

**TOWNSHIP OF WINSOR
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2013**

TOWNSHIP OF WINSOR

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INDEPENDENT AUDITOR'S REPORT

To the Township Board Members
Township of Winsor
Pigeon, Michigan

We have audited the accompanying financial statements of the governmental activities, and each major fund of Township of Winsor, Michigan, as of and for the year ended March 31, 2013 and the related notes to the financial statements, which collectively comprise the Township of Winsor'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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Township of Winsor, Michigan as of March 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

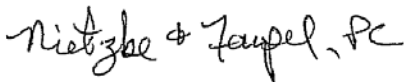
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii through iv and 15 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Winsor's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements are the responsibility of management and were derived from and relate 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 individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

September 9, 2013

Our discussion and analysis of Winsor Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2013. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2013. These points are discussed in further detail in this discussion and analysis.

- The fund balance in the general fund increased from \$201,567 to \$212,390 during the past year. The increase of \$10,823 is due primarily from increase in revenue.
- Net position increased from \$1,382,592 to \$1,394,936 during the past year. (See Statement of Net Position Page 3/ compared to FY-12)

Using This Annual 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 longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full 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 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 Township as a Whole

The following table shows a condensed view of the net position as of March 31,:

	<u>2013</u>	<u>2012</u>
Current assets	\$ 865,708	\$ 796,041
Restricted assets	80,524	80,605
Capital assets	454,984	516,870
Total assets	<u>\$ 1,401,216</u>	<u>\$ 1,393,516</u>
Current liabilities	\$ 6,280	\$ 10,923
Total liabilities	<u>\$ 6,280</u>	<u>\$ 10,923</u>
Net position:		
Net investment in capital assets	\$ 454,984	\$ 516,870
Restricted	727,562	663,801
Unrestricted	212,390	201,921
Total net position	<u>\$ 1,394,936</u>	<u>\$ 1,382,592</u>

Unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$212,390 compared to the end of the previous fiscal year of \$201,921. This is approximately 15% and 15% of the total net position for governmental activities at March 31, 2013 and 2012, respectively.

The following table shows the changes of the net position during the year ended March 31,

	<u>2013</u>	<u>2012</u>
Net position - beginning of year	<u>\$ 1,382,592</u>	<u>\$ 1,300,895</u>
Revenue		
Charges for services	30,675	20,900
Capital grant and contributions	3,055	2,706
Property taxes	519,100	533,379
State shared revenues	50,968	50,665
Unrestricted investment earnings	2,761	3,919
Miscellaneous	402	3,292
Total revenues	<u>606,961</u>	<u>614,861</u>
Expenses		
General government	106,713	96,925
Public safety	157,024	161,637
Highways and streets	314,550	257,083
Culture and recreation	1,000	1,000
Cemetery	15,050	16,239
Unallocated depreciation	280	279
Total expenses	<u>594,617</u>	<u>533,163</u>
Change in net position	<u>12,344</u>	<u>81,698</u>
Net position - ending	<u><u>\$ 1,394,936</u></u>	<u><u>\$ 1,382,592</u></u>

The Township's Funds

Our analysis of the Township's major funds begins following the government-wide financial statements presented in this financial report. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes, as well as, to show accountability for certain activities. The Township's major funds for the year ended March 31, 2013 include the General Fund, Cemetery Fund, Road Fund and Fire Equipment Fund.

Capital asset and Debt Administration

As of March 31, 2013, Winsor Township had a total of \$454,984 (net of depreciation) invested in capital assets including land, buildings and equipment. Capital assets decreased from \$516,870 to \$454,984 (net of depreciation) during the year.

General Fund Budgetary Highlights

Overall, expenditures in the General Fund were less than the budget by \$7,094. (See Statement of Revenue, Expenditures and Change in Fund Balance Page 18)

Economic Factors and Next Years Budgets

Road construction and maintenance has been a priority during the past several years. The township's property tax millage will remain at 5.4654 for 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. Questions about this report or requests for additional information should be addressed to John Walsh, Township Clerk, 89 S. Main Street, Pigeon, MI 48755.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WINSOR
STATEMENT OF NET POSITION
MARCH 31, 2013

