	28,623	(1,577)
<b><u>Fund Balances - Beginning of Year</u></b>	142,135	142,135	142,135	-
<b><u>Fund Balances - End of year</u></b>	\$ 172,335	\$ 172,335	\$ 170,758	\$ (1,577)

**Other Supplemental Information**

# Township of Almont

Other Supplemental Information  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2021

	<b>Scotch Settlement Cemetery Fund</b>	<b>Building Department Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b><u>Assets</u></b>			
Cash & Cash Equivalents	\$ 48,497	\$ 123,869	\$ 172,366
Due From Other Funds	-	44	44
<u>Total Assets &amp; Deferred Outflows</u>	<u>\$ 48,497</u>	<u>\$ 123,913</u>	<u>\$ 172,410</u>
<b><u>Liabilities &amp; Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ -	\$ 953	\$ 953
Accrued Wages	-	9,821	9,821
Performance Deposits Payable	-	49,456	49,456
Due To Other Funds	607	3,530	4,137
<u>Total Liabilities</u>	<u>607</u>	<u>63,759</u>	<u>64,366</u>
<b><u>Fund Balances</u></b>			
Restricted For:			
Scotch Settlement Cemetery	47,890	-	47,890
Building Department	-	60,154	60,154
Liquor Law Enforcement	-	-	-
<u>Total Liabilities &amp; Fund Balances</u>	<u>\$ 48,497</u>	<u>\$ 123,913</u>	<u>\$ 172,410</u>

**Township of Almont**  
 Other Supplemental Information  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For The Fiscal Year Ended June 30, 2021

	<b>Scotch Settlement Cemetery Fund</b>	<b>Building Department Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>Revenues</u></b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
Cemetery Sales & Fees	1,000	-	1,000
Permit & Inspection Fees	-	121,023	121,023
Interest Earnings	247	321	568
Other Revenues	-	2,221	2,221
<b><u>Total Revenues</u></b>	<b><u>1,247</u></b>	<b><u>123,566</u></b>	<b><u>124,813</u></b>
<b><u>Expenditures</u></b>			
General Government	5,050	-	5,050
Public Safety	-	106,189	106,189
Capital Outlay	-	-	-
<b><u>Total Expenditures</u></b>	<b><u>5,050</u></b>	<b><u>106,189</u></b>	<b><u>111,239</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,803)</b>	<b>17,377</b>	<b>13,573</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In (Out)	-	-	-
<b>Net Change in Fund Balances</b>	<b>(3,803)</b>	<b>17,377</b>	<b>13,573</b>
<b><u>Fund Balances - Beginning of Year</u></b>	<b><u>51,693</u></b>	<b><u>42,777</u></b>	<b><u>94,470</u></b>
<b><u>Fund Balances - End of Year</u></b>	<b><u>\$ 47,890</u></b>	<b><u>\$ 60,154</u></b>	<b><u>\$ 108,044</u></b>

# KING & KING CPAs LLC

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Fax 810-519-1332

August 23, 2021

**Township of Almont**  
819 N. Main Street  
Almont, MI 48003

To the Members of the Board:

In planning and performing our audit of the financial statements of the government activities, each major fund and the aggregate remaining fund information, as of and for the fiscal year ended June 30, 2021, 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit'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 and therefore, there can be no assurance that all deficiencies or material weaknesses 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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; however, material weaknesses may exist that we have not identified.

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 deficiency in the Township's internal control to be a significant deficiency:

**Segregation of Duties** – 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 to maintain the best control possible. We recommend the Township segregate duties whenever possible.

This information is intended solely for the information and use of management, **Township of Almont**, and others within the organization and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,

*King & King CPAs LLC*

**KING & KING CPAs LLC**  
Imlay City, Michigan

# KING & KING CPAs LLC

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August 23, 2021

**Township of Almont**  
819 N. Main Street  
Almont, MI 48003

To the Members of the Board:

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 fiscal year ended June 30, 2021, and have issued our report thereon dated August 23, 2021. 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 May 12, 2020, 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 auditing standards. Our audit of the financial statements does not relieve you or management of your responsibilities.

## **Planned Scope and Timing of the Audit**

We 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 our engagement letter, we will advise management about the appropriateness of auditing standards 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 fiscal year ended June 30, 2021. We 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*

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

# KING & KING CPAs LLC

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## **Audit Adjustments (Corrected and Uncorrected Misstatements)**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly 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, 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 August 23, 2021.

### *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 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.

### *Restriction on Use*

This information 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, nor should it be used by anyone other than these specified parties.

Sincerely,

*King & King CPAs LLC*

**KING & KING CPAs LLC**  
Imlay City, Michigan