

**ALBERT TOWNSHIP
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

September 12, 2013

Township Board
Albert Township
Lewiston, Michigan 49756

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Albert Township as of and for the year ended March 31, 2013, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Albert Township as of March 31, 2013 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 21 through 23 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. I 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 of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Albert Township's basic financial statements. Other supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 12, 2013, on my consideration of Albert Township's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albert Township's internal control over financial reporting and compliance.



THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ALBERT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

THE TOWNSHIP AS A WHOLE

The Township's combined net position decreased 4.52% from a year ago – decreasing by \$112,985.

The slight increase in overall Township tax revenues is the result of taxable value decreases and a swamp tax increase. Taxable value in 2011 was 152.5 million while in 2012 it was \$151.9 million. The business type activity experienced an \$18,831 decrease in net position.

In a condensed format, the table below shows a calculation of the net position as of the current balance sheet date.

	<u>03/31/2013</u>		<u>03/31/2012</u>		<u>03/31/2013</u>	<u>03/31/2012</u>
	<u>Governmental Activities</u>	<u>Business Type Activity</u>	<u>Governmental Activities</u>	<u>Business Type Activity</u>	<u>Total</u>	<u>Total</u>
Current Assets	\$ 1,123,771	\$ (4,549)	\$ 1,223,799	\$ 20	\$ 1,119,222	\$ 1,219,250
Noncurrent Assets	<u>1,287,860</u>	<u>197,974</u>	<u>1,314,306</u>	<u>212,655</u>	<u>1,485,834</u>	<u>1,512,280</u>
Total Assets	<u>2,411,631</u>	<u>193,425</u>	<u>2,538,105</u>	<u>212,675</u>	<u>2,605,056</u>	<u>2,731,530</u>
Current Liabilities	<u>25,591</u>	<u>50</u>	<u>39,080</u>	<u>469</u>	<u>25,641</u>	<u>39,130</u>
Total Liabilities	<u>25,591</u>	<u>50</u>	<u>39,080</u>	<u>469</u>	<u>25,641</u>	<u>39,130</u>
Net Assets						
Net Capital Assets	1,287,860	197,974	1,314,306	212,655	1,485,834	1,512,280
Restricted	595,681	-	618,922	-	595,681	618,922
Unrestricted	<u>502,499</u>	<u>(4,599)</u>	<u>565,797</u>	<u>(449)</u>	<u>497,900</u>	<u>561,198</u>
Total Net Position	<u>\$ 2,386,040</u>	<u>\$ 193,375</u>	<u>\$ 2,499,025</u>	<u>\$ 212,206</u>	<u>\$ 2,579,415</u>	<u>\$ 2,692,400</u>

Unrestricted net position – the part of net position that can be used to finance day to day operations ended the year at \$502,499, down \$63,298 from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net position as of the current year.

	<u>03/31/2013</u>		<u>03/31/2012</u>		<u>03/31/2013</u>	<u>03/31/2012</u>
	Governmental Activities	Business Type Activity	Governmental Activities	Business Type Activity	Total	Total
Program Revenues						
Charges for Services	\$ 246,230	\$ 5,830	\$ 262,113	\$ 4,769	\$ 252,060	\$ 267,943
Operating Grants and contributions	19,255	-	6,423	-	19,255	6,423
Capital Grants and contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	494,735	-	490,512	-	494,735	490,512
State Shared Revenues	184,184	-	173,261	-	184,184	173,261
Unrestricted Investment Earnings / Other Revenue	29,563	-	40,337	-	29,563	40,337
Total Revenues	<u>973,967</u>	<u>5,830</u>	<u>972,646</u>	<u>4,769</u>	<u>979,797</u>	<u>978,476</u>
Program Expenses						
General government	360,207	-	335,995	-	360,207	335,995
Public Safety	590,465	-	584,113	-	590,465	584,113
Public Works	110,043	24,661	173,987	24,881	134,704	198,648
Recreation and Culture	26,237	-	17,362	-	26,237	17,362
Total Expenses	<u>1,086,952</u>	<u>24,661</u>	<u>1,111,457</u>	<u>24,881</u>	<u>1,111,613</u>	<u>1,136,118</u>
Transfers	-	-	(3,000)	3,000	-	(3,000)
Change in Net Position	<u>\$ (112,985)</u>	<u>\$ (18,831)</u>	<u>\$ (141,811)</u>	<u>\$ (17,112)</u>	<u>\$ (131,816)</u>	<u>\$ (157,642)</u>

The Township's net position continues to remain healthy. The total revenues increased slightly while we were able to hold expenses with a decrease of \$24,505.

GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$973,967 which was an increase of \$1,321.

Expenditures decreased for the year by \$24,505, which was due to overall decreases in expenses. During the fiscal year capital expenditures included new computers for \$3,476 fireproof files for \$6,798, assessing and zoning software for \$17,025, flooring for \$11,238, mowers for \$22,000 and power cots for \$11,600.

BUSINESS TYPE ACTIVITY

The Township's only business type activity is a water system which provides water to only customers in the downtown area of Lewiston. This activity relies heavily on the general fund for financial support if large capital improvements are needed. It showed a decrease in net position of \$18,831 for the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for 2012/13 include the General Fund, Fire and Ambulance Fund, and Road Fund. The other fund is the Metro Act Fund.

The General Fund pays for most of the Township's governmental services, except for fire and ambulance services that are paid for by the Fire and Ambulance Fund. The most significant services in terms of costs incurred are assessing and transfer site which are paid by the General Fund and fire and ambulance services paid by the Fire and Ambulance Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township Board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund budget decreased in total. The fire and ambulance fund budget also did not change.

CAPITAL ASSET AND DEBT ADMINISTRATION

At March 31, 2013 the Township had \$1,287,860 invested in net capital assets in a broad range of capital assets, including buildings, equipment and fire equipment, and water system. The road asset is not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

The Township has no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's budget for 2013/14 General Fund calls for the allocated millage to continue. The Fire and Ambulance Fund extra voted millage will also continue with a slight rollback. Both millages reflect an increase in revenue due to the increase in Taxable Value.

Expenditures decreased for the year by approximately \$24,505.

The Lewiston Downtown Development Authority was created effective September 20, 2010.

There is continued reduction in the General Fund revenues due to the State not paying Statutory Revenue Sharing.

Expenditures will increase as improvements, repairs, and maintenance are conducted at the township parks and buildings. We expect the completion of the master plan to occur in 2013/14.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the supervisor's office at (989) 786-2513 or visit the Township offices located in Lewiston, Michigan.

**ALBERT TOWNSHIP
STATEMENT OF NET POSITION
MARCH 31, 2013**

	Governmental Activities	Business Type Activities	Total	Component Unit - DDA
ASSETS				
Cash demand, time deposits, and investments	\$ 1,072,827	\$ (4,549)	\$ 1,068,278	\$ 29,284
Receivables				
Taxes	36,446	-	36,446	-
Administration Fee	3,322	-	3,322	-
Accounts	10,805	-	10,805	-
Other	371	-	371	-
Capital assets				
Land	64,700	-	64,700	-
Other capital assets, net of depreciation	<u>1,223,160</u>	<u>197,974</u>	<u>1,421,134</u>	<u>-</u>
TOTAL ASSETS	<u>2,411,631</u>	<u>193,425</u>	<u>2,605,056</u>	<u>29,284</u>
LIABILITIES				
Accounts payable	-	-	-	-
Due to Other Governments	-	-	-	-
Accrued liabilities	<u>25,591</u>	<u>50</u>	<u>25,641</u>	<u>-</u>
Total Liabilities	<u>25,591</u>	<u>50</u>	<u>25,641</u>	<u>-</u>
NET POSITION				
Invested in Capital Assets	1,287,860	197,974	1,485,834	-
Restricted for:				
Road Fund	240,288	-	240,288	-
Fire and Ambulance Fund	336,052	-	336,052	-
Metro Act Fund	19,341	-	19,341	-
Downtown Development Authority	-	-	-	29,284
Unrestricted	<u>502,499</u>	<u>(4,599)</u>	<u>497,900</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 2,386,040</u>	<u>\$ 193,375</u>	<u>\$ 2,579,415</u>	<u>\$ 29,284</u>

