

Township of Atlas
Genesee County, Michigan
Annual Financial Statements
and
Auditors' Report
March 31, 2009

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**Township of Atlas
List of Elected Officials
March 31, 2009**

Township of Atlas

Shirley Kautman-Jones – Supervisor

Ann Marie Slagle – Treasurer

Teresa L. Onica – Clerk

Barry June – Trustee

Scott Statson - Trustee

Independent Auditors' Report

To the Township Board
Township of Atlas
Goodrich, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Atlas (Township) as of and for the year ended March 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of March 31, 2009 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The accompanying other supplemental 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, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

September 21, 2009
Lansing, Michigan

Township of Atlas Management's Discussion and Analysis

The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Township's management's discussion and analysis of the financial results for the fiscal year ended March 31, 2009.

Overview of Financial Statements

The annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and other supplemental information. Government Accounting Standards Board Statement 34 (GASB 34) requires the reporting of two types of financial statements: Government-wide Financial Statements and Fund Financial Statements.

Government-wide Financial Statements:

The Government-wide financial statements provide a perspective of the Township as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two Government-wide statements: The Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets (page 4-1) combines and consolidates the governmental fund current financial resources (short-term spendable resources) with capital assets, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4-3) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of the Townships' various services.

When analyzed together, the two statements help the reader determine whether the Township is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (fund balance).

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

Township of Atlas Management's Discussion and Analysis

The Township maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire Protection, Police Administrative, and Green Ridge Paving Debt Service fund, each of which is considered to be a major fund. The Sewer Receiving, Atlas Meadows Septic, Building Authority Fire Hall, East Lake Paving Assessment and Sewer Capital Projects Fund are considered non major funds and are presented in a combined column for reporting purposes.

The Township adopts an annual appropriated budget for the general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the Government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, and other supplemental information concerning budgetary information for the Township's major funds.

SUMMARY OF NET ASSETS:

Township's Net Assets

The following summarizes the Township's net assets at March 31, 2009 and 2008.

	2009	2008
Assets		
Current assets	\$ 3,973,647	\$ 3,566,423
Capital assets	2,226,352	2,353,430
Less accumulated depreciation	(1,018,044)	(1,047,072)
Total capital assets	1,208,308	1,306,358
Total assets	5,181,955	4,872,781
Liabilities		
Current liabilities	160,285	193,997
Long-term liabilities	268,000	365,000
Total liabilities	428,285	558,997
Net assets		
Investment in capital assets, net of related debt	991,945	1,039,988
Restricted	238,333	205,613
Unrestricted	3,523,392	3,068,183
Total net assets	\$ 4,753,670	\$ 4,313,784

During the fiscal year ended March 31, 2009, the Township's net assets increased by \$439,886.

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township of Atlas, assets exceeded liabilities by \$4,753,670.

**Township of Atlas
Management's Discussion and Analysis**

A portion of the Township's net assets reflect its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township's Changes in Net Assets

Revenues:

	2009	2008
Program revenue		
Charges for services	\$ 594,954	\$ 520,302
Operating grants and contributions	5,166	5,468
General revenue:		
Property taxes	1,089,655	1,071,221
State shared revenue	403,738	403,688
Interest earnings	82,053	170,272
Gain on sale of capital assets	15,625	-
Miscellaneous	85,149	79,323
	\$ 2,276,340	\$ 2,250,274

Expenses:

	2009	2008
Expenses		
General government	\$ 513,477	\$ 431,475
Public safety	793,916	758,153
Public works	474,491	490,303
Community and economic development	31,619	31,310
Recreation and culture	5,775	6,763
Other	17,176	20,534
	1,836,454	1,738,538
Total expenses		
Change in net assets	439,886	511,736
Net assets - beginning	4,313,784	3,802,048
Net assets - ending	\$ 4,753,670	\$ 4,313,784

Governmental activities

The Township's total governmental revenue has increased by \$26,066 from last fiscal year. This was primarily attributed to an increase in charge for services of \$74,652, property tax revenues of \$18,434, gain on sale of capital asset of \$15,625 and miscellaneous of \$5,826. These were offset by decreases in grant revenues of \$302, and interest revenue of \$88,219. Expenses increased by \$97,916. The decreases in public works of \$15,812, recreation and culture of \$988 and other program expenditures of \$3,358, were offset by increases in general government of \$82,002, public safety of \$35,763 and community and economic development of \$309.