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash and deposits	\$ 836,647
Receivables:	
Taxes receivable	15,216
Prepaid expenses	13,845
Restricted assets:	
Cash and deposits	80,445
Accrued interest receivable	79
Capital assets, not being depreciated:	37,510
Capital assets, net of depreciation	417,474
TOTAL ASSETS	<u>1,401,216</u>
<u>LIABILITIES</u>	
Accounts payable	4,263
Accrued payroll liabilities	2,017
TOTAL LIABILITIES	<u>6,280</u>
<u>NET POSITION</u>	
Net investment in capital assets	454,984
Restricted for:	
Roads	537,968
Public safety	109,070
Perpetual care	80,524
Unrestricted	212,390
TOTAL NET POSITION	<u>\$ 1,394,936</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

BALANCE SHEETS - GOVERNMENTAL FUNDS

MARCH 31, 2013

<u>ASSETS</u>	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>FIRE EQUIPMENT</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and deposits	\$ 461,535	\$ -	\$ 325,000	\$ 50,112	\$ 836,647
Receivables:					
Taxes receivable	15,216	-	-	-	15,216
Due from other funds	-	-	212,968	58,958	271,926
Interest receivable	-	79	-	-	79
Prepaid expenditures	13,845	-	-	-	13,845
Restricted assets:					
Cash and deposits	-	80,445	-	-	80,445
TOTAL ASSETS	<u>\$ 490,596</u>	<u>\$ 80,524</u>	<u>\$ 537,968</u>	<u>\$ 109,070</u>	<u>\$ 1,218,158</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 4,263	\$ -	\$ -	\$ -	\$ 4,263
Accrued payroll liabilities	2,017	-	-	-	2,017
Due to other funds	271,926	-	-	-	271,926
TOTAL LIABILITIES	<u>278,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,206</u>
 FUND BALANCES:					
Nonspendable:					
Prepaid expenditures	13,845	-	-	-	13,845
Restricted for:					
Perpetual care	-	80,524	-	-	80,524
Roads	-	-	537,968	-	537,968
Public safety	-	-	-	109,070	109,070
Assigned for:					
Subsequent year expenditures	6,555	-	-	-	6,555
Unassigned	191,990	-	-	-	191,990
TOTAL FUND BALANCES	<u>212,390</u>	<u>80,524</u>	<u>537,968</u>	<u>109,070</u>	<u>939,952</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 490,596</u>	<u>\$ 80,524</u>	<u>\$ 537,968</u>	<u>\$ 109,070</u>	<u>\$ 1,218,158</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET POSITION
MARCH 31, 2013**

Total governmental fund balances \$ 939,952

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

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in the funds. The cost of the assets is
\$1,338,292 less the accumulated depreciation of \$883,308. 454,984

Net position - governmental activities \$ 1,394,936

TOWNSHIP OF WINSOR
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2013

	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>FIRE EQUIPMENT</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:					
Taxes	\$ 139,217	\$ -	\$ 312,848	\$ 67,035	\$ 519,100
Intergovernmental	50,968	-	-	-	50,968
Charges for services	19,800	10,875	-	-	30,675
Investment revenue	649	2,000	-	112	2,761
Miscellaneous	3,055	402	-	-	3,457
TOTAL REVENUE	<u>213,689</u>	<u>13,277</u>	<u>312,848</u>	<u>67,147</u>	<u>606,961</u>
EXPENDITURES:					
Current:					
General government	106,713	-	-	-	106,713
Public safety	82,578	-	-	-	82,578
Highways and streets	10,882	-	303,668	-	314,550
Culture and recreation	1,000	-	-	-	1,000
Cemetery	-	15,050	-	-	15,050
Capital Outlay	-	-	-	12,840	12,840
TOTAL EXPENDITURES	<u>201,173</u>	<u>15,050</u>	<u>303,668</u>	<u>12,840</u>	<u>532,731</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>12,516</u>	<u>(1,773)</u>	<u>9,180</u>	<u>54,307</u>	<u>74,230</u>
OTHER FINANCING SOURCES (USES):					
Operating transfer - in (out)	(1,693)	1,693	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>(1,693)</u>	<u>1,693</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>10,823</u>	<u>(80)</u>	<u>9,180</u>	<u>54,307</u>	<u>74,230</u>
FUND BALANCE - BEGINNING OF THE YEAR	201,567	80,604	528,788	54,763	865,722
FUND BALANCE - END OF THE YEAR	<u>\$ 212,390</u>	<u>\$ 80,524</u>	<u>\$ 537,968</u>	<u>\$ 109,070</u>	<u>\$ 939,952</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

**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 balance - governmental funds **\$ 74,230**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays differed from depreciation in the current period.