See Notes to Financial Statements

**ALBERT TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2013**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Primary Government					
Governmental Activities					
General Government	\$ 360,207	\$ 80,376	\$ -	\$ -	\$ (279,831)
Public Safety	590,465	97,218	14,691	-	(478,556)
Public Works	110,043	68,636	4,564	-	(36,843)
Recreation and Culture	<u>26,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,237)</u>
Total Governmental Activities	<u>1,086,952</u>	<u>246,230</u>	<u>19,255</u>	<u>-</u>	<u>(821,467)</u>
Business Type Activity					
Water Fund	<u>24,661</u>	<u>5,830</u>	<u>-</u>	<u>-</u>	<u>(18,831)</u>
Total Primary Government	<u>\$ 1,111,613</u>	<u>\$ 252,060</u>	<u>\$ 19,255</u>	<u>\$ -</u>	<u>(840,298)</u>
Component Unit					
Downtown Development Authority	<u>\$ 28,276</u>	<u>\$ -</u>	<u>\$ 33,117</u>	<u>\$ -</u>	<u>4,841</u>
		Governmental Activities	Business Type Activities	Total	Component Unit - DDA
Net (expense) revenue		<u>\$ (821,467)</u>	<u>\$ (18,831)</u>	<u>\$ (840,298)</u>	<u>\$ 4,841</u>
General revenues:					
Taxes:					
Property taxes levied for general operating/swamp tax		131,242	-	131,242	-
Property taxes levied for fire & ambulance		287,771	-	287,771	-
Property taxes levied for roads		75,722	-	75,722	-
State Revenue Sharing not restricted to specific purposes		184,184	-	184,184	-
Interest and royalty earnings		19,068	-	19,068	33
Other revenue		10,495	-	10,495	-
Transfers		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and taxes		<u>708,482</u>	<u>-</u>	<u>708,482</u>	<u>33</u>
Change in Net Position		<u>(112,985)</u>	<u>(18,831)</u>	<u>(131,816)</u>	<u>4,874</u>
Net Position, beginning of year		<u>2,499,025</u>	<u>212,206</u>	<u>2,711,231</u>	<u>-</u>
Net Position, end of year		<u>\$ 2,386,040</u>	<u>\$ 193,375</u>	<u>\$ 2,579,415</u>	<u>\$ 4,874</u>

See Notes to Financial Statements

**ALBERT TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2013**

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD	NON- MAJOR METRO ACT	TOTAL
ASSETS					
Cash and Investments	\$ 506,172	\$ 312,944	\$ 234,370	\$ 19,341	\$ 1,072,827
Receivables					
Taxes	8,037	22,491	5,918	-	36,446
Administration Fee	3,322	-	-	-	3,322
Ambulance	-	10,805	-	-	10,805
Other	-	371	-	-	371
Due From Other Funds	623	-	-	-	623
Prepaid Expenses	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-
TOTAL ASSETS	<u>\$ 518,154</u>	<u>\$ 346,611</u>	<u>\$ 240,288</u>	<u>\$ 19,341</u>	<u>\$ 1,124,394</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	-	-	-	-	-
Due to Other Funds	-	623	-	-	623
Due to Other Governments	-	-	-	-	-
Accrued Liabilities	6,568	9,936	-	-	16,504
TOTAL LIABILITIES	<u>6,568</u>	<u>10,559</u>	<u>-</u>	<u>-</u>	<u>17,127</u>
FUND BALANCES					
Restricted for Fire and Ambulance	-	336,052	-	-	336,052
Restricted for Roads/Right of Ways	-	-	240,288	19,341	259,629
Unassigned	511,586	-	-	-	511,586
TOTAL FUND BALANCES	<u>511,586</u>	<u>336,052</u>	<u>240,288</u>	<u>19,341</u>	<u>1,107,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 518,154</u>	<u>\$ 346,611</u>	<u>\$ 240,288</u>	<u>\$ 19,341</u>	<u>\$ 1,124,394</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
MARCH 31, 2013

Fund Balances - Total Governmental Funds	\$ 1,107,267
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	
Capital Assets - at Cost	2,821,904
Accumulated Depreciation	(1,534,044)
Accrued personal leave is not included as a liability in the governmental funds	<u>(9,087)</u>
Net Position of Governmental Activities	<u>\$ 2,386,040</u>

