

Township of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2007

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Almont Township	County Lapeer County
Fiscal Year End June 30, 2007	Opinion Date August 17, 2007	Date Audit Report Submitted to State August 20, 2007	

We affirm that:

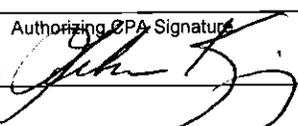
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | |
|-----|----|--|
| YES | NO | Check each applicable box below. (See instructions for further detail.) |
|-----|----|--|
1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. The local unit has adopted a budget for all required funds.
 5. A public hearing on the budget was held in accordance with State statute.
 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. The local unit only holds deposits/investments that comply with statutory requirements.
 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. The local unit is free of repeated comments from previous years.
 12. The audit opinion is UNQUALIFIED.
 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. The board or council approves all invoices prior to payment as required by charter or statute.
 15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.		Telephone Number 989-635-3113	
Street Address 3531 Main Street		City Marlette	State Zip MI 48453
Authorizing CPA Signature 	Printed Name Lehn King		License Number A248871

Township of Almont
 Annual Financial Report
 For The Fiscal Year Ended June 30, 2007

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Members of the Township Board
Almont Township
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont, Michigan as of and for the year ended June 30, 2007, 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 of Almont, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont, Michigan as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof 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 the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Almont, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2004.

Lehn King

Lehn L. King
Certified Public Accountant

August 17, 2007

Township of Almont

Almont, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Almont's financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The Township is now collecting one (1) mill for the construction of a new fire hall. This millage is for a period of ten years. The land was purchased for the new fire hall at \$330,115 and a contract awarded of \$1,475,240 for the construction of the station. An installment agreement in the amount of \$1,200,000 at 3.89% was entered into with Capac State Bank to finance the project.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

The Township as a Whole

The Township of Almont's fund balances are as follows:

	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
General Fund	\$ 534,035	\$ 383,353
Fire Fund	718,361	570,425
Police Department Fund	314,608	247,456
Building Department Fund	3,275	7,344
Fire Assessment Capital Project Fund	504,173	1,556,846
Total for Township	<u>\$ 2,074,452</u>	<u>\$ 2,765,424</u>

Township of Almont

Almont, Michigan

Governmental Activities

The Township of Almont's Revenues and Expenditures can be summarized as follows:

	General Fund	Fire Fund	Police Department Fund	Building Department Fund	Capital Project Fund	Totals
Fund Balance - Beginning of Year	\$ 383,353	\$ 570,425	\$ 247,456	\$ 7,344	\$ 1,556,846	\$ 2,765,424
Revenue Collected						
Property Taxes	385,895	229,396	267,672	-	221,600	1,104,563
Intergovernmental Revenue	220,277	-	-	-	-	220,277
Charges for Services	6,167	-	-	43,442	-	49,609
Loan Proceeds	-	-	-	-	-	-
Interest Earnings	42,409	27,582	12,411	359	40,108	122,869
Other	18,241	30,309	-	554	160	49,264
Total Revenue Collected	<u>672,989</u>	<u>287,287</u>	<u>280,083</u>	<u>44,355</u>	<u>261,868</u>	<u>1,546,582</u>
Expenditures						
General Government	333,547	-	-	-	-	333,547
Public Safety	67,053	116,105	212,931	48,424	4,075	448,588
Public Works	99,444	-	-	-	-	99,444
Capital Outlay	-	23,246	-	-	1,082,839	1,106,085
Debt Service	22,263	-	-	-	227,627	249,890
Total Expenditures	<u>522,307</u>	<u>139,351</u>	<u>212,931</u>	<u>48,424</u>	<u>1,314,541</u>	<u>2,237,554</u>
Fund Balance - End of Year	<u>\$ 534,035</u>	<u>\$ 718,361</u>	<u>\$ 314,608</u>	<u>\$ 3,275</u>	<u>\$ 504,173</u>	<u>\$ 2,074,452</u>

Township of Almont

Almont, Michigan

Economic Factors and Next Year's Budget and Rates

The Township of Almont's 2007/2008 adopted budget is as follows:

