

TOWNSHIP OF L'ANSE  
L'ANSE, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND OTHER FINANCIAL INFORMATION

March 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Township of L'Anse</b>	County <b>Baraga</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/24/04</b>	Date Accountant Report Submitted to State: <b>9/30/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes  No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes  No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes  No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes  No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes  No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes  No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes  No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes  No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes  No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Richard C. Woodbury, CPA. PC.</b>			
Street Address <b>20017 Sharon Ave</b>	City <b>Houghton</b>	State <b>MI</b>	ZIP <b>49931</b>
Accountant Signature <i>Richard C. Woodbury CPA</i>		Date <b>9/27/04</b>	

**TOWNSHIP OF L'ANSE**

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# Richard C. Woodbury, P.C.

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Supervisor and Members  
TOWNSHIP OF L'ANSE  
L'Anse, Michigan

We have audited the accompanying general-purpose financial statements of the Township of L'Anse as of March 31, 2004 as listed in the table of contents. Those general-purpose financial statements are the responsibility of the Township Board. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards, and the standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

The accompanying financial statements do not present government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities and business-type activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of L'Anse as of March 31, 2004, and the results of its operations for the year then ended.

In accordance with the Government Auditing Standards, we have also issued our report dated September 24, 2004, on our consideration of Township of L'Anse's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

*Richard C. Woodbury*

Richard C. Woodbury, CPA  
September 24, 2004

# Richard C. Woodbury, P.C.

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

The Honorable Supervisor and Members  
TOWNSHIP OF L'ANSE  
L'Anse, Michigan

We have audited the general-purpose financial statements of the Township of L'Anse, as of and for the year ended March 31, 2004, and have issued our report thereon dated September 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

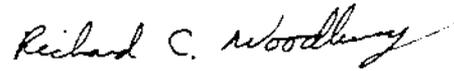
Compliance

As part of obtaining reasonable assurance about whether the Township of L'Anse's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township of L'Anse in a separate letter dated September 25, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of L'Anse's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

risks that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

A handwritten signature in cursive script that reads "Richard C. Woodbury". The signature is written in dark ink and is positioned above the typed name.

Richard C. Woodbury, CPA

September 24, 2004

TOWNSHIP OF L'ANSE  
 COMBINED BALANCE SHEET ALL FUND TYPES, ACCOUNT AND GROUPS  
 March 31, 2004

	Government Fund Types		Proprietary	Fiduciary	Account	Totals-
	General	Special Revenue	Fund Type	Fund Type	Group	(Memorandum Only)
			Enterprise	Trust & Agency	General Fixed Assets	Reporting Entity
<b>ASSETS AND OTHER DEBITS</b>						
Cash and Investments	\$ 351,712	\$ 226,356	\$ 197,203	\$ -	\$ -	\$ 775,271
Unrestricted	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Accounts (net)	54	-	-	-	-	54
Interest	-	-	-	-	-	-
Taxes-current	-	-	-	-	-	-
Taxes-delinquent real	-	-	-	-	-	-
Taxes -delinquent personal	-	-	-	-	-	-
Due from federal government	-	-	-	-	-	-
Due from state government	-	-	-	-	-	-
Due from other funds	102,631	-	-	-	-	102,631
Due from others	10,132	19,498	-	-	-	29,630
Inventory	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Fixed assets	-	-	657,444	-	681,550	1,338,994
Accumulated depreciation	-	-	(187,926)	-	-	(187,926)
Amount available for debt	-	-	-	-	-	-
Amount to be provided for debt retirement	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 464,529</b>	<b>\$ 245,854</b>	<b>\$ 666,721</b>	<b>\$ -</b>	<b>\$ 681,550</b>	<b>\$ 2,058,654</b>

TOWNSHIP OF L'ANSE  
 COMBINED BALANCE SHEET ALL FUND TYPES ACCOUNT GROUPS  
 March 31, 2004

	Government Fund Types		Proprietary Fund Type		Fiduciary Fund Type		Account Group		Totals- (Memorandum Only)
	General	Special Revenue	Enterprise	Trust & Agency	General	Fixed Assets	Reporting Entity		
<b>LIABILITIES</b>									
Accounts payable	\$ 11,319	\$ 53,535	\$ -	\$ -			\$ -	\$ 64,854	
Cash and investment overdrafts	-	-	-	-			-	-	
Due to other funds	-	72,184	30,447	-			-	102,631	
Due to other component units	-	-	-	-			-	-	
Due to State of Michigan	-	-	-	-			-	-	
Due to others	-	-	-	-			-	-	
Accrued Payroll	-	-	-	-			-	-	
Other current liabilities	-	-	-	-			-	-	
Deferred comp. Payable	-	-	-	-			-	-	
Notes Payable	-	-	-	-			-	-	
Revenue bonds payable	-	-	441,085	-			-	441,085	
Installment payable	-	-	-	-			-	-	
<b>TOTAL LIABILITIES</b>	<b>11,319</b>	<b>125,719</b>	<b>471,532</b>	<b>-</b>			<b>-</b>	<b>608,570</b>	
<b>FUND EQUITY:</b>									
Investment in general fixed assets	-	-	-	-			681,550	681,550	
Contributed capital	-	-	54,707	-			-	54,707	
Retained earnings:									
Unreserved	-	-	140,482	-			-	140,482	
Reserved	-	-	-	-			-	-	
Fund Balance:									
Unreserved	445,497	120,135	-	-			-	565,632	
Reserved	7,713	-	-	-			-	7,713	
<b>TOTAL FUND EQUITY</b>	<b>453,210</b>	<b>120,135</b>	<b>195,189</b>	<b>-</b>			<b>681,550</b>	<b>1,450,084</b>	
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 464,529</b>	<b>\$ 245,854</b>	<b>\$ 666,721</b>	<b>\$ -</b>			<b>\$ 681,550</b>	<b>\$ 2,058,654</b>	

TOWNSHIP OF L'ANSE  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ALL GOVERNMENTAL FUND TYPES  
 For the Year Ended March 31, 2004

	Government Fund Types		Totals- (Memorandum Only)
	General	Special Revenue	Reporting Entity
<b>REVENUES</b>			
Taxes	\$ 97,055	\$ 141,669	\$ 238,724
Licenses and Permits	-	-	-
Federal Sources	-	-	-
State Sources	139,032	1,760	140,792
Local units	-	-	-
Charges for services	11,804	10,732	22,536
Fines and forfeits	-	-	-
Interest	7,667	-	7,667
Other revenues	-	1,158	1,158
<b>TOTAL REVENUES</b>	<u>255,558</u>	<u>155,319</u>	<u>410,877</u>
<b>EXPENDITURES</b>			
Legislative	9,704	-	9,704
Elections	273	-	273
General services and administration	152,276	-	152,276
Public safety	99	142,171	142,270
Public works	7,426	-	7,426
Health and welfare	-	-	-
Recreation and culture	49,150	-	49,150
Capital outlay	40,469	10,314	50,783
Other	-	-	-
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>259,397</u>	<u>152,485</u>	<u>411,882</u>
<b>EXCESS REVENUES(EXPENDITURES)</b>	<u>(3,839)</u>	<u>2,834</u>	<u>(1,005)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	(29,868)	-	(29,868)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<u>(29,868)</u>	<u>-</u>	<u>(29,868)</u>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER USES)</b>	<u>(33,707)</u>	<u>2,834</u>	<u>(30,873)</u>
<b>FUND BALANCE, April 1</b>	<u>486,917</u>	<u>117,123</u>	<u>604,040</u>
<b>FUND BALANCE, March 31</b>	<u>\$ 453,210</u>	<u>\$ 119,957</u>	<u>\$ 573,167</u>

TOWNSHIP OF LANSE  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL**  
 For the Year Ended March 31, 2004

	General			Special Revenue			Totals - (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>									
Taxes	\$ 105,020	\$ 97,055	\$ (7,965)	\$ 140,171	\$ 141,669	\$ 1,498	\$ 245,191	\$ 238,724	\$ (6,467)
Licenses and Permits	-	-	-	-	-	-	-	-	-
Federal Sources	1,470	-	(1,470)	-	-	-	1,470	-	(1,470)
State Sources	136,158	139,032	2,874	1,940	1,760	(180)	138,098	140,792	2,694
Local units	-	-	-	-	-	-	-	-	-
Charges for services	18,708	11,804	(6,904)	17,625	10,732	(6,893)	36,333	22,536	(13,797)
Fines and forfeits	-	-	-	-	-	-	-	-	-
Interest	15,000	7,667	(7,333)	1,337	1,158	(179)	16,337	8,825	(7,512)
Other revenues	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>276,356</b>	<b>255,558</b>	<b>(20,798)</b>	<b>161,073</b>	<b>155,319</b>	<b>(5,754)</b>	<b>437,429</b>	<b>410,877</b>	<b>(26,552)</b>
<b>EXPENDITURES</b>									
Legislative	12,210	9,704	2,506	-	-	-	12,210	9,704	2,506
Judicial	-	-	-	-	-	-	-	-	-
Elections	1,259	273	986	-	-	-	1,259	273	986
General services and administration	194,751	152,276	42,475	-	-	-	194,751	152,276	42,475
Public safety	2,698	99	2,599	145,991	142,171	3,820	148,689	142,270	6,419
Public works	9,000	7,426	1,574	-	-	-	9,000	7,426	1,574
Health and welfare	-	-	-	-	-	-	-	-	-
Recreation and culture	57,169	49,150	8,019	-	-	-	57,169	49,150	8,019
Capital outlay	34,846	40,469	(5,623)	10,315	10,314	1	45,161	50,783	(5,622)
Other	1,864	-	1,864	-	-	-	1,864	-	1,864
Debt service	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>313,797</b>	<b>259,397</b>	<b>54,400</b>	<b>156,306</b>	<b>152,485</b>	<b>3,821</b>	<b>470,103</b>	<b>411,882</b>	<b>58,221</b>
<b>EXCESS REVENUES(EXPENDITURES)</b>	<b>(37,441)</b>	<b>(3,839)</b>	<b>(75,198)</b>	<b>4,767</b>	<b>2,834</b>	<b>(9,575)</b>	<b>(32,674)</b>	<b>(1,005)</b>	<b>(84,773)</b>
<b>OTHER FINANCING SOURCES(USES)</b>									
Operating transfers in	-	(1)	-	-	-	-	-	-	-
Operating transfers out	(29,868)	(29,868)	-	-	-	-	(29,868)	(29,868)	-
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>(29,868)</b>	<b>(29,868)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,868)</b>	<b>(29,868)</b>	<b>-</b>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER USES)</b>	<b>\$ (67,309)</b>	<b>(33,707)</b>	<b>\$ (75,198)</b>	<b>\$ 4,767</b>	<b>2,834</b>	<b>\$ (9,575)</b>	<b>\$ (62,542)</b>	<b>(30,873)</b>	<b>\$ (84,773)</b>
<b>FUND BALANCE, April 1</b>		<b>486,917</b>			<b>117,123</b>			<b>604,040</b>	
<b>FUND BALANCE, March 31</b>		<b>\$ 453,210</b>			<b>\$ 119,957</b>			<b>\$ 573,167</b>	

TOWNSHIP OF L'ANSE  
 COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 For the Year Ended March 31, 2004

	Proprietary Fund Types	Totals- (Memorandum Only)
	Enterprise	Reporting Entity
<b>REVENUES</b>		
Charges for services	\$ -	\$ -
Federal Sources	-	-
State Sources	-	-
Penalties and interest on taxes	-	-
Interest	-	-
Collection fees and other revenues	-	-
Other revenues	17,264	17,264
	17,264	17,264
<b>TOTAL OPERATING REVENUES</b>	<b>17,264</b>	<b>17,264</b>
<b>OPERATING EXPENSES</b>		
Operating expenses	15,567	15,567
	15,567	15,567
<b>OPERATING INCOME</b>	<b>1,697</b>	<b>1,697</b>
<b>NON OPERATING REVENUES(EXPENSES)</b>		
Other nonoperating expenditure	-	-
Operating transfers in	(12,773)	(12,773)
Maintenance of effort	29,868	29,868
Operating transfers out	-	-
	-	-
<b>TOTAL NON OPERATING REVENUES (EXPENSES)</b>	<b>17,095</b>	<b>17,095</b>
	17,095	17,095
<b>NET INCOME</b>	<b>18,792</b>	<b>18,792</b>
<b>RETAINED EARNINGS, April 1</b>	<b>108,762</b>	<b>108,762</b>
	108,762	108,762
<b>RETAINED EARNINGS, MARCH 31</b>	<b>\$ 127,554</b>	<b>\$ 127,554</b>
	127,554	127,554

TOWNSHIP OF L'ANSE  
 ALL PROPRIETARY FUND TYPES  
 COMBINED STATEMENT OF CASH FLOW  
 For the Year Ended March 31, 2004

	Proprietary Fund Type	Totals- (Memorandum Only)
	Enterprise	Reporting Entity
Operating Income (Loss)	\$ 1,743	\$ 1,743
Adjustments to Reconcile Operating Income to Net cash Provided by Operating Activities		
Depreciation	15,567	15,567
Decrease (Increase) in Assets	-	-
Accounts Receivable	-	-
Due from the State of Michigan	-	-
Redemptions	-	-
Taxes receivable	-	-
Due From Other Funds	10	10
Due from others	-	-
Increase(decrease) in Liabilities	-	-
Accounts payable	-	-
Accrued payroll and related liabilities	-	-
Due To Other Funds	-	-
Due to Other Units	-	-
Other liabilities	-	-
Total Adjustments	15,577	15,577
Net Cash Provided (Used) by Operating Activities	17,320	17,320
Cash Flows from Non-Capital Financing Activities		-
Nonoperating gains (losses)	-	-
Payments on revenue bonds	(11,015)	(11,015)
Payments for capital acquisitions	(30,447)	(30,447)
Operating transfers in	29,868	29,868
Net cash Provided (Used)by Non-Capital Financing Activities	(11,594)	(11,594)
Cash Flows from Capital and Related Financing Activities		
Bond Proceeds	-	-
Interest received on investments	6,052	6,052
Interest paid on bonds	(18,853)	(18,853)
Net Cash Provided(Used) by Capital and Related Financing Activities	(12,801)	(12,801)
Net Increase (Decrease) in Cash	(7,075)	(7,075)
Cash and Cash Equivalents, April 1	173,850	173,850
Cash and Cash Equivalents, March 31	\$ 166,775	\$ 166,775

TOWNSHIP OF L'ANSE  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**NOTE A - THE FINANCIAL REPORTING ENTITY:**

The Township of L'Anse, Michigan, was organized in 1867 and covers an area of approximately 250.7 square miles. The Township operates under an elected Township Board of five (5) members and provides services, assistance and care to its residents. As required by generally accepted accounting principles, these general purpose financial statements represent the Township of L'Anse.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS PRESENTATION:**

Fund account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**GOVERNMENTAL FUND TYPES**

Governmental funds are used to account for the Township's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The Township considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, licenses, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the Township and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

Special Revenue Funds - The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Debt Service Funds - The debt service fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds. The Township currently has no Debt Service Funds.

Capital Projects Funds - The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The Township currently has no Capital Projects Funds.

#### PROPRIETARY FUND TYPES

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Township has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. Proprietary funds include the following fund types:

Enterprise Funds - Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the intent of the board is that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Internal Service Funds - Internal service funds account for the operations that provide services to other departments or agencies of the Township, or to other governments, on a cost-reimbursement basis. The Township currently has no Internal Service Funds.

#### FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the Township in a trustee's capacity or as an agent on behalf of others. Trust funds account for assets held by the Township under the terms of formal trust agreement.

Expendable Trust Fund - The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets of which both the principal and interest may be spent. The Township currently has no Expendable Trust Funds.

Agency Fund - The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Township holds for others in an agency capacity.

ACCOUNT GROUPS:

General Fixed Assets Account Group - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group - The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities or proprietary or trust funds. The Township currently has no General Long-Term Debt Account Group.

Budgets and Budgetary Accounting

The primary government follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least one formal hearing conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31, or each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing the Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Township Supervisor is authorized by means of the Township policy to make certain transfers:
  1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amounts to be affected within prescribed limitations. The Board must approve transfers in excess of those limitations.

2. The following considerations must be reviewed in determination of transfer approvals:

- a. Are the transfers consistent with the intent of the Board in adopting the annual budget?
- b. Will the transfer maintain the financial integrity of the Township?
- c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Township Supervisor and submitted to the Budget Committee for further consideration. If approved, they are transmitted to the Township Board for their review and approval. If approved, they are implemented by the Supervisor's Office through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control resides at the line item level.
- g. Budgets for the General and Special Revenue Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board.

Total Columns - Total columns on the general-purpose financial statements are captioned "memorandum" only, because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Cash and Equivalents and Investments - Cash and equivalents consist of demand deposits; cash in savings, money market accounts, and short-term certificates of deposit with an original maturity of three months or less. Investments are carried at fair value.

Customer Deposits - The Proprietary fund receives payment in advance of providing Township Services. These amounts are recorded as customer deposits on the balance sheet of the Proprietary fund. The Township currently has no ordinances requiring customer deposits.

Property Taxes - Property taxes are levied as of December 1, of each year and are due by the last day of the following March. The taxes are collected by the local units of government within the Township and periodically remitted to other governmental entities during the collection period. It is the Baraga County's policy, through its Internal Service 100% Tax Payment Fund, to purchase delinquent real property taxes and special assessments each year to afford 100% collection of the current levy to L'Anse Township.

The tax rate to finance general government services for the year ended March 31, 2004, was \$10.00 per \$ 1,000 of assessed valuation. The present taxable valuation is \$ 69,107,053, representing approximately 50% of the current value.

Receivables - All trade receivables are shown net of an allowance for uncollectibles.

Inventory - Inventories are not significant and have not been recognized in any of the funds.

Fixed Assets - The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus. General fixed assets are long-lived assets of the Township as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the General Fixed assets Account Group. Fixed assets in the Proprietary Funds are capitalized in the fund in which they are utilized. Certain governmental improvements, including roads, bridges and drains are not capitalized. General fixed assets are recorded as expenditures at the time of purchase.

Depreciation - The Township utilizes the straight-line method to compute depreciation. Depreciation on proprietary fixed assets is recorded over the estimated useful lives (3-40 years) of the fixed assets.

Compensated Absences - Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported on the General Long-Term Debt Account Group.

In the proprietary funds and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them. The Township does not have any personnel policies that would apply to compensated absences.

Risk Management - The Township is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains insurance coverage through the Michigan Township Participating Plan, which covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

Accumulated Unpaid Vacation and Sick Leave - The Township does not allow employees to accumulate unused vacation or sick leave.

Fund Equity - Reservation of fund balance represents amounts that are not appropriable or legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designation of fund balance represents tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developer, customers, or other funds.

Deficit in Retained Earnings - As of March 31, 2004, the Township has no funds with a deficit in retained earnings.

Long-Term Obligations - Long-term obligations are recognized as a liability of a governmental fund when they are due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed for expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those fund. The Township currently does not have a need for the General Long-Term Debt Account Group.

Grants and Other Intergovernmental Revenues - Federal grants and assistance awards for all governmental types are recorded as intergovernmental revenue in accordance with the terms of the representative grants or assistance.

Interfund Transfers. - During the course of normal operations, the Township may have transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Township management determines the classification of amounts recorded as subsidies, advances, or equity contributions.

Due To and Due From - Interfund receivables and payables arise from Interfund Transactions and are recorded by all funds affected in the period in which transactions are executed.

Deferred Revenue - The Township reports deferred revenue on its combined balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition on the current period. Deferred revenues also arise when the Township receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheets and revenue is recognized.

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

**NOTE C - DEPOSITS AND INVESTMENTS:**

The composition of cash and investments as reported on the combined balance sheet is presented below:

Combined Balance Sheet:	
Cash and Investments:	
Unrestricted	\$775,271
Restricted	-
Cash and Investment	
Overdraft	-
Total	<u>\$775,271</u>
Composition of Balances:	
Cash and equivalents	\$775,271
Investments	-
<b>TOTAL</b>	<u><u>\$775,271</u></u>

Act 20 PA 1943 as amended, authorized the Township to deposit and invest in:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating

services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.

- d. United States government or Federal agency obligation repurchase agreements.
- e. Banker's acceptance of United States banks.
- f. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan'.

Deposits

At year-end, the carrying amount of the Township's deposits was \$775,271 and the bank balance was \$783,882. Of the bank balance, \$642,800, approximately 82%, was covered by federal depository insurance according to FDIC regulations.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the Township and specific funds. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Investments

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered or for which the Township or its agent in the Township's name holds the securities. Category 2 includes uninsured and unregistered investments for which the brokers or dealers holds securities by the brokers or dealers trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Non-Category</u>	<u>Market Value / Carrying Amount</u>
Reporting Entity:					
Certificates of Deposit	\$342,462	\$ -	\$ -	\$ -	\$342,462
Securities	-	-	-	-	-
U.S. Treasury Cash	-	-	-	-	-
U. S. Treasury Bonds and Notes	-	-	-	-	-
U. S. Government Agencies	-	-	-	-	-
Commercial Paper	-	-	-	-	-
<b>TOTAL</b>	<u>\$342,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$342,462</u>

The Township's investments are in accordance with statutory authority.

Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

**NOTE D - RECEIVABLES:**

A Summary of the receivables by fund type as of March 31, 2004, is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
Receivables:			
Accounts (net)	\$ 54	\$ -	\$ -
Interest	-	-	-
Taxes Current	-	-	-
Taxes delinquent real	-	-	-
Taxes delinquent personal	-	-	-
Due from federal government	-	-	-
Due from State of Michigan	-	-	-
Due from others	10,132	19,498	-

Receivables are shown net of allowance for the uncollectibles on the combined balance sheet.

An allowance for uncollectibles receivables of \$ 0 has been recorded in the water and sewer contingency fund.

**NOTE E - DUE TO / FROM OTHER FUNDS:**

A summary of due to / from other funds by fund type is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds:</u>
Primary Government:		
General Fund	\$102,631	\$ -
Special Revenue	-	72,104
Enterprise	-	30,447
Agency	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$102,631</u>	<u>\$102,631</u>

**NOTE F - CHANGES IN GENERAL FIXED ASETS**

	Balance April 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31 <u>2004</u>
Land	\$ 107,600	\$ 35,530	\$ -	\$ 143,130
Building	242,381	578	-	242,959
Equipment	<u>280,787</u>	<u>14,674</u>	-	<u>295,461</u>
TOTALS	<u>\$ 606,882</u>	<u>\$ 50,782</u>	<u>\$ -</u>	<u>\$ 681,550</u>

**NOTE G - PROPRIETARY FIXED ASSETS:**

Fixed assets relating to the proprietary funds are recorded at cost and accounted for in these funds. Depreciation on such capital assets is charged as an expense against operations of these funds on a straight-line basis.

A summary of the fixed assets of the proprietary funds is as follows:

	Balance April 1 <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance March 31 <u>2004</u>
Sewer Distribution	\$626,997	30,447	-	\$657,444
Less accumulated depreciation`	172,359	15,567	-	187,926
NET FIXED ASSETS	454,638	30,447	15,567	469,518
DEPRECIATION EXPENSE	N/A	15,567	N/A	N/A

**NOTE H - LONG-TERM CONTRACT PAYABLE:**

The revenue bonds payable reflected in the Sewer Contingency Fund of general obligation and revenue bonds were incurred for the sanitary system on behalf of the Township. The Village of L'Anse and the Township of L'Anse have entered into a contract with the Baraga County Board of Public Works for the local share of the financing of a sanitary sewer system. The Baraga County Board of Public Works issued Baraga County Sanitary System No. 2 Bonds to finance this project. Annual transfers equal to principal and interest payments on the debt are made based on contractual agreements by those local units deriving revenues and benefits from the facilities. The remaining payment schedule on the bonds is as follows:

SCHEDULE OF BONDS  
March 31, 2004

	<u>System #1</u>		<u>System #2</u>	
	Principal	Township's Share (16.44%)	Principal Payable January 1	Township's Share (16.44%)
Payable <u>May 1</u>				
2005-2006	60,000	9,042	17,000	2,795
2007-2008	65,000	9,864	18,000	2,959
2009-2010	70,000	10,686	19,000	3,124
2010-2011	65,000	11,508	20,000	3,288
2012-2018	<u>65,000</u>	<u>10,686</u>	<u>Varies</u>	<u>Varies</u>
TOTALS \$	<u>995,000</u>	<u>\$156,180</u>	\$1,734,000	<u>\$284,905</u>

Bonds originally issued for (System 1# \$1,710,000 and dated October 17, 1979; System 2# \$1,750,000 and dated December 10, 2001), mature annually as scheduled above and bear interest at (System #1 - 5%; System #2 - 4.5%) per anum. Interest is payable (System #1 -May 1 and November 1; System #2 -Jan 1 and July 1).

Changes in long-term debt principal during the fiscal year ended March 31, 2004, are summarized as follows:

	<u>Balance</u> <u>03/31/02</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>03/31/03</u>
Revenue Bonds:				
Sewer Contingency 1#	\$164,400		\$ 8,220	\$156,180
Sewer Contingency 2#	<u>287,700</u>		<u>2,795</u>	<u>284,905</u>
TOTALS	<u>\$452,100</u>	<u>\$ -</u>	<u>\$11,015</u>	<u>\$441,085</u>

Annual maturities on the Long-Term Debt are as follows:

	<u>System #1</u>	<u>System #2</u>	<u>Totals</u>
2004-2005	\$ 8,220	\$2,795	\$ 11,015
2005-2006	9,042	2,959	12,001
2006-2007	9,042	3,124	12,166
2007-2008	9,042	3,124	12,166
Thereafter	<u>120,834</u>	<u>272,903</u>	<u>393,737</u>
TOTAL	<u>\$ 156,180</u>	<u>\$284,905</u>	<u>\$441,085</u>

**NOTE I - RESERVED FUND EQUITY:**

The General Fund has a reserved fund balance of \$7,713 for a fire truck purchase.

**NOTE K - ENTERPRISE FUNDS SEGMENT INFORMATION:**

The Township maintains three enterprise funds: a Water & Sewer Fund, Sewer Contingency Fund, and a Water Hookup Fund. Segment information for the period ended March 31, 2004, is as follows:

	<u>Water</u> <u>Sewer Fund</u>	<u>Sewer</u> <u>Contingency</u>	<u>Water</u> <u>Hookup</u>
Operating Revenues	\$ -	\$16,581	\$ -
Depreciation	-	15,567	-
Income (loss) from operations	-	1,014	-
Non-operating revenues (expenscs)	46	(7,666)	-
Operating transfers in	-	29,868	-
Net income (loss)	46	18,746	-
Current capital contributions	-	54,707	-
Property, plant and equipment	-	657,444	-
Additions - net	-	30,447	-
Net working capital	4,705	189,442	3,000
Total assets	4,715	658,960	3,000
Long-term debt	-	441,085	-
Equity	4,715	187,428	3,000

**NOTE L - DEFICIT CASH AND INVESTMENT BALANCES:**

At March 31, 2004, the following funds had a material cash and investment deficit:

<u>Fund</u>	<u>Deficit Cash / Investment</u>	<u>Balance</u>
General Fund		None
Special Revenue Funds		None
Enterprise Funds		None

**NOTE M - FUND EQUITY DEFICITS:**

At March 31, 2004, the following funds had a material accumulated fund equity deficit in violation of Public Act 275, which requires that a deficit reduction plan be submitted to the State of Michigan within ninety (90) days after the close of the year.

<u>Fund</u>	<u>Deficit Fund Equity</u>
NONE	

**NOTE N - BUDGET VIOLATIONS:**

Public Act 621 of 1978, Section 18(1), as amended provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's expenditures and budgeted expenditures have been shown on activity and/or program level.

The following funds/line items had material excess expenditures over appropriations at March 31, 2004.

<u>Fund / Line Item</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	(Unfavorable) <u>Variance</u>
General Fund			
Capital Outlay	34,846	40,469	(5,623)
Special Revenue Funds			
Fire Fund		None	
Liquor Law Enforcement		None	
Building and Zoning		None	
Electrical Permits		None	

**NOTE O - PENSION PLAN:**

**DEFINED CONTRIBUTION PENSION PLAN**

The Township has a defined contribution retirement plan through ManuLife covering all elected officials. The Township's contribution for all funds amounted to \$5,013 for the year ended March 31, 2004. The funds vest immediately.

The premium due under the policy, which is paid totally by the Township, is based on the elected official's income level. The plans value at December 31, 2002 is \$51,435.

**NOTE P - FISCAL YEAR:**

The Township operated on a fiscal year ending March 31.

**NOTE Q - CONTINGENT LIABILITIES:**

The Township has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Township. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Township at March 31, 2004.

Risk Management - The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

OTHER FINANCIAL INFORMATION

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the Township, which are not legally or, by sound financial management to be accounted for in another fund.

TOWNSHIP OF L'ANSE  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

Cash and investments		
Unrestricted	\$	351,712
Restricted		-
Receivables		
Accounts (net)		54
Interest		-
Taxes - current		-
Taxes -delinquent personal		-
Due from Federal Government		-
Due from State of Michigan		-
Due from others funds		102,631
Due from others		10,132
Prepaid expense and other assets		-
		-
TOTAL ASSETS	\$	464,529

LIABILITIES

Accounts Payable	\$	11,319
Cash & investment overdrafts		-
Due to other funds		-
Due to others		-
Due to federal government		-
Due to State of Michigan		-
Accrued payroll		-
Accrued sick and vacation		-
Other current liabilities		-
		-
TOTAL LIABILITIES		11,319

FUND EQUITY

FUND BALANCE		
Unrestricted		445,497
Reserved		7,713
		7,713
TOTAL FUND BALANCE		453,210
TOTAL LIABILITIES & EQUITY	\$	464,529

TOWNSHIP OF L'ANSE  
GENERAL FUND  
DETAIL OF REVENUES - BUDGET AND ACTUAL  
For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>General Property Taxes</b>			
Operating tax levy	\$ 71,400	\$ 73,612	\$ 2,212
Delinquent tax collection and interest	1,000	599	(401)
Trailer Park taxes	120	111	(9)
Administrative fees	32,500	22,733	(9,767)
<b>Total General Property Taxes</b>	<u>\$ 105,020</u>	<u>\$ 97,055</u>	<u>\$ (7,965)</u>
<b>Licenses and Permits</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Intergovernmental Revenue</b>			
Payments in Lieu of taxes			
Swamp Lands	\$ 6,600	\$ 7,351	\$ 751
Commercial Forest Reserves	-	-	-
State shared taxes	129,558	131,681	2,123
<b>Total State Shared Revenues</b>	<u>136,158</u>	<u>139,032</u>	<u>2,874</u>
Federal Grants	-	-	-
Payments in Lieu of taxes - National Forest	1,470	-	(1,470)
<b>Total Federal Shared Revenues</b>	<u>1,470</u>	<u>-</u>	<u>(1,470)</u>
Reimbursements from other governments	-	-	-
<b>Total Intergovernmental Revenue</b>	<u>\$ 137,628</u>	<u>\$ 139,032</u>	<u>\$ 1,404</u>
<b>Charges for Services</b>			
Charges for services	\$ 900	\$ 574	\$ (326)
Rentals & Park Fees	17,158	10,651	(6,507)
Miscellaneous	650	579	(71)
<b>Total Charges for Services</b>	<u>\$ 18,708</u>	<u>\$ 11,804</u>	<u>\$ (6,904)</u>
<b>Fines and forfeits</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Interest</b>	<u>\$ 15,000</u>	<u>\$ 7,667</u>	<u>\$ (7,333)</u>
<b>Other Revenue</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Revenue</b>	<u>\$ 276,356</u>	<u>\$ 255,558</u>	<u>\$ (20,798)</u>

TOWNSHIP OF L'ANSE  
GENERAL FUND  
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL  
For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>LEGISLATIVE</b>			
<b>TOWNSHIP BOARD</b>			
Personal Services, Salaries wages			
Salaries and wages	\$ 6,997	\$ 6,080	\$ 917
Employee benefits	1,833	1,791	42
Total Personal Services, Salaries