See Notes to Financial Statements

**ALBERT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2013**

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD	NON- MAJOR METRO ACT	TOTAL
REVENUES					
Taxes	\$ 131,242	\$ 287,771	\$ 75,722	\$ -	\$ 494,735
Federal Sources	-	-	-	-	-
State Sources	184,184	1,484	-	4,564	190,232
Other Governments	13,207	-	-	-	13,207
Charges for Services	99,359	97,218	-	-	196,577
Interest Income / Royalty Income	13,222	3,013	2,833	-	19,068
Administration Fee	49,653	-	-	-	49,653
Other Revenue	9,366	1,129	-	-	10,495
TOTAL REVENUES	<u>500,233</u>	<u>390,615</u>	<u>78,555</u>	<u>4,564</u>	<u>973,967</u>
EXPENDITURES					
General Government	343,373	-	-	-	343,373
Public Safety	64,251	448,652	-	-	512,903
Public Works	72,156	-	30,168	4,874	107,198
Recreation & Culture	16,879	-	-	-	16,879
Capital Outlay	64,692	13,281	-	-	77,973
TOTAL EXPENDITURES	<u>561,351</u>	<u>461,933</u>	<u>30,168</u>	<u>4,874</u>	<u>1,058,326</u>
REVENUES OVER (UNDER) EXPENDITURES	(61,118)	(71,318)	48,387	(310)	(84,359)
OTHER FINANCING SOURCES (USES)					
Operating Transfers Out	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(61,118)	(71,318)	48,387	(310)	(84,359)
FUND BALANCES, BEGINNING OF YEAR	<u>572,704</u>	<u>407,370</u>	<u>191,901</u>	<u>19,651</u>	<u>1,191,626</u>
FUND BALANCES, END OF YEAR	<u>\$ 511,586</u>	<u>\$ 336,052</u>	<u>\$ 240,288</u>	<u>\$ 19,341</u>	<u>\$ 1,107,267</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED MARCH 31, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	(84,359)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Add - Capital Outlay		77,973
Deduct - Depreciation Expense		(114,419)
(Increase) Decrease in Accrued Personal Leave		<u>(2,180)</u>
Change in Net Position of Governmental Funds	\$	<u>(122,985)</u>

See Notes to Financial Statements

**ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 MARCH 31, 2013**

	ENTERPRISE FUND
	WATER
ASSETS	
Current Assets	
Cash and Investments	\$ (4,549)
Capital Assets	
Water System - Cost Net of Depreciation	197,974
TOTAL ASSETS	193,425
 LIABILITIES	
Accounts Payable	-
Accrued Liabilities	50
TOTAL LIABILITIES, ALL CURRENT	50
 NET POSITION	
Invested in capital assets	197,974
Unrestricted net position	(4,599)
TOTAL NET POSITION	\$ 193,375

See Notes to Financial Statements

**ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 MARCH 31, 2013**

	ENTERPRISE FUND
	WATER
OPERATING REVENUES	
Charges for Services	\$ 5,830
TOTAL OPERATING REVENUES	5,830
OPERATING EXPENSES	
Wages & Fringe Benefits	2,905
Supplies	842
Services	6,234
Depreciation Expense	14,680
TOTAL OPERATING EXPENSES	24,661
INCOME BEFORE OPERATING TRANSFERS AND OTHER REVENUE	(18,831)
OTHER REVENUE AND TRANSFERS	
Transfer From Other Funds	-
TOTAL TRANSFERS	-
NET INCOME (LOSS)	(18,831)
NET POSITION, BEGINNING OF YEAR	212,206
NET POSITION, END OF YEAR	\$ 193,375

See Notes to Financial Statements

**ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2013**

	ENTERPRISE FUND
	WATER
Cash Flows from Operating Activities:	
Cash received from customers	\$ 5,830
Cash payments for wages and fringe benefits	(2,992)
Cash payments for goods and services	<u>(7,407)</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,569)</u>
Cash Flows from Non Capital Financing Activities:	
Transfers from other funds	<u>-</u>
Net Cash Provided by Non Capital Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,569)
Cash and Cash Equivalents, Beginning of Year	<u>20</u>
Cash and Cash Equivalents, End of Year	<u>\$ (4,549)</u>
Operating Income (Loss)	\$ (18,831)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	14,680
Increase (Decrease) in Accounts Payable	(331)
Increase (Decrease) in Accrued Liabilities	<u>(88)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,570)</u>

See Notes to Financial Statements

**ALBERT TOWNSHIP
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
MARCH 31, 2013**

ASSETS

Cash \$ 11,211

TOTAL ASSETS \$ 11,211

LIABILITIES

Due to Other Governmental Units \$ 11,211

TOTAL LIABILITIES \$ 11,211

See Notes to Financial Statements

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The General Law Township is located in Montmorency County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, ambulance service, voter registration, maintenance of township facilities, planning and zoning, and water.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. The component unit discussed below is included in the Township's reporting entity because of its operational or financial relationship with the Township.