	General Fund	Fire Fund	Police Department Fund	Building Department Fund	Capital Project Fund
Budgeted Beginning Fund Balance	\$ 550,000	\$ 696,520	\$ 340,000	\$ 3,000	\$ 746,850
Revenue					
Property Taxes / Special Assessments	\$ 406,500	\$ 244,500	\$ 254,554	\$ -	\$ 235,000
Intergovernmental Revenue	220,000	-	-	-	-
Charges for Services	6,400	500	-	48,500	-
Interest Earnings	15,000	10,000	14,000	500	30,000
Other	14,000	12,000	-	-	-
Total Revenue Collected	661,900	267,000	268,554	49,000	265,000
Expenditures					
General Government	912,200	963,520	378,554	-	434,150
Public Safety	30,000	-	230,000	52,000	577,700
Public Works	269,700	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers	-	-	-	-	-
Total Expenditures	1,211,900	963,520	608,554	52,000	1,011,850
Net Over/Under Budget	(550,000)	(696,520)	(340,000)	(3,000)	(746,850)
Budgeted Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

The Township of Almont's General Fund budget for next year is approximately the same budget as a year ago.

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 819 N. Main, Almont, Michigan or by telephone at (810) 798-8521.

Gary Groesbeck
Township of Almont Supervisor

Township of Almont
Statement of Net Assets (Deficit)
June 30, 2007

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 1,962,882.32
Accounts Receivable	14,913.08
Prepaid Expenses	18,619.00
Due From Other Funds	204,260.95
Capital Assets (Net of Accumulated Depreciation)	<u>2,228,545.24</u>
<u>Total Assets</u>	<u>\$ 4,429,220.59</u>
<u>Liabilities</u>	
Accounts Payable	\$ 97,188.33
Accrued Wages	22,572.34
Due From Other Funds	6,451.59
Current Portion of Long-Term Debt	188,010.00
Noneurrent Liabilities:	
Long-Term Debt	<u>828,450.29</u>
<u>Total Liabilities</u>	<u>1,142,672.55</u>
Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	1,212,084.95
Unrestricted	<u>2,074,463.09</u>
<u>Total Net Assets (Deficit)</u>	<u>\$ 3,286,548.04</u>

The notes are an integral part of the statements.

Township of Almont

Statement of Activities

For the Year Ended June 30, 2007

	Expenses	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants & Contributions	Net (Expense) Revenue & Changes in Net Assets Primary Governmental Activities
Functions/Programs					
Primary Government:					
Governmental Activities:					
General Government	\$ 340,461.68	-	-	-	\$ (340,461.68)
Public Safety	517,967.71	49,609.51	-	22,083.00	(446,275.20)
Public Works	99,443.99	-	-	-	(99,443.99)
Interest on Long-Term Debt	44,744.20	-	-	-	(44,744.20)
Total Governmental Activities	<u>\$ 1,002,617.58</u>	<u>\$ 49,609.51</u>	<u>\$ -</u>	<u>\$ 22,083.00</u>	<u>(930,925.07)</u>
General Revenues:					
Property Taxes & Special Assessments					\$ 1,104,564.11
State Shared Revenues					220,277.00
Interest					122,871.36
Other Revenue					27,178.32
Transfers					-
Total General Revenues, Special Items & Transfers					<u>1,474,890.79</u>
Change in Net Assets					543,965.72
Net Assets (Deficit) - Beginning of Year					<u>2,742,582.32</u>
Net Assets (Deficit) - End of Year					<u>\$ 3,286,548.04</u>

The notes are an integral part of the statements.

Township of Almont
 Governmental Funds
 Balance Sheet
 June 30, 2007

	Major Special Revenue Funds					Total Governmental Funds
	General Fund	Fire Fund	Police Department Fund	Building Department Fund	Fire Assessment Capital Project Fund	
<u>Assets</u>						
Cash & Certificates of Deposit	\$ 523,190.52	\$ 687,890.00	\$ 339,584.34	\$ 7,664.84	\$ 404,552.62	\$ 1,962,882.32
Accounts Receivable	5,365.00	4,301.00	-	-	5,247.08	14,913.08
Prepaid Expenses	9,868.07	8,750.93	-	-	-	18,619.00
Due From Other Funds	60,499.53	20,017.62	24,778.26	-	98,965.54	204,260.95
<u>Total Assets</u>	\$ 598,923.12	\$ 720,959.55	\$ 364,362.60	\$ 7,664.84	\$ 508,765.24	\$ 2,200,675.35
<u>Liabilities & Fund Equity</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 42,009.18	\$ 843.21	\$ 49,753.68	\$ -	\$ 4,582.26	\$ 97,188.33
Accrued Wages	16,427.69	1,755.00	-	4,389.65	-	22,572.34
Due To Other Funds	6,451.59	-	-	-	-	6,451.59
<u>Total Liabilities</u>	64,888.46	2,598.21	49,753.68	4,389.65	4,582.26	126,212.26
<u>Fund Equity</u>						
Fund Balances						
- Unreserved & Undesignated	534,034.66	718,361.34	314,608.92	3,275.19	504,182.98	2,074,463.09
<u>Total Fund Balances</u>	534,034.66	718,361.34	314,608.92	3,275.19	504,182.98	2,074,463.09
<u>Total Liabilities & Fund Equity</u>	\$ 598,923.12	\$ 720,959.55	\$ 364,362.60	\$ 7,664.84	\$ 508,765.24	\$ 2,200,675.35