Township of Atlas Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,781,015, an increase of \$444,089. \$3,105,911 of the \$3,781,015 fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the Township's discretion.

The General Fund is the main operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,389,662. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 246% of total general fund expenditures.

The fund balance of the General Fund increased by \$233,392 during the current fiscal year and is primarily attributable to incurring less expenditures than what was budgeted.

The fund balance of the Fire Protection Fund increased by \$117,865 during the current fiscal year and was due to current revenue exceeding expenditures.

The fund balance of the Police Administrative Board increased by \$60,113 during the current fiscal year due to taxes and other revenues exceeding anticipated budgeted amounts.

General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The most significant budgeted fund is the General Fund. The General Fund budget was not amended during the year.

Capital Assets and Debt Administration:

Capital Assets

The Townships investment in capital assets for its governmental activities as of March 31, 2009 and 2008 amounted to \$1,208,308 and \$1,306,358 (net of accumulated depreciation), respectively. Investment in capital assets included land, buildings, and equipment.

	March 31, 2009	March 31, 2008
Capital assets not being depreciated		
Land	\$ 19,001	\$ 19,001
Capital assets being depreciated		
Buildings and improvements	1,071,399	1,071,399
Furniture and equipment	271,490	250,361
Vehicles	864,462	1,012,669
Capital assets	2,226,352	2,353,430
Less:		
Accumulated depreciation	(1,018,044)	(1,047,072)
Governmental activities capital assets, net	\$ 1,208,308	\$ 1,306,358

Township of Atlas Management's Discussion and Analysis

Long-term Debt

The Township had total long-term debt outstanding at March 31, 2009 and 2008 of \$268,000 and \$365,000, respectively.

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
General obligation bonds	\$ 220,000	\$ 270,000
Special assessment issues	<u>48,000</u>	<u>95,000</u>
	<u>\$ 268,000</u>	<u>\$ 365,000</u>

Request for Information

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or would like additional information, contact the Township Clerk's office at Atlas Township, Genesee County, Michigan.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the Township's budget for the 2009-2010 fiscal year:

- A special assessment for police protection is not anticipated.
- The State of Michigan is facing economic uncertainty with the loss of jobs in the economy and its future impact on the operating budget. For 2009-2010 the Township received \$403,738 in state shared revenue, representing 32% of the revenue in the General Fund. The amounts of the state shared revenues for future periods are uncertain and will affect the Township's budgets. Our budgets were prepared with these factors in mind and will be revised as needed.

Township of Atlas
Statement of Net Assets
March 31, 2009

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,033,869
Certificates of deposit	683,492
Receivables	
Taxes	94,177
Customers	11,033
Special assessments	79,655
Accrued interest and other	350
Due from other units of government	53,685
Due from tax collection agency fund	5,134
Prepaid items	12,252
Nondepreciable capital assets	19,001
Depreciable capital assets, net	1,189,307
 Total assets	 5,181,955
Liabilities	
Accounts payable	7,882
Accrued and other liabilities	152,403
Noncurrent liabilities	
Due within one year	48,000
Due in more than one year	220,000
 Total liabilities	 428,285

See Accompanying Notes to Financial Statements

Township of Atlas
Statement of Net Assets
March 31, 2009

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	991,945
Restricted for:	
Debt service	62,648
Sewer	175,685
Unrestricted	<u>3,523,392</u>
 Total net assets	 <u>\$ 4,753,670</u>

Township of Atlas
Governmental Funds
Balance Sheet
March 31, 2009

	General	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Board	Green Ridge Paving		
Assets						
Cash and cash equivalents	\$ 2,036,569	\$ 368,081	\$ 383,462	\$ 51,187	\$ 194,570	\$ 3,033,869
Certificates of deposit	683,492	-	-	-	-	683,492
Receivables						
Taxes	24,526	34,677	34,819	-	155	94,177
Customers	-	-	583	-	10,450	11,033
Special assessments	29,619	-	17,436	28,898	3,702	79,655
Accrued interest and other	350	-	-	-	-	350
Due from other units of government	53,685	-	-	-	-	53,685
Due from other funds	16,452	-	-	-	-	16,452
Prepaid items	4,901	7,351	-	-	-	12,252
Total assets	\$ 2,849,594	\$ 410,109	\$ 436,300	80,085	\$ 208,877	\$ 3,984,965

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
Balance Sheet
March 31, 2009**

	General	Special Revenue Funds		Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Board	Green Ridge Paving		
Liabilities						
Accounts payable	\$ 6,323	\$ 1,527	\$ -	\$ -	\$ 32	\$ 7,882
Accrued and other liabilities	16,838	-	127,882	-	7,683	152,403
Due to other funds	-	751	-	-	10,567	11,318
Deferred revenue	-	-	-	32,347	-	32,347
Total liabilities	<u>23,161</u>	<u>2,278</u>	<u>127,882</u>	<u>32,347</u>	<u>18,282</u>	<u>203,950</u>
Fund Balances						
Reserved for:						
Debt service	-	-	-	47,738	14,910	62,648
Special revenue sewer funds	-	-	-	-	154,785	154,785
Sewer capital improvements	-	-	-	-	20,900	20,900
Unreserved						
Designated for:						
Working capital	201,135	-	-	-	-	201,135
Garbage service and aquaweed control	235,636	-	-	-	-	235,636
Unreserved, reported in:						
General fund	<u>2,389,662</u>	<u>407,831</u>	<u>308,418</u>	<u>-</u>	<u>-</u>	<u>3,105,911</u>
Total fund balances	<u>2,826,433</u>	<u>407,831</u>	<u>308,418</u>	<u>47,738</u>	<u>190,595</u>	<u>3,781,015</u>
Total liabilities and fund balances	<u>\$ 2,849,594</u>	<u>\$ 410,109</u>	<u>\$ 436,300</u>	<u>\$ 80,085</u>	<u>\$ 208,877</u>	<u>\$ 3,984,965</u>

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
March 31, 2009**

Total fund balances for governmental funds	\$ 3,781,015
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,208,308
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	32,347
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(268,000)</u>
Net assets of governmental activities	<u>\$ 4,753,670</u>

Township of Atlas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2009

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire Protection Fund</u>	<u>Police Administrative Fund</u>	<u>Green Ridge Paving</u>		
Revenues						
Taxes	\$ 392,561	\$ 348,158	\$ 348,936	\$ -	\$ -	\$ 1,089,655
Licenses and permits	36,229	-	2,454	-	-	38,683
Federal grants	2,745	2,421	-	-	-	5,166
State revenue sharing	403,738	-	-	-	-	403,738
Charges for services	313,715	-	-	21	48,486	362,222
Fines and forfeitures	-	-	25,529	-	-	25,529
Interest income	68,843	5,376	3,945	1,494	2,397	82,055
Special assessments	1,059	-	162,336	489	4,636	168,520
Other revenue	61,739	6,121	2,350	-	18,090	88,300
	<u>1,280,629</u>	<u>362,076</u>	<u>545,550</u>	<u>2,004</u>	<u>73,609</u>	<u>2,263,868</u>
Total revenues						
Expenditures						
Current						
General government	422,979	-	-	-	-	422,979
Public safety	25,437	179,207	485,437	-	-	690,081
Public works	484,554	-	-	-	65,091	549,645
Community and economic development	31,619	-	-	-	-	31,619
Recreation and culture	5,775	-	-	-	-	5,775
Capital outlay	-	21,129	-	-	-	21,129
Debt service						
Principal retirement	-	-	-	40,000	57,000	97,000
Interest and fiscal charges	-	-	-	6,220	10,956	17,176
	<u>970,364</u>	<u>200,336</u>	<u>485,437</u>	<u>46,220</u>	<u>133,047</u>	<u>1,835,404</u>
Total expenditures						

See Accompanying Notes to Financial Statements

Township of Atlas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2009

	General	Special Revenue Funds		Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		Fire Protection Fund	Police Administrative Fund	Green Ridge Paving		
Excess (deficiency) of revenues over expenditures	310,265	161,740	60,113	(44,216)	(59,438)	428,464
Other financing sources (uses)						
Transfers in	-	-	-	-	305,524	305,524
Transfers out	(76,873)	(59,500)	-	-	(169,151)	(305,524)
Sale of fixed assets	-	15,625	-	-	-	15,625
Total other financing sources and (uses)	(76,873)	(43,875)	-	-	136,373	15,625
Net change in fund balance	233,392	117,865	60,113	(44,216)	76,935	444,089
Fund balance - beginning of year	2,593,041	289,966	248,305	91,954	113,660	3,336,926
Fund balance - end of year	<u>\$ 2,826,433</u>	<u>\$ 407,831</u>	<u>\$ 308,418</u>	<u>\$ 47,738</u>	<u>\$ 190,595</u>	<u>\$ 3,781,015</u>

See Accompanying Notes to Financial Statements

**Township of Atlas
Governmental Funds
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, 2009**

Net change in fund balances - Total governmental funds	\$ 444,089
Total change in net assets reported for governmental activities in the statement of activities is different because:	
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.	
Depreciation expense	(119,179)
Capital outlay	21,129
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(3,153)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	
Repayments of long-term debt	<u>97,000</u>
Change in net assets of governmental activities	<u><u>\$ 439,886</u></u>

Township of Atlas
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
March 31, 2009

	<u>Tax Collection Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 5,134</u>
Liabilities	
Due to other funds	<u>\$ 5,134</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Notes to Financial Statements
March 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Township of Atlas (Township) is governed by an elected five-member Board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations.

The Township has implemented GASB Statement No. 14, *The Financial Reporting Entity and Statement of Michigan Governmental Accounting and Auditing No. 5*, which defines the reporting of primary government and component unit activities. The basis of criterion of including a public authority in a governmental unit's general purpose financial report is the exercise of financial responsibility over such agency by the governmental unit's elected officials, the selection of the governing authority, the designation of management, the ability to exert significant influence on operations.

Blended component unit

Atlas Township Building Authority (the "Building Authority") – The Building Authority is governed by a Board that is appointed by the Township supervisor. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings. The financial statements of the Building Authority are consolidated with the financial statements of the Township as follows:

- a. The assets of the Building Authority held for payment of the outstanding bond issue are reported in the Debt Service Funds.
- b. Fixed asset records (Township hall and fire station) of the

Building Authority are maintained by the primary government.

- c. Remaining amounts due on bonds issued by the Building Authority are reported on the government-wide financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Government 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Township of Atlas
Notes to Financial Statements
March 31, 2009

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*, as are the fiduciary fund financial statements. 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally 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 compensated absences and claims and judgments, are recorded only when payment is due.

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

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Protection and Police Administrative Board Funds are special revenue funds and are restricted to expenditures for that purpose.

Debt Service Funds record the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the Township reports the following:

The nonmajor special revenue and capital projects funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The Current Tax Collection Fund accounts for property taxes and other deposits collected on behalf of other units and individuals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed both in the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Township of Atlas
Notes to Financial Statements
March 31, 2009

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided other charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Assets, liabilities, and net assets or equity

Deposits – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments - Investments are stated at fair value based on quoted market prices. Certificates of deposit are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2008 taxable valuation of the Township totaled \$ 349,168,023, on which ad valorem taxes consisted of 2.7644 mills for operating, fire, and police purposes. This resulted in \$ 965,240 for operating, fire, and police protection expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

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.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 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.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Township of Atlas
Notes to Financial Statements
March 31, 2009

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

Buildings	40 to 60 years
Building improvements	15 to 30 years
Vehicles	5 to 15 years
Office and computer equipment	5 to 7 years

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Comparative data

Comparative data is not included in the Township's financial statements.

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township supervisor is required to submit to the Township Board a proposed operating budget for the commencing fiscal year prior to its start each year. The operating budget includes proposed expenditures and the means to finance them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund. Public hearings are conducted to obtain taxpayer comments.

Township of Atlas
Notes to Financial Statements
March 31, 2009

2. Prior to March 31, the budget was legally enacted through passage of a resolution.
3. The Township supervisor is authorized to transfer small budget amounts (no specified limit) between departments within any fund with subsequent Board ratification. Any revisions altering the total expenditures of a particular fund must be approved by the Board. Annual appropriations lapse at fiscal year end.

As of year end, the Township had the following investments classified as cash and equivalents:

Investment	Fair Value	Maturities	Rating	Rating Organization
Bank invest. pools - JP Morgan	\$ 1,446,278	58 Days	AAAm	S&P
Mich. Coop. Liquid Assets - MBIA	<u>455,083</u>	22 Days	AAAm	S&P
	<u>\$ 1,901,361</u>			

Excess of expenditures over appropriations

Expenditures in violation of the Public Act 621 are disclosed as being over budget on the required supplemental information – budgetary comparison schedule of the general fund, fire protection fund, and police administrative board on pages 5-1 to 5-5.

Interest rate risk – The Township does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end, the breakdown between deposits and investments is as follows:

	Primary Government
Bank deposits (checking and savings accounts and certificates of deposit)	\$ 1,820,902
Bank investment pools	1,446,278
Michigan Cooperative Liquid Assets Securities System investments	455,083
Petty cash and cash on hand	<u>232</u>
	<u>\$ 3,722,495</u>

Credit risk – State statutes authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Township authorizes investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Concentration of credit risk – The Township has no policy that would limit the amount that may be issued in any one issuer.

Township of Atlas
Notes to Financial Statements
March 31, 2009

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of year end, \$ 966,235 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Township's investment policy, the Township's investments are held by a counterparty and are not insured.

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

Receivables not expected to be collected within one year are as follows:

	Due After One Year	Fund
Primary government		
Special assessments	<u>\$ 28,898</u>	Green Ridge Paving

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Primary government	
Special assessments	<u>\$ 32,347</u>

NOTE 5 - CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 19,001	\$ -	\$ -	\$ 19,001
Capital assets being depreciated				
Buildings, additions and improvements	1,071,399	-	-	1,071,399
Machinery and equipment	250,361	21,129	-	271,490
Vehicles	<u>1,012,669</u>	<u>-</u>	<u>148,207</u>	<u>864,462</u>
Total capital assets being depreciated	<u>2,334,429</u>	<u>21,129</u>	<u>148,207</u>	<u>2,207,351</u>
Less accumulated depreciation for				
Buildings, additions and improvements	371,705	25,474	-	397,179
Machinery and equipment	133,529	34,285	-	167,814
Vehicles	<u>541,838</u>	<u>59,420</u>	<u>148,207</u>	<u>453,051</u>
Total accumulated depreciation	<u>1,047,072</u>	<u>119,179</u>	<u>148,207</u>	<u>1,018,044</u>
Net capital assets being depreciated	<u>1,287,357</u>	<u>(98,050)</u>	<u>-</u>	<u>1,189,307</u>
Governmental activities capital assets, net	<u>\$ 1,306,358</u>	<u>\$ (98,050)</u>	<u>\$ -</u>	<u>\$ 1,208,308</u>

Township of Atlas
Notes to Financial Statements
March 31, 2009

NOTE 6 - INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

Transfers are used to move unrestricted general fund revenues to finance various programs that the Township must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Current tax fund	\$ 5,134
General	Other funds	751
General	Atlas Meadows Septic	<u>10,567</u>
		<u>\$ 16,452</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund balances are included in the funds financial statements but have been eliminated from the government wide financial statements.

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Atlas Meadows Septic Fund	\$ 76,873
Fire Fund	Building Authority	59,500
Sewer Receiving Fund	Sewer Capital Projects Fund	<u>169,151</u>
		<u>\$ 305,524</u>

Township of Atlas
Notes to Financial Statements
March 31, 2009

NOTE 7 - LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government

Long-term obligation activity is summarized as follows:

	Amount of Issue	Fiscal Year Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
2004 Building Authority	\$ 445,000	2014	2.25-4.00%	\$ 45,000 - \$ 60,000	\$ 270,000	\$ -	\$ 50,000	\$ 220,000	\$ -
Special assessment obligations									
1999 Green Ridge Road Paving	360,000	2010	4.25 - 4.40%	\$ 35,000 - \$ 40,000	80,000	-	40,000	40,000	40,000
1999 East Lake Road Paving	57,000	2010	7.70%	\$ 7,000 - \$ 8,000	15,000	-	7,000	8,000	8,000
Total governmental activities					<u>\$ 365,000</u>	<u>\$ -</u>	<u>\$ 97,000</u>	<u>\$ 268,000</u>	<u>\$ 48,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending March 31,	Governmental Activities	
	Principal	Interest
2010	48,000	5,189
2011	55,000	7,106
2012	50,000	5,338
2013	55,000	3,431
2014	<u>60,000</u>	<u>1,200</u>
	<u>\$ 268,000</u>	<u>\$ 22,264</u>

Township of Atlas
Notes to Financial Statements
March 31, 2009

NOTE 8 - FUND BALANCE RESERVES

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use.

The following fund balance reserves have been established as of March 31, 2009:

Debt service fund	
Debt service	\$ 47,738
Nonmajor governmental funds	
Debt service	14,910
Special revenue sewer funds	154,785
Sewer capital improvements	<u>20,900</u>
	<u>\$ 238,333</u>

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - DEFERRED COMPENSATION PLAN

The Township offers qualified participants a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan requires a vesting period of three years from the date of entry into the plan at a 15 percent contribution. The plan was effective December 21, 2004. The amount contributed by the Township during 2009 under the deferred compensation plan was \$ 20,103.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

In addition, the Township has entered into a contract for policing services through September of 2009. The potential remaining balance on the contract is \$ 238,350 at March 31, 2009.

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Taxes				
Property taxes	\$ 260,885	\$ 260,885	\$ 268,180	\$ 7,295
Administration fee	140,652	140,652	124,381	(16,271)
Licenses and permits	31,500	31,500	36,229	4,729
Federal grants	-	-	2,745	2,745
State shared revenue	400,000	400,000	403,738	3,738
Charges for services	261,047	261,047	313,715	52,668
Interest income	127,100	127,100	68,843	(58,257)
Special assessments	-	-	1,059	1,059
Other revenue	<u>41,672</u>	<u>41,672</u>	<u>61,739</u>	<u>20,067</u>
Total revenues	<u>1,262,856</u>	<u>1,262,856</u>	<u>1,280,629</u>	<u>17,773</u>
Expenditures				
General government				
Township board	270,100	270,100	187,237	(82,863)
Supervisor	37,170	37,170	43,817	6,647
Elections	22,000	22,000	15,567	(6,433)
Clerk	63,170	63,170	55,515	(7,655)
Board of review	4,100	4,100	2,241	(1,859)
Treasurer	58,670	58,670	57,233	(1,437)
Assessor	58,646	58,646	45,413	(13,233)
Cemetery	2,500	2,500	262	(2,238)
Buildings and grounds	<u>63,655</u>	<u>63,655</u>	<u>15,694</u>	<u>(47,961)</u>
Total general government	<u>580,011</u>	<u>580,011</u>	<u>422,979</u>	<u>(157,032)</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2009

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Building inspection department	13,822	13,822	25,437	11,615
Total public safety	13,822	13,822	25,437	11,615
Public works				
Aqua Weed	43,200	43,200	38,794	(4,406)
Drains	40,000	40,000	52,556	12,556
Highways, streets and bridges	276,500	276,500	150,454	(126,046)
Street lighting	12,819	12,819	11,134	(1,685)
Sanitary land fill	212,784	212,784	231,616	18,832
Total public works	585,303	585,303	484,554	(100,749)
Community and economic development				
Planning	34,820	34,820	19,198	(15,622)
Zoning	11,100	11,100	12,421	1,321
Total community and economic development	45,920	45,920	31,619	(14,301)
Recreation and culture				
Library	9,000	9,000	5,775	(3,225)

See Accompanying Notes to Financial Statements

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2009

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Transfers out	-	-	76,873	76,873
Total expenditures	1,234,056	1,234,056	1,047,237	(186,819)
Excess (deficiency) of revenues over expenditures	28,800	28,800	233,392	204,592
Fund balance - beginning of year	2,593,041	2,593,041	2,593,041	-
Fund balance - end of year	<u>\$ 2,621,841</u>	<u>\$ 2,621,841</u>	<u>\$ 2,826,433</u>	<u>\$ 204,592</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
Fire Protection Fund
For the Year Ended March 31, 2009

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes	\$ 349,073	\$ 349,073	\$ 348,158	\$ (915)
Federal grants	-	-	2,421	2,421
Interest income	2,008	2,008	5,376	3,368
Other revenue	-	-	6,121	6,121
Sale of fixed assets	-	-	15,625	15,625
	<u>351,081</u>	<u>351,081</u>	<u>377,701</u>	<u>26,620</u>
Total revenues				
Expenditures				
Public safety	232,300	232,300	179,207	(53,093)
Capital outlay	61,665	61,665	21,129	(40,536)
Transfers out	55,108	55,108	59,500	4,392
	<u>349,073</u>	<u>349,073</u>	<u>259,836</u>	<u>(89,237)</u>
Total expenditures				
Excess of revenues over expenditures	2,008	2,008	117,865	115,857
Fund balance - beginning of year	<u>289,966</u>	<u>289,966</u>	<u>289,966</u>	<u>-</u>
Fund balance - end of year	<u>\$ 291,974</u>	<u>\$ 291,974</u>	<u>\$ 407,831</u>	<u>\$ 115,857</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Required Supplemental Information
Budgetary Comparison Schedule
Police Administrative Board
For the Year Ended March 31, 2009

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes	\$ 325,136	\$ 325,136	\$ 348,936	\$ 23,800
Licenses and permits	-	-	2,454	2,454
Special assessments	161,675	161,675	162,336	661
Fines and forfeitures	22,000	22,000	25,529	3,529
Interest income	3,000	3,000	3,945	945
Other revenue	-	-	2,350	2,350
	<u>511,811</u>	<u>511,811</u>	<u>545,550</u>	<u>33,739</u>
Total revenues				
Expenditures				
Public safety	<u>511,811</u>	<u>511,811</u>	<u>485,437</u>	<u>(26,374)</u>
	<u>511,811</u>	<u>511,811</u>	<u>485,437</u>	<u>(26,374)</u>
Total expenditures				
Excess of revenues (deficiency) over expenditures	-	-	60,113	60,113
Fund balance - beginning of year	<u>248,305</u>	<u>248,305</u>	<u>248,305</u>	<u>-</u>
Fund balance - end of year	<u>\$ 248,305</u>	<u>\$ 248,305</u>	<u>\$ 308,418</u>	<u>\$ 60,113</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2009

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Receiving Fund</u>	<u>Atlas Meadows Septic Fund</u>	<u>Building Authority Fire Hall</u>	<u>East Lake Paving Assessment</u>	<u>Sewer Capital Projects Fund</u>	
Assets						
Cash and cash equivalents	\$ 12,274	\$ 12,756	\$ 3,637	\$ 11,118	\$ 154,785	\$ 194,570
Receivables						
Taxes	-	-	-	155	-	155
Customers	10,450	-	-	-	-	10,450
Special assessments	-	3,702	-	-	-	3,702
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>
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Township of Atlas
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2009

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Receiving Fund</u>	<u>Atlas Meadows Septic Fund</u>	<u>Building Authority Fire Hall</u>	<u>East Lake Paving Assessment</u>	<u>Sewer Capital Projects Fund</u>	
Revenues						
Charges for services	\$ 47,991	\$ -	\$ -	\$ 495	\$ -	\$ 48,486
Interest income	1,651	284	7	193	262	2,397
Other revenue	-	18,090	-	-	-	18,090
Special assessments	-	-	-	4,636	-	4,636
Total revenues	<u>49,642</u>	<u>18,374</u>	<u>7</u>	<u>5,324</u>	<u>262</u>	<u>73,609</u>
Expenditures						
Public works	30,716	19,747	-	-	14,628	65,091
Debt service						
Principal retirement	-	-	50,000	7,000	-	57,000
Interest and fiscal charges	-	-	9,500	1,456	-	10,956
Total expenditures	<u>30,716</u>	<u>19,747</u>	<u>59,500</u>	<u>8,456</u>	<u>14,628</u>	<u>133,047</u>
Excess (deficiency) of revenues over expenditures	<u>18,926</u>	<u>(1,373)</u>	<u>(59,493)</u>	<u>(3,132)</u>	<u>(14,366)</u>	<u>(59,438)</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2009

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Sewer Receiving Fund</u>	<u>Atlas Meadows Septic Fund</u>	<u>Building Authority Fire Hall</u>	<u>East Lake Paving Assessment</u>	<u>Sewer Capital Projects Fund</u>	
Other financing sources						
Transfers in	75,973	900	59,500	-	169,151	305,524
Transfers out	<u>(169,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,151)</u>
Total other financing sources	<u>(93,178)</u>	<u>900</u>	<u>59,500</u>	<u>-</u>	<u>169,151</u>	<u>136,373</u>
Net change in fund balance	(74,252)	(473)	7	(3,132)	154,785	76,935
Fund balance - beginning of year	<u>95,126</u>	<u>499</u>	<u>3,630</u>	<u>14,405</u>	<u>-</u>	<u>113,660</u>
Fund balance - end of year	<u>\$ 20,874</u>	<u>\$ 26</u>	<u>\$ 3,637</u>	<u>\$ 11,273</u>	<u>\$ 154,785</u>	<u>\$ 190,595</u>

See Accompanying Notes to Financial Statements

Township of Atlas
Other Supplemental Information
Schedule of Indebtedness
March 31, 2009

Description	Interest Rate	Fiscal Year Date of Maturity	Amount of Annual Maturity	Semi-Annual Interest Payments		Total
				May 1st	Nov 1st	
Governmental Activities	3.00%	2010	-	-	4,000	4,000
2004 Building Authority	3.25%	2011	55,000	4,000	3,106	62,106
Amount of issue - \$ 445,000	3.50%	2012	50,000	3,106	2,231	55,338
	3.75%	2013	55,000	2,231	1,200	58,431
	4.00%	2014	<u>60,000</u>	<u>1,200</u>	<u>-</u>	<u>61,200</u>
			<u>\$ 220,000</u>	<u>\$ 10,538</u>	<u>\$ 10,538</u>	<u>\$ 241,075</u>
 1999 East Lake Paving						
Amount of issue - \$ 57,000	7.70%	2010	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 8,308</u>
 1999 Green Ridge Paving						
Amount of issue - \$ 360,000	4.40%	2010	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 40,880</u>

See Accompanying Notes to Financial Statements



6639 Centurion Drive, Suite 170
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(517) 323-9500
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September 21, 2009

Management and the Township Board
Township of Atlas
P.O. Box 277
Goodrich, MI 48438

Dear Management and the Township Board:

We have completed our audit of the financial statements of Township of Atlas as of and for the year ended March 31, 2009 and have issued our report dated September 21, 2009. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

- I Communication of Internal Control Matters Identified During the Audit
- II Auditors' Communication of Significant Matters with Those Charged with Governance
- III Management Comments

We discussed these matters with various personnel in the organization during the audit and have already met with management during the audit. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of the Township's board of directors and management and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.
Lansing, Michigan

Appendix I

Communication of Internal Control Matters Identified During the Audit

In planning and performing our audit of the financial statements of Township of Atlas (Township) as of and for the year ended March 31, 2009, in accordance with auditing standards generally accepted in the United States of America (US GAAS), we considered Township of Atlas's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Adjusting Journal Entries and Financial Statement Preparation Controls

In conjunction with our audit, we have proposed audit adjustments and been contracted by management to prepare the external financial statements and related disclosures of the Township based on information provided to us by management. The audit adjustments included a significant adjustment to record amounts receivable from the State of Michigan revenue sharing program at March 31, 2009. This service is allowable under the American Institute of Certified Public Accountants (AICPA) ethics guidelines and may be the most efficient and effective method for preparation of the Township's financial statements. If at any point the auditors are part of internal control for producing reliable financial statements, however, auditing standards indicate that the entity has a control deficiency. The proposal of significant audit adjustments and preparation of financial statements and disclosures from information provided by management meets this definition and, therefore, is a control deficiency that constitutes a material weakness.

Appendix II

Auditors' Communication of Significant Matters with Those Charged with Governance

Responsibilities under generally accepted auditing standards

As stated in our engagement letter dated May 28, 2009, we are responsible for conducting our audit in accordance with US GAAS established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as outlined in our discussion with you related to planning matters on May 28, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in (Note 1) of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected.
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements.

Difficulties Encountered During the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

Disagreements with Management

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

Significant Issues Discussed or Subject to Correspondence with Management

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

Appendix III Management Comments

In planning and performing our audit of the financial statements of Township of Atlas as of and for the year ended March 31, 2009, we considered Township of Atlas's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

However, during our audit we became aware of a few matters. This letter does not affect our report dated September 21, 2009, on the financial statements of the Township. Our comments and recommendations regarding those matters are identified below:

Uninsured Cash Balances

The Federal Deposit Insurance Corporation (FDIC) is reporting increases in both the number of insolvent and troubled banks on their watch list, large and small banks alike. Given the current banking industry environment, we recommend obtaining full FDIC insurance coverage, or at a minimum, periodic monitoring of the institution's financial standing using a bank rating service.

State of Michigan Revenue Sharing Amounts Receivable

As previously described, the audit adjustments included a significant adjustment to record amounts receivable from the State of Michigan revenue sharing program at March 31, 2009. To improve the reliability of the Township's interim financial statements, we recommend that management record these amounts as receivables when the information is available on the State of Michigan's website.

Greenridge Reconciliation

In the fiscal year ending March 31, 2010, the Greenridge debt issue will mature. A decision was made in the current fiscal year to stop collection of the Greenridge assessment, as more than enough had been collected to retire the bond. A township may retain a surplus of less than five percent of the original roll. If more than a five percent surplus remains after all project costs are paid, property owners must receive a refund. We recommend that management develop a plan to calculate the refunds and determine how and when the refunds will be paid to the property owners.

Township Board Involvement

Due to the limited size of the Townships accounting department, the Township Board's oversight of financial data and involvement in daily activities is an essential component in maintaining these effective internal controls. As the Township has elected new officials this past year, we want to reiterate that the Township Board's involvement and oversight should continue as it helps to prevent human errors as well as being a deterrent to fraud.