Capital outlays	\$ 12,840	
Disposals	-	
Depreciation expense	<u>(74,726)</u>	(61,886)

Change in net position - governmental activities **\$ 12,344**

TOWNSHIP OF WINSOR

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan, and according to the 2010 census the township has 2,044 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, cemetery services and general administrative services.

The Township's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the Township are discussed below.

Reporting Entity:

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 as amended by GASB 39 pronouncements. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities by governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-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 Township. 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.

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

(Continued)

TOWNSHIP OF WINSOR

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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.

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Cemetery, Fire and Road Construction in special revenue funds.

TOWNSHIP OF WINSOR

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2013, consist of property taxes and interest. Taxes are deemed collectible in full.

Prepaid Items:

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.

Restricted Assets:

Amounts for perpetual care have been set aside and are classified as restricted assets.

Capital Assets:

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

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its life is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Township are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

(Continued)

TOWNSHIP OF WINSOR

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets: (Continued)

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the Statement of Net Position. Depreciation expense for the year ended March 31, 2013 was \$74,726. There was \$12,840 in capital acquisitions in the governmental funds for the year ended March 31, 2013. A summary of Governmental Fund capital assets at March 31, 2013, follows:

	March 31,	
	<u>2013</u>	<u>2012</u>
Land (Non depreciated)	\$ 37,510	\$ 32,510
Buildings	445,928	438,088
Equipment	854,854	854,854
Less accumulated depreciation	<u>(883,308)</u>	<u>(808,582)</u>
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$454,984</u>	<u>\$516,870</u>

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

Governmental activities:	
Public safety	\$ 74,446
Unallocated	<u>280</u>
Total depreciation expense – governmental activities	<u>\$ 74,726</u>

Fund Balance:

The Township implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The Township’s special revenue funds are considered restricted.

Committed fund balance – amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (Township Board). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the Township intends to use for a specific purpose. Intent can be expressed by the Township Board or by an official or body to which the Township Board delegates the authority.

TOWNSHIP OF WINSOR

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Fund Balance: (Continued)

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

Property Taxes:

Properties are assessed as of December 31, and the related property taxes 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 tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – BUDGET COMPLIANCE:

In the required supplemental information, the Township’s actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a line item basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

P.A. 2 of 1968, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Elected Officials	\$ 4,450	\$ 4,605	\$ (155)
Highways and streets	800	10,882	(10,082)
Road Fund:	303,400	303,668	(268)
Cemetery Fund:	14,900	15,050	(150)

TOWNSHIP OF WINSOR

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 3 – CASH AND DEPOSITS:

As of March 31, 2013, the Township has a carrying amount of \$920,262 of deposits (cash and deposits) in local banks and the bank balance was \$936,146. Deposits with financial institutions are categorized as follows:

	<u>March 31, 2013</u>
Amount insured by FDIC	\$ 500,000
Uncollateralized	<u>436,146</u>
Total deposits with financial institutions	<u>\$ 936,146</u>

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase. The Township's deposits are in accordance with statutory authority. The Township's investment policy does not specifically address credit risk, custodial credit risk, interest rate risk, or foreign currency risk in accordance with GASB statement 40.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:

The Township pools its cash funds into a common demand deposit account for accounting purposes. The interfund receivables and payables represent deposit and disbursement transactions that have been processed for the various funds through the common checking account. At March 31, 2013, the balance of interfund receivables and payables was as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 271,926
Road Fund	212,968	-
Fire Equipment	<u>58,958</u>	-
Total	<u>\$271,926</u>	<u>\$ 271,926</u>

NOTE 5 – PROPERTY TAXES:

Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2012 tax levy is as follows:

	<u>ASSESSED VALUE</u>	<u>TAXABLE VALUE</u>
Real and personal property	\$102,266,900	\$80,921,692
Industrial facilities	<u>16,948,800</u>	<u>16,928,241</u>
TOTAL	<u>\$119,215,700</u>	<u>\$97,849,933</u>

The Township, as a general law Township, is not authorized to levy taxes without a vote. The Huron County Tax Allocation Board in 1960, allocated up to 1.30 mills per \$1,000 of taxable value for general law townships for general operations. For the year ended March 31, 2013, the Township levied 1.2154 mills for general governmental services, 3.5000 mills for roads, and .7500 mills for fire. Total millage levied was 5.4654.

TOWNSHIP OF WINSOR

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2013**

NOTE 6 - INTERFUND TRANSFERS:

Transfers were made between funds to subsidize operations. Interfund transfers reported in the fund statements are as follows:

	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund	\$ -	\$ 1,693
Cemetery	<u>1,693</u>	<u>-</u>
Total	<u>\$1,693</u>	<u>\$1,693</u>

NOTE 7 - PENSION PLAN:

During the year ended March 31, 2000, the Township adopted a Money Purchase Pension Plan covering all employees, that are age 18, from date of hire. The Township contributes 6% of W-2 wages with 100% immediate vesting. Participants in the previous plan rolled over their account balances to the new plan. For the year ended March 31, 2013, total wages and covered wages were \$99,067. Township contributions were \$5,872 and employee contributions were zero. The plan has fully vested assets of \$110,773 at March 31, 2013.

NOTE 8 - CONTINGENT LIABILITY:

Winsor Township is a reimbursing employer for purposes of unemployment insurance claims against the Township. The Township reimburses the State of Michigan for all benefits charged against it in the event of termination of employment and subsequent claims of its employees. The contingent liability for unemployment insurance claims is not recognized in the accompanying financial statements. This expense is recognized as incurred.

NOTE 9 – IMPLEMENTATION OF NEW ACCOUNTING STANDARD:

Winsor Township adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. While the classification of certain financial elements in the financial statements was revised, the implementation of this standard had no effect on the total equity.

NOTE 10 - RISK MANAGEMENT:

Winsor Township purchased commercial insurance coverage for all general liability coverage, and the Township also purchased commercial insurance coverage for losses related to worker's compensation claims. For the year ended March 31, 2013, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year or the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Taxes:				
Taxes	\$ 100,000	\$ 100,000	\$ 109,786	\$ 9,786
Administration fees	27,500	27,500	29,431	1,931
Total taxes	<u>127,500</u>	<u>127,500</u>	<u>139,217</u>	<u>11,717</u>
Intergovernmental:				
State revenue sharing	50,000	50,000	50,968	968
Total intergovernmental	<u>50,000</u>	<u>50,000</u>	<u>50,968</u>	<u>968</u>
Charges for services	<u>13,000</u>	<u>13,000</u>	<u>19,800</u>	<u>6,800</u>
Interest	<u>1,000</u>	<u>1,000</u>	<u>649</u>	<u>(351)</u>
Other revenue	2,500	2,500	3,055	555
TOTAL REVENUE	<u>194,000</u>	<u>194,000</u>	<u>213,689</u>	<u>19,689</u>
EXPENDITURES:				
General government:				
Elected officials:				
Salaries	3,900	3,900	4,052	(152)
Payroll taxes	300	300	310	(10)
Retirement	250	250	243	7
Total elected officials	<u>4,450</u>	<u>4,450</u>	<u>4,605</u>	<u>(155)</u>
Supervisor:				
Supervisor salary	9,030	9,030	8,583	447
Assessor	16,463	16,463	15,649	814
Payroll taxes	1,950	1,950	1,975	(25)
Travel and seminar	500	500	409	91
Retirement	1,610	1,610	515	1,095
Other	786	786	-	786
Total supervisor	<u>30,339</u>	<u>30,339</u>	<u>27,131</u>	<u>3,208</u>
Elections:				
Salaries	2,400	3,600	3,042	558
Supplies and expense	1,900	2,600	2,692	(92)
Total elections	<u>4,300</u>	<u>6,200</u>	<u>5,734</u>	<u>466</u>

TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
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)				
General government: (Continued)				
Clerk:				
Salary	14,850	14,850	14,116	734
Payroll taxes	1,136	1,136	1,150	(14)
Dues	1,450	1,450	1,432	18
Insurance and bonds	7,000	7,000	6,309	691
Office supplies and expense	500	500	115	385
Postage	250	250	440	(190)
Printing and publishing	1,500	1,500	1,422	78
Professional fees - audit	2,000	2,000	2,200	(200)
Professional fees - legal	150	150	-	150
Pension plan fees	1,450	1,450	2,320	(870)
Retirement	1,000	1,000	918	82
Telephone	850	850	725	125
Travel & seminar	150	150	443	(293)
Utilities & maintenance - Hall	9,500	9,500	8,524	976
Total clerk	<u>41,786</u>	<u>41,786</u>	<u>40,114</u>	<u>1,672</u>
Treasurer:				
Salary	17,000	17,000	16,132	868
Payroll taxes	1,300	1,300	1,315	(15)
Retirement	1,000	2,250	1,907	343
Postage and supplies	2,000	2,000	2,019	(19)
Tax roll preparation	4,100	4,650	4,873	(223)
Travel & seminar	500	500	624	(124)
Other	500	500	-	500
Total treasurer	<u>26,400</u>	<u>28,200</u>	<u>26,870</u>	<u>1,330</u>
Zoning and board of review:				
Salaries	2,000	2,000	1,764	236
Supplies and other	700	700	495	205
Total zoning and board of review	<u>2,700</u>	<u>2,700</u>	<u>2,259</u>	<u>441</u>
Total general government	<u>109,975</u>	<u>113,675</u>	<u>106,713</u>	<u>6,962</u>

TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
Public safety:				
Fire department:				
Salaries	40,000	40,000	33,188	6,812
Payroll taxes	2,700	2,700	1,634	1,066
Retirement	2,500	2,500	2,207	293
Dues and other expenses	1,500	1,500	241	1,259
Fire Hall expense	5,000	5,000	7,008	(2,008)
Insurance	15,000	15,000	14,824	176
Gas and oil	1,750	1,750	2,841	(1,091)
Maintenance - Equipment	7,000	7,000	5,919	1,081
Maintenance - Vehicles	5,000	5,000	2,696	2,304
Telephone - Alarm	900	900	578	322
Total fire department	<u>81,350</u>	<u>81,350</u>	<u>71,136</u>	<u>10,214</u>
Ambulance subsidy	10,220	11,442	11,442	-
Total public safety	<u>91,570</u>	<u>92,792</u>	<u>82,578</u>	<u>10,214</u>
Highways and streets	<u>800</u>	<u>800</u>	<u>10,882</u>	<u>(10,082)</u>
Culture and recreation:				
Library and Historical Society	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>203,345</u>	<u>208,267</u>	<u>201,173</u>	<u>7,094</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(9,345)</u>	<u>(14,267)</u>	<u>12,516</u>	<u>26,783</u>
OTHER FINANCING SOURCES (USES):				
Operating transfer out	(4,650)	(5,550)	(1,693)	3,857
EXCESS OF REVENUE AND OTHER SOURCES AND OTHER USES OVER (UNDER) EXPENDITURES	<u>(13,995)</u>	<u>(19,817)</u>	<u>10,823</u>	<u>30,640</u>
FUND BALANCE - BEGINNING OF THE YEAR	201,567	201,567	201,567	-
FUND BALANCE - END OF THE YEAR	<u>\$ 187,572</u>	<u>\$ 181,750</u>	<u>\$ 212,390</u>	<u>\$ 30,640</u>

TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - CEMETERY FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Charges for services	\$ 6,000	\$ 6,000	\$ 10,875	\$ 4,875
Lot sales	2,800	2,800	2,000	(800)
Interest	550	550	402	(148)
TOTAL REVENUE	<u>9,350</u>	<u>9,350</u>	<u>13,277</u>	<u>3,927</u>
EXPENDITURES:				
Salaries	1,685	1,685	1,185	500
Payroll taxes	125	125	114	11
Insurance	655	655	318	337
Repairs and maintenance	11,355	12,255	13,246	(991)
Utilities	180	180	187	(7)
TOTAL EXPENDITURES	<u>14,000</u>	<u>14,900</u>	<u>15,050</u>	<u>(150)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(4,650)</u>	<u>(5,550)</u>	<u>(1,773)</u>	<u>3,777</u>
OTHER FINANCING SOURCES:				
Operating transfer in	4,650	5,550	1,693	(3,857)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>(80)</u>
FUND BALANCE - BEGINNING OF THE YEAR	80,604	80,604	80,604	-
FUND BALANCE - END OF THE YEAR	<u>\$ 80,604</u>	<u>\$ 80,604</u>	<u>\$ 80,524</u>	<u>\$ (80)</u>

TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - ROAD CONSTRUCTION FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Taxes	\$ 300,000	\$300,000	\$312,848	\$ 12,848
TOTAL REVENUE	<u>300,000</u>	<u>300,000</u>	<u>312,848</u>	<u>12,848</u>
EXPENDITURES:				
Road construction	256,500	303,400	303,668	(268)
TOTAL EXPENDITURES	<u>256,500</u>	<u>303,400</u>	<u>303,668</u>	<u>(268)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>43,500</u>	<u>(3,400)</u>	<u>9,180</u>	<u>12,580</u>
FUND BALANCE - BEGINNING OF THE YEAR	528,788	528,788	528,788	-
FUND BALANCE - END OF THE YEAR	<u>\$ 572,288</u>	<u>\$525,388</u>	<u>\$537,968</u>	<u>\$ 12,580</u>

TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUE:				
Taxes	\$ 67,500	\$ 67,500	\$ 67,035	\$ (465)
Interest	-	-	112	112
TOTAL REVENUE	<u>67,500</u>	<u>67,500</u>	<u>67,147</u>	<u>(353)</u>
EXPENDITURES:				
Capital Outlay	-	12,840	12,840	-
EXCESS OF REVENUE OVER EXPENDITURES	<u>67,500</u>	<u>54,660</u>	<u>54,307</u>	<u>(353)</u>
FUND BALANCE - BEGINNING OF THE YEAR	54,763	54,763	54,763	-
FUND BALANCE - END OF THE YEAR	<u><u>\$ 122,263</u></u>	<u><u>\$ 109,423</u></u>	<u><u>\$ 109,070</u></u>	<u><u>\$ (353)</u></u>

SUPPLEMENTARY INFORMATION

TOWNSHIP OF WINSOR

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTION AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2013**

	BALANCE APRIL 1, <u>2012</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE MARCH 31, <u>2013</u>
<u>ASSETS</u>				
Cash and deposits	\$ 2,991	\$ 2,740,047	\$ 2,739,868	\$ 3,170
TOTAL ASSETS	<u>\$ 2,991</u>	<u>\$ 2,740,047</u>	<u>\$ 2,739,868</u>	<u>\$ 3,170</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Due to Huron County	\$ -	\$ 1,022,533	\$ 1,022,533	\$ -
Due to schools	-	1,045,252	1,045,252	-
Due to library	-	86,713	86,713	-
Due to other funds	-	585,028	585,028	-
TOTAL LIABILITIES	-	2,739,526	2,739,526	-
FUND BALANCE	2,991	521	342	3,170
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,991</u>	<u>\$ 2,740,047</u>	<u>\$ 2,739,868</u>	<u>\$ 3,170</u>

TOWNSHIP OF WINSOR

**SCHEDULE OF ADDITIONS AND DEDUCTIONS
TAX COLLECTION AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2013**

ADDITIONS:

Current property tax	\$ 2,724,614
County revolving fund	15,216
Interest	217

TOTAL ADDITIONS

2,740,047

DEDUCTIONS:

Huron County	558,185
Huron County - SET	464,348
Huron Intermediate School District	425,646
EPBP Laker School	619,606
Pigeon District Library	86,713
Township allocated	135,567
Township roads	312,847
Township fire hall	67,034
Drains at large	69,580
Interest	342

TOTAL DEDUCTIONS

2,739,868

NET ADDITIONS OVER DEDUCTIONS

\$ 179

Communication of Significant Deficiencies

To the Township Board Members
Township of Winsor
Pigeon, Michigan

In planning and performing our audit of the financial statements of the governmental activities, and each major fund of the Township of Winsor as of and for the year ended March 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Winsor'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Winsor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Winsor's internal controls.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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 of Winsor's internal control to be a significant deficiency.

Segregation of duties

Due to the limited number of people employed by Township of Winsor, many critical duties are combined and given to the available employees. Presently, a single individual performs all payroll duties and prepares adjusting journal entries as well as maintains the general ledger. While we understand that a complete segregation of duties is impractical for a small board with limited personnel, we believe that some relatively minor changes could be made which would significantly improve controls. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible. To improve the internal controls, we recommend that the Township Board have a second individual review the payroll reports.

Response: We are aware of this deficiency and believe it is not cost beneficial to hire more employees. We would expect this situation to be ongoing in future years.

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

Nietzke & Faupel, PC

Nietzke & Faupel, P.C.
Pigeon, Michigan

September 9, 2013

September 9, 2013

To the Township Board Members
Township of Winsor

We have audited the financial statements of the governmental activities, and each major fund of the Township of Winsor for the year ended March 31, 2013. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 26, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Winsor are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the depreciation expense is based on management's knowledge and experience related to the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. 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 as 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 September 9, 2013

Management Consultations with Other Independent Accountants

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

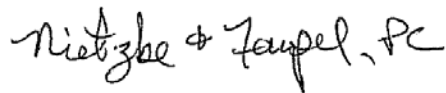
Other Audit Findings or Issues

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

Other Matters

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

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



Nietzke & Faupel, P.C.
Pigeon, Michigan