Discretely Presented Component Unit – The component unit columns in the government-wide financial statements include the financial data of the township's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Township. The component unit is described as follows:

Lewiston Downtown Development Authority (DDA) – The Township Board appoints the members of the governing board of the DDA. The Township also has the ability to significantly influence operations of the DDA.

TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS

The township-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

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. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

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

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Township-Wide Financial Statements - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township 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, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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 Township, except those required to be accounted for in another fund.

Fire and Ambulance Fund – This is a special revenue fund used to record revenue and expenditures related to the fire and ambulance department activities.

Road Fund – This is a special revenue fund used to record the proceeds from tax levies and to record the expenditures for road improvements.

The Township reports only one business type activity fund, the Water Fund, which is an enterprise fund and is reported as a major fund.

Additionally, the Township reports the following governmental fund as non major funds: Special Revenue Metro Act Fund.

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

ASSETS, LIABILITIES, AND NET POSITION AND EQUITY

Cash and Investments – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Fire trucks and other vehicles	7-15 years
Furniture and other equipment	2-20 years

Long-Term Obligations – In the Township-wide financial statements long-term debt and other long-term obligations would be reported as liabilities in the statement of net position. Albert Township has no long term debt.

BUDGETS AND BUDGETARY ACCOUNTING

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal year, and a new budget is adopted for the ensuing year. The budget for Albert Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 2– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

Excess Expenditures Over Appropriations in Budgeted Funds - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas. The following items exceeded budgeted amounts:

	Total Budget	Amount of Expenditures	Budget Variance
General Fund:			
Township Board	\$ 112,582	\$ 112,634	\$ (52)
Treasurer	\$ 32,492	\$ 33,138	\$ (646)
Assessor	\$ 43,421	\$ 43,426	\$ (5)
Special Revenue Fund:			
Fire and Ambulance Fund			
Fringes	\$ 64,644	\$ 66,745	\$ (2,101)

Overall expenditures did not exceed the budgeted totals.

NOTE 3 - CASH AND INVESTMENTS

The captions on the combined balance sheet related to cash and investments are as follows:

	Imprest	Cert of Dep	Cash/checking and Savings	Total
Government Activities	\$ 250	\$ 526,244	\$ 571,068	\$ 1,097,562
Agency Funds	-	-0-	11,206	11,206
	<u>\$ 250</u>	<u>\$ 526,244</u>	<u>\$ 582,274</u>	<u>\$ 1,108,768</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$1,108,518 and the bank balance was \$1,125,516 was classified as to risk as follows.

Insured	\$ 920,432
Uninsured – Uncollateralized	188,086
	<u>\$ 1,108,518</u>

Investments – Act 21, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, bills, and other direct obligations of the United States or its agencies.

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Interest Rate Risk

The Township has not adopted a policy that indicates how 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 limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

The Township has not adopted a policy that indicates how 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, however a good diversification has occurred.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

NOTE 4 - RISK MANAGEMENT

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Albert Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the Township's governmental activities for the current year was as follows:

GOVERNMENTAL FUNDS	<u>March 31, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>March 31, 2013</u>
Capital assets not being depreciated:				
Land	\$ 64,700		\$ -	\$ 64,700
Capital assets being depreciated:				
Building and building improvements	907,489	12,338	-	919,827
Equipment and vehicles	<u>1,771,742</u>	<u>65,635</u>	-	<u>1,837,377</u>
Subtotal	<u>2,679,231</u>	<u>77,973</u>	-	<u>2,757,204</u>
Accumulated depreciation	<u>1,429,625</u>	<u>104,419</u>	-	<u>1,534,044</u>
Net capital assets being depreciated	<u>1,249,606</u>	<u>(26,446)</u>	-	<u>1,223,160</u>
Net governmental capital assets	<u>\$ 1,314,306</u>	<u>\$ (26,446)</u>	<u>\$ -</u>	<u>\$ 1,287,860</u>

Capital asset activity of the business type activities for the current year was as follows:

	<u>March 31, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>March 31, 2013</u>
Capital assets being depreciated:				
Building and building improvements	\$ 35,101	\$ -	\$ -	\$ 35,101
Equipment and vehicles	<u>333,308</u>	-	-	<u>333,308</u>
Subtotal	<u>368,409</u>	-	-	<u>368,409</u>
Accumulated depreciation	<u>155,755</u>	<u>14,680</u>	-	<u>170,435</u>
Net capital assets	<u>\$ 212,654</u>	<u>\$ (14,680)</u>	<u>\$ -</u>	<u>\$ 197,974</u>

Depreciation expense was charged to activities of the Township as follows:

Governmental Activities:	
General Government	\$ 16,507
Public Safety	75,709
Public Works	2,845
Recreation and Culture	<u>9,358</u>
Total	<u>\$ 104,419</u>
Business Type Activities:	
Water Fund	<u>\$ 14,680</u>
Total	<u>\$ 119,099</u>

**ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 6 – COMPENSATED ABSENCES

The Township's personnel policy provides for the payment of vacation and sick time. This accumulates up to 168 hours for township employees and 192 hours for fire and ambulance employees (24 days). Compensated absences totaled \$9,087 at March 31, 2013.

NOTE 7 – FUND BALANCE

Beginning with fiscal year 2011-12, the Township implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the classifications of fund balance:

Nonspendable – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes determined by a formal action by Board Resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (Board Resolution) that was employed when the funds were initially committed.

Assigned – Includes amounts a government 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 – Includes amounts that are available for any purpose. Positive amounts are only reported in the General Fund.

Restricted resources are used first when an expense is incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first from committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

REQUIRED SUPPLEMENTARY INFORMATION

**ALBERT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 120,380	\$ 120,380	\$ 131,242	\$ 10,862
Federal Sources	-	-	-	-
State Sources	175,000	175,000	184,184	9,184
Other Governments	12,750	12,750	13,207	457
Charges for Services	88,143	88,143	99,359	11,216
Interest Income / Royalty Income	11,400	11,400	13,222	1,822
Administration Fee	48,200	48,200	49,653	1,453
Other	<u>3,874</u>	<u>3,874</u>	<u>9,366</u>	<u>5,492</u>
TOTAL REVENUES	<u>459,747</u>	<u>459,747</u>	<u>500,233</u>	<u>40,486</u>
EXPENDITURES				
General Government:				
Township Board	95,875	112,582	112,634	(52)
Supervisor	14,866	13,666	13,617	49
Clerk	28,595	24,095	24,092	3
Board of Review	1,758	1,538	1,530	8
Board of Appeals	2,320	2,514	2,513	1
Treasurer	38,017	32,492	33,138	(646)
Assessor	40,691	43,421	43,426	(5)
Election	14,525	10,125	9,730	395
Township Hall	70,726	86,079	79,002	7,077
Attorney	12,000	11,100	9,962	1,138
Township Garage	3,900	4,300	4,283	17
Cemetery	<u>12,856</u>	<u>9,467</u>	<u>9,446</u>	<u>21</u>
Total General Government	<u>336,129</u>	<u>351,379</u>	<u>343,373</u>	<u>8,006</u>
Public Safety:				
Police	800	800	523	277
Planning and Zoning	<u>62,039</u>	<u>66,819</u>	<u>63,728</u>	<u>3,091</u>
Total Public Safety	<u>62,839</u>	<u>67,619</u>	<u>64,251</u>	<u>3,368</u>
Public Works				
Transfer Site	<u>73,038</u>	<u>74,238</u>	<u>72,156</u>	<u>2,082</u>
Total Public Works	<u>73,038</u>	<u>74,238</u>	<u>72,156</u>	<u>2,082</u>

**ALBERT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES (CONTINUED)				
Recreation & Culture:				
Parks	\$ 11,608	\$ 16,408	\$ 16,272	\$ 136
Chamber of Commerce	435	435	84	351
Library	<u>860</u>	<u>860</u>	<u>523</u>	<u>337</u>
Total Recreation & Culture	<u>12,903</u>	<u>17,703</u>	<u>16,879</u>	<u>824</u>
Capital Outlay:				
Capital Outlay	<u>90,100</u>	<u>90,100</u>	<u>64,692</u>	<u>25,408</u>
Total Capital Outlay	<u>90,100</u>	<u>90,100</u>	<u>64,692</u>	<u>25,408</u>
TOTAL EXPENDITURES	<u>575,009</u>	<u>601,039</u>	<u>561,351</u>	<u>39,688</u>
REVENUES OVER (UNDER) EXPENDITURES	(115,262)	(141,292)	(61,118)	80,174
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(125,262)	(141,292)	(61,118)	80,174
FUND BALANCES, BEGINNING OF YEAR	<u>543,642</u>	<u>572,704</u>	<u>572,704</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 418,380</u>	<u>\$ 431,412</u>	<u>\$ 511,586</u>	<u>\$ 80,174</u>

**ALBERT TOWNSHIP
FIRE & AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 296,610	\$ 296,610	\$ 287,771	\$ (8,839)
Intergovernmental Revenue				
Federal	-	-	-	-
State	1,550	1,550	1,484	(66)
Other Local Units	-	-	-	-
Charges for Services	105,000	105,000	97,218	(7,782)
Interest	4,500	4,500	3,013	(1,487)
Other Revenue	<u>4,525</u>	<u>4,525</u>	<u>1,129</u>	<u>(3,396)</u>
 TOTAL REVENUES	 <u>412,185</u>	 <u>412,185</u>	 <u>390,615</u>	 <u>(21,570)</u>
 EXPENDITURES				
Public Safety				
Wages	293,900	294,400	286,207	8,193
Fringes	70,047	64,644	66,745	(2,101)
Supplies	30,350	30,350	29,752	598
Contractual Services	61,195	61,045	56,025	5,020
Utilities	11,900	11,900	9,923	1,977
Capital Outlay	<u>41,875</u>	<u>41,875</u>	<u>13,281</u>	<u>28,594</u>
 TOTAL EXPENDITURES	 <u>509,267</u>	 <u>504,214</u>	 <u>461,933</u>	 <u>42,281</u>
 REVENUES OVER (UNDER) EXPENDITURES	 (97,082)	 (92,029)	 (71,318)	 20,711
 FUND BALANCES, BEGINNING OF YEAR	 <u>362,382</u>	 <u>407,370</u>	 <u>407,370</u>	 <u>-</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 265,300</u>	 <u>\$ 315,341</u>	 <u>\$ 336,052</u>	 <u>\$ 20,711</u>

**ALBERT TOWNSHIP
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES				
Taxes	\$ 77,000	\$ 77,000	\$ 75,722	\$ (1,278)
Interest	1,000	1,000	2,833	1,833
Other Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>78,000</u>	<u>78,000</u>	<u>78,555</u>	<u>555</u>
EXPENDITURES				
Public Works	<u>118,850</u>	<u>118,850</u>	<u>30,168</u>	<u>88,682</u>
TOTAL EXPENDITURES	<u>118,850</u>	<u>118,850</u>	<u>30,168</u>	<u>88,682</u>
REVENUES OVER (UNDER) EXPENDITURES	(40,850)	(40,850)	48,387	89,237
FUND BALANCES, BEGINNING OF YEAR	<u>246,619</u>	<u>191,901</u>	<u>191,901</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 205,769</u>	<u>\$ 151,051</u>	<u>\$ 240,288</u>	<u>\$ 89,237</u>

SUPPLEMENTARY INFORMATION

**ALBERT TOWNSHIP
COMPONENT UNIT
LEWISTON DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
MARCH 31, 2013**

ASSETS

Cash	\$ <u>29,284</u>
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TOTAL ASSETS	<u>\$ 29,284</u>
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FUND BALANCE

Unreserved	\$ <u>29,284</u>
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See Notes to Financial Statements

ALBERT TOWNSHIP
COMPONENT UNIT
LEWISTON DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2013

	<u>Downtown Development Authority</u>
REVENUES	
Contributions	\$ 33,077
Interest	<u>40</u>
TOTAL REVENUES	<u>33,117</u>
EXPENDITURES	
Contractual Services	<u>28,276</u>
TOTAL EXPENDITURES	<u>28,276</u>
REVENUES OVER (UNDER) EXPENDITURES	4,841
FUND BALANCES, BEGINNING OF YEAR	<u>24,443</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 29,284</u></u>

See Notes to Financial Statements



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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LEWISTON, MICHIGAN 49756
TELEPHONE: (989) 786-4032
FAX: (989) 786-4032

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

September 12, 2013

Township Board
Albert Township
Lewiston, Michigan 49756

To Albert Township Board:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Albert Township as of and for the year ended March 31, 2013 and the related notes to the financial statements, which collectively comprise the Albert Township's basic financial statements, and have issued my report thereon dated September 12, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Albert Township's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Albert Township's internal control. Accordingly, I do not express an opinion on the effectiveness of Albert Township's internal control.

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 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. 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described below that I consider to be a significant deficiency.

Establishment and maintenance of internal control over the financial reporting process requires management to prepare annual financial statements in accordance with GASB Statement Number 34. The Township's auditor prepares these statements.

Compliance and Other Matters

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

Albert Township's Response to Findings

Albert Township's response to the finding identified in my audit was: It is not economically feasible to prepare their own financial statements at this time.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas R. Zick CPA, P.C.
Certified Public Accountant



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REPORT TO MANAGEMENT / TOWNSHIP BOARD

September 12, 2013

Township Board
Albert Township
Lewiston, Michigan 49756

I have audited the financial statements of Albert Township for the year ended March 31, 2013, and have issued my reports thereon dated September 12, 2013. Professional standards require that I provide you with the following information related to my audit.

My Responsibility Under U.S. Generally Accepted Auditing Standards

My responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

In planning and performing my audit, I considered Albert Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and no to provide assurance on the internal control over financial reporting. I also considered internal control over compliance with requirements that could have a direct and material effect on the financial statements.

As part of obtaining reasonable assurance about whether Albert Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination of Albert Township's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Albert Township are described in Note 1 to the financial statements. I noted no transactions entered into by Albert Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Some accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience and 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. My conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Albert Township's financial reporting process (that is, cause future financial statements to be materially misstated). All of the adjustments I proposed have been recorded by Albert Township.

Disagreements with Management

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

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 Albert Township's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all of the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit. I encountered several difficulties in obtaining bank confirmations from depositories this year, in particular Fifth Third Bank. I also received incorrect confirmations from other institutions which had to be reconfirmed with them.

COMMENTS AND RECOMMENDATIONS

The following is a summary of my observations with suggestions for improvements I believe should be brought to your attention.

BUDGETS

The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas. The following items exceeded the budgeted amounts:

	<u>Total Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Township Board	\$ 112,582	\$ 112,634	\$ (52)
Treasurer	\$ 32,492	\$ 33,138	\$ (646)
Assessor	\$ 43,421	\$ 43,426	\$ (5)
Special Revenue Fund:			
Fire and Ambulance Fund			
Fringes	\$ 64,644	\$ 66,745	\$ (2,101)

Overall expenditures did not exceed the budgeted totals.

TRANSFER SITE REVENUE

The process to receive and deposit receipts from the transfer site has been improved by implementing the punch card system. Better accounting controls are in place for the receipting process, because most of the cash should be received over the counter in the treasurer’s office. However, that is not happening.

I feel there needs to be a significant difference in price between the cost of punch cards and the cost to simply stop at the transfer site. This will encourage use of the cards.

NEGATIVE CASH BALANCE – WATER FUND

At March 31, 2013 the Water Fund ended the year with a \$4,549 negative balance in their portion of the common bank account. The General Fund should transfer funds to eliminate this negative balance.

PUBLIC ACT 152 OF 2011 – PUBLICLY FUNDED HEALTH INSURANCE CONTINUATION ACT

The Township Board did not comply with the provisions of this statute. Amounts paid for health insurance premiums and deductibles exceeded the statutory amounts. While the statute permits the Township, by a 2/3 vote of its governing body to exempt itself from the requirements of the statute annually no formal board motion was passed for fiscal year 2012/13.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the matters described above are material weaknesses.

This report is intended solely for the information and use of Albert Township Montmorency County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Thomas R. Zick CPA, P.C.
Certified Public Accountant