The notes are an integral part of the statements.

Township of Almont
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended June 30, 2007

Total Fund Balances for Governmental Funds	\$ 2,074,463.09
Amounts reported for Governmental Activities in the Statement of Net Assets (Deficit) are different because:	
Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	2,228,545.24
Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>(1,016,460.29)</u>
Net Assets of Governmental Activities	<u><u>\$ 3,286,548.04</u></u>

Township of Almont

Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances For The Year Ended June 30, 2007

	Major Special Revenue Funds					Total Governmental Funds
	General Fund	Fire Fund	Police Department Fund	Building Department Fund	Fire Assessment Capital Project Fund	
Revenues						
Property Taxes	\$ 385,894.70	\$ 229,397.26	\$ 267,672.45	\$ -	\$ 221,599.70	\$ 1,104,564.11
State Shared Revenue	220,277.00	-	-	-	-	220,277.00
Charges for Services	6,167.40	-	-	43,442.11	-	49,609.51
Grant Proceeds	-	22,083.00	-	-	-	22,083.00
Interest Earnings	42,409.36	27,583.32	12,410.82	359.13	40,108.73	122,871.36
Other Revenues	18,240.87	8,223.72	-	553.99	159.74	27,178.32
Total Revenues	672,989.33	287,287.30	280,083.27	44,355.23	261,868.17	1,546,583.30
Expenditures						
General Government	333,547.28	-	-	-	-	333,547.28
Public Safety	67,053.39	116,105.28	212,930.61	48,424.07	4,065.09	448,578.44
Public Works	99,443.99	-	-	-	-	99,443.99
Capital Outlay	-	23,245.50	-	-	1,082,838.67	1,106,084.17
Debt Service - Principal	21,606.52	-	-	-	183,539.71	205,146.23
Debt Service - Interest	656.04	-	-	-	44,088.16	44,744.20
Total Expenditures	522,307.22	139,350.78	212,930.61	48,424.07	1,314,531.63	2,237,544.31
Excess of Revenues Over (Under) Expenditures	150,682.11	147,936.52	67,152.66	(4,068.84)	(1,052,663.46)	(690,961.01)
Other Financing Sources (Uses)						
Operating Transfers In (Out)	-	-	-	-	-	-
Net Change in Fund Balances	150,682.11	147,936.52	67,152.66	(4,068.84)	(1,052,663.46)	(690,961.01)
Fund Balances - Beginning of Year	383,352.55	570,424.82	247,456.26	7,344.03	1,556,846.44	2,765,424.10
Fund Balances - End of Year	\$ 534,034.66	\$ 718,361.34	\$ 314,608.92	\$ 3,275.19	\$ 504,182.98	\$ 2,074,463.09

The notes are an integral part of the statements.

Township of Almont
 Governmental Funds
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (690,961.01)

Amounts reported for Governmental Activities in the Statement of
 Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
 in the Statement of Activities, these costs are capitalized and
 allocated over their estimated useful lives as Depreciation 1,106,084.17

Repayment of Bond Principal is an Expenditure in the Governmental
 Funds, but not in the Statement of Activities (where it
 reduces Long-Term Debt) 205,146.23

Bond Proceeds are recognized as revenue in the Governmental Funds,
 but not in the Statement of Activities -

Depreciation is an Expenditure for the Statement of
 Activities, but is not reported in the Governmental Funds (76,303.67)

Net Change in Assets of Governmental Activities \$ 543,965.72

Township of Almont
Statement of Net Assets (Deficit)
Fiduciary Funds
June 30, 2007

	<u>Fiduciary Fund Types</u>		<u>Totals June 30, 2007</u>
	<u>Agency Funds</u>		
	<u>Trust & Agency Fund</u>	<u>Current Tax Collection Fund</u>	
<u>Assets</u>			
Cash - Savings & Certificates	\$ 29,101.64	\$ 210,492.31	\$ 239,593.95
Due From Other Funds	-	-	-
<u>Total Assets</u>	<u>\$ 29,101.64</u>	<u>\$ 210,492.31</u>	<u>\$ 239,593.95</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Performance Bonds Payable	\$ 24,672.95	\$ -	\$ 24,672.95
Due To Other Funds	4,428.69	193,380.67	197,809.36
Due To Other Governmental Units	-	17,111.64	17,111.64
<u>Total Liabilities</u>	<u>29,101.64</u>	<u>210,492.31</u>	<u>239,593.95</u>
<u>Fund Balances</u>			
Unreserved & Undesignated	-	-	-
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities & Fund Balances</u>	<u>\$ 29,101.64</u>	<u>\$ 210,492.31</u>	<u>\$ 239,593.95</u>

The notes are an integral part of the statements.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

The accounting methods and procedures adopted by the Township of Almont, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Almont was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Almont (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component Units - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

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

Fire Fund - This fund accounts for the operation of the fire department and provides for the accumulation of funds for equipment replacement. Funding is provided primarily through a special assessment.

Police Department Fund - The fund accounts for the payment of the contract to the Village for police protection and the purchase of equipment. Funding is provided primarily through a special assessment.

Building Department Fund - This fund is set up for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

Fire Assessment Capital Project Fund – This fund is set up to account for the purchase of land for the fire hall and the various construction associated with the fire hall. Funding is provided primarily through a special assessment.

Measurement Focus and Basis of Accounting

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

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	35 to 50 years
Machinery & Equipment	3 to 25 years

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund 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 purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

Accounting Changes

GASB Statement No. 34 – Effective July 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund, Special Revenue Funds, and Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund, Special Revenue Funds, and Capital Project Fund are presented in the required supplemental information.

During the year ended June 30, 2007, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Cemetery	\$ 8,700	\$ 11,765	\$ 3,065
Inspection Department	31,100	34,387	3,287
Fire Assessment Capital Project Fund			
Capital Outlay	265,000	1,082,839	817,839

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated seven banks for the deposit of Township funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. All cash deposits and investments of the Township are held by the Township in the Township's name.

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

	Governmental Activities	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	\$ 1,968,882	\$ 239,594	\$ 2,208,476

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 2,208,476

The bank balance of the primary government's deposits is \$2,208,476, of which \$500,000 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	Category			Carrying Value
	(1)	(2)	(3)	
Investments	\$ NONE	\$ NONE	\$ NONE	\$ NONE

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	1.3812	mills
Fire Fund, Operating	0.9833	mills
Fire Hall	0.9471	mills
Police Fund – Operating, Special Assessment	1.6000	mills

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “Due from other funds” or “Due to other funds” on the balance sheet. The amounts of interfund receivables and payables are as follows:

	Due From Other Funds		Due To Other Funds
General Fund	\$ 56,071	Tax Collection Fund	\$ 56,071
Fire Fund	6,452	General Fund	6,452
General Fund	4,429	Trust & Agency Fund	4,429
Fire Assessment Capital Project	98,966	Tax Collection Fund	98,966
Fire Fund	13,566	Tax Collection Fund	13,566
Police Fund	24,778	Tax Collection Fund	24,778
Total	<u>\$ 204,262</u>		<u>\$ 204,262</u>

Interfund Transfers reported in the Fund Statements are as follows:

NONE

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

6. Capital Assets

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

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance June 30, 2007</u>
Governmental Activities:				
Capital Assets not being Depreciated:	\$ 352,010	\$ -	\$ -	\$ 352,010
Capital Assets being Depreciated:				
Buildings & Improvements	\$ 450,429	\$ 1,082,839	\$ -	\$ 1,533,268
Machinery & Equipment	938,381	23,246	-	961,627
Total Capital Assets being Depreciated	<u>1,388,810</u>	<u>1,106,085</u>	-	<u>2,494,895</u>
Accumulated Depreciation:				
Buildings & Improvements	103,021	19,837	-	122,858
Machinery & Equipment	439,034	56,467	-	495,501
Total Accumulated Depreciation	<u>542,055</u>	<u>76,304</u>	-	<u>618,359</u>
Net Capital Assets being Depreciated	<u>846,755</u>	<u>1,029,781</u>	-	<u>1,876,536</u>
Net Total Capital Assets	<u><u>\$ 1,198,765</u></u>	<u><u>\$ 1,029,781</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,228,546</u></u>

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

Governmental Activities:		
General Government		\$ 10,189
Public Safety		<u>66,115</u>
Total Governmental Activities		<u><u>\$ 76,304</u></u>

7. Long -Term Debt

The following is a summary of the debt outstanding of the Township as of June 30, 2007:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds & Contracts						
Installment Purchase Contract - Municipal Building Addition						
Amount of Issue - \$100,500						
Maturing through August 1, 2006						
	3.75%	\$22,416 -	\$ 21,606	\$ (21,606)	\$ -	\$ -
Installment Purchase Contract - Fire Station						
Amount of Issue - \$100,500						
Maturing through August 1, 2006						
	3.89%	\$183,540 - \$219,089	\$ 1,200,000	\$ (183,540)	\$ 1,016,460	\$ 188,010
Total Governmental Activities			<u><u>\$ 1,221,606</u></u>	<u><u>\$ (205,146)</u></u>	<u><u>\$ 1,016,460</u></u>	<u><u>\$ 188,010</u></u>

Township of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2007

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 188,010	\$ 39,618	\$ 227,628
2009	195,426	32,202	227,628
2010	203,022	24,606	227,628
2011	210,914	16,714	227,628
2012	219,088	8,539	227,627
Total	\$ 1,016,460	\$ 121,679	\$ 1,138,139

8. Pension Plan

The Township does not offer any pension plan.

9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

10. Comparative Data

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

11. Post Employment Benefits

The Township does not provide any post employment benefits.

12. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Township of Almont
 Budgetary Comparison Schedule
 General Fund
 For The Year Ended June 30, 2007

	General Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
Revenues				
Property Taxes	\$ 399,500.00	\$ 399,500.00	\$ 385,894.70	\$ (13,605.30)
State Shared Revenues	225,000.00	225,000.00	220,277.00	(4,723.00)
Charges for Services	7,000.00	7,000.00	6,167.40	(832.60)
Interest Earnings	5,000.00	5,000.00	42,409.36	37,409.36
Other Revenues	14,000.00	14,000.00	18,240.87	4,240.87
Total Revenues	650,500.00	650,500.00	672,989.33	22,489.33
Expenditures				
General Government				
Township Board	120,000.00	120,000.00	117,728.96	2,271.04
Supervisor	32,000.00	32,000.00	28,878.68	3,121.32
Elections	7,000.00	10,000.00	9,146.89	853.11
Assessor	40,000.00	40,200.00	39,442.36	757.64
Clerk & Deputy Clerk	60,000.00	60,000.00	56,353.25	3,646.75
Board of Review	2,000.00	3,200.00	3,004.35	195.65
Treasurer & Deputy Treasurer	48,000.00	48,000.00	42,114.49	5,885.51
Building & Grounds	32,000.00	32,000.00	25,113.52	6,886.48
Cemetery	8,000.00	8,700.00	11,764.78	(3,064.78)
Total General Government	349,000.00	354,100.00	333,547.28	20,552.72
Public Safety				
Inspection Department	10,000.00	31,100.00	34,386.32	(3,286.32)
Ordinance Enforcement	6,000.00	6,000.00	4,197.42	1,802.58
Planning Commission	50,000.00	50,000.00	23,040.04	26,959.96
Street Lights	6,000.00	6,000.00	5,052.81	947.19
Board of Appeals	2,000.00	2,000.00	376.80	1,623.20
Total Public Safety	74,000.00	95,100.00	67,053.39	28,046.61
Public Works - Roads & Drains	150,700.00	150,700.00	99,443.99	51,256.01
Capital Outlay	-	-	-	-
Debt Service - Principal	22,000.00	22,000.00	21,606.52	393.48
Debt Service - Interest	1,000.00	1,000.00	656.04	343.96
Total Expenditures	596,700.00	622,900.00	522,307.22	100,592.78
Excess of Revenues Over (Under) Expenditures	53,800.00	27,600.00	150,682.11	123,082.11
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	53,800.00	27,600.00	150,682.11	123,082.11
Fund Balance - Beginning of Year	328,000.00	328,000.00	383,352.55	55,352.55
Fund Balance - End of Year	\$ 381,800.00	\$ 355,600.00	\$ 534,034.66	\$ 178,434.66

Township of Almont
 Budgetary Comparison Schedule
 Fire Fund
 For The Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Special Assessments	\$ 239,550.00	\$ 239,550.00	\$ 229,397.26	\$ (10,152.74)
Grant Proceeds	-	-	22,083.00	22,083.00
Interest Earnings	10,000.00	10,000.00	27,583.32	17,583.32
Other Revenue	26,700.00	26,700.00	8,223.72	(18,476.28)
<u>Total Revenues</u>	<u>276,250.00</u>	<u>276,250.00</u>	<u>287,287.30</u>	<u>11,037.30</u>
<u>Expenditures</u>				
Administration	54,200.00	54,200.00	41,120.41	13,079.59
Operating Expenditures	67,250.00	67,250.00	37,212.35	30,037.65
Other Expenditures	406,925.00	406,925.00	37,772.52	369,152.48
Capital Outlay	60,000.00	60,000.00	23,245.50	36,754.50
<u>Total Expenditures</u>	<u>588,375.00</u>	<u>588,375.00</u>	<u>139,350.78</u>	<u>449,024.22</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(312,125.00)	(312,125.00)	147,936.52	460,061.52
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(312,125.00)	(312,125.00)	147,936.52	460,061.52
<u>Fund Balance - Beginning of Year</u>	<u>562,125.00</u>	<u>562,125.00</u>	<u>570,424.82</u>	<u>8,299.82</u>
<u>Fund Balance - End of Year</u>	<u>\$ 250,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 718,361.34</u>	<u>\$ 468,361.34</u>

Township of Almont
 Budgetary Comparison Schedule
 Police Department Fund
 For The Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Special Assessments	\$ 268,555.00	\$ 268,555.00	\$ 267,672.45	\$ (882.55)
Interest Earnings	7,000.00	7,000.00	12,410.82	5,410.82
Other Revenues	-	-	-	-
<u>Total Revenues</u>	<u>275,555.00</u>	<u>275,555.00</u>	<u>280,083.27</u>	<u>4,528.27</u>
<u>Expenditures</u>				
Contractual Services	232,000.00	232,000.00	212,930.61	19,069.39
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>232,000.00</u>	<u>232,000.00</u>	<u>212,930.61</u>	<u>19,069.39</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	43,555.00	43,555.00	67,152.66	23,597.66
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	43,555.00	43,555.00	67,152.66	23,597.66
<u>Fund Balances - Beginning of Year</u>	<u>280,000.00</u>	<u>280,000.00</u>	<u>247,456.26</u>	<u>(32,543.74)</u>
<u>Fund Balances - End of year</u>	<u>\$ 323,555.00</u>	<u>\$ 323,555.00</u>	<u>\$ 314,608.92</u>	<u>\$ (8,946.08)</u>

Township of Almont
 Budgetary Comparison Schedule
 Building Department Fund
 For The Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Permits & Inspections Fees	\$ 59,500.00	\$ 59,500.00	\$ 43,442.11	\$ (16,057.89)
Interest Earnings	500.00	500.00	359.13	(140.87)
Other Revenue	-	-	553.99	553.99
<u>Total Revenues</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>44,355.23</u>	<u>(15,644.77)</u>
<u>Expenditures</u>				
Inspectors' Salaries, Wages, & Fees	60,000.00	60,000.00	45,201.89	14,798.11
Operating Supplies & Education	3,000.00	3,000.00	2,096.19	903.81
Miscellaneous	2,000.00	2,000.00	1,125.99	874.01
<u>Total Expenditures</u>	<u>65,000.00</u>	<u>65,000.00</u>	<u>48,424.07</u>	<u>16,575.93</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(5,000.00)	(5,000.00)	(4,068.84)	931.16
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(5,000.00)	(5,000.00)	(4,068.84)	931.16
<u>Fund Balance - Beginning of Year</u>	<u>8,000.00</u>	<u>8,000.00</u>	<u>7,344.03</u>	<u>(655.97)</u>
<u>Fund Balance - End of Year</u>	<u>\$ 3,000.00</u>	<u>\$ 3,000.00</u>	<u>\$ 3,275.19</u>	<u>\$ 275.19</u>

Township of Almont
 Budgetary Comparison Schedule
 Fire Assessment Capital Project Fund
 For The Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Special Assessments	\$ 230,249.00	\$ 230,249.00	\$ 221,599.70	\$ (8,649.30)
Interest Earnings	7,000.00	7,000.00	40,108.73	33,108.73
Loan Proceeds	-	-	-	-
Other Revenue	-	-	159.74	159.74
<u>Total Revenues</u>	<u>237,249.00</u>	<u>237,249.00</u>	<u>261,868.17</u>	<u>24,619.17</u>
<u>Expenditures</u>				
Miscellaneous	25,000.00	25,000.00	4,065.09	20,934.91
Capital Outlay	265,000.00	265,000.00	1,082,838.67	(817,838.67)
Debt Service - Principal	185,000.00	185,000.00	183,539.71	1,460.29
Debt Service - Interest	52,600.00	52,600.00	44,088.16	8,511.84
<u>Total Expenditures</u>	<u>527,600.00</u>	<u>527,600.00</u>	<u>1,314,531.63</u>	<u>(786,931.63)</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(290,351.00)	(290,351.00)	(1,052,663.46)	(762,312.46)
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(290,351.00)	(290,351.00)	(1,052,663.46)	(762,312.46)
<u>Fund Balance - Beginning of Year</u>	<u>402,667.00</u>	<u>402,667.00</u>	<u>1,556,846.44</u>	<u>1,154,179.44</u>
<u>Fund Balance - End of Year</u>	<u>\$ 112,316.00</u>	<u>\$ 112,316.00</u>	<u>\$ 504,182.98</u>	<u>\$ 391,866.98</u>

Other Supplemental Information

Township of Almont
 Other Supplemental Information
 Schedule of Indebtedness
 June 30, 2007

Municipal Building Addition
Installment Purchase Contract
Annual Payment Due August 1

Dated: August 13, 2001
 Original Issue: \$100,500

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2007</u>	<u>2006</u>	
3.75%	7/30/2006	\$ -	\$ 21,606	\$ -
Total		<u>\$ -</u>	<u>\$ 21,606</u>	<u>\$ -</u>

Fire Station
Installment Purchase Contract
Annual Payment Due June 1

Dated: August 13, 2001
 Original Issue: \$100,500

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2007</u>	<u>2006</u>	
3.89%	6/1/2007	\$ -	\$ 183,540	\$ -
3.89%	6/1/2008	188,010	188,010	39,618
3.89%	6/1/2009	195,426	195,426	32,202
3.89%	6/1/2010	203,022	203,022	24,606
3.89%	6/1/2011	210,914	210,914	16,714
3.89%	6/1/2012	219,088	219,088	8,539
Total		<u>\$ 1,016,460</u>	<u>\$ 1,200,000</u>	<u>\$ 121,679</u>
<u>Total Installment Purchase Contracts</u>		<u>\$ 1,016,460</u>	<u>\$ 1,221,606</u>	<u>\$ 121,679</u>

LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

August 17, 2007

Members of the Township Board
Almont Township
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Almont Township for the fiscal year ended June 30, 2007. During the course of my examination, the following items came to my attention:

- 1) It is my opinion that the Tax Account be zeroed out as of the end of the fiscal year. The Tax Account is a Trust and Agency Account and should distribute the funds to the appropriate Agency or Government Fund within a reasonable amount of time. The tax collection bank accounts should be reconciled on a monthly basis.
- 2) The Trust & Agency Fund holds performance bonds. The Treasurer maintains the cash balance, the Clerk records the activity in the general ledger, and Ida keeps a ledger on each individual performance bond. A system needs to be implemented to reconcile the three departments on a monthly basis. This is done to confirm that the cash balance agrees with the Township general ledger and both agree with the actual list of performance bonds kept by Ida.
- 3) Local Governmental Units must distribute the collection of property taxes in accordance with MCL 211.43. This requires the Township to distribute collected property taxes within ten business days after the 1st and 15th day of each month. The Treasurer was late distributing the property taxes and in violation of MCL 211.43.
- 4) An important part of internal control of Township assets is the reconciliation of the bank accounts on a timely basis. It is the responsibility of the Treasurer to maintain accurate cash balances and the Clerk to maintain the financial activity of the Township. The Treasurer and Clerk need to compare and match separately reconciled cash balances with each other to verify that all funds of the Township are properly accounted for.
- 5) All Department Heads are responsible for the hours worked by employees in their department. Time cards should be reviewed and signed by department heads before they are submitted to the Board for approval to be paid.

From an overall viewpoint, Almont Township is in good financial condition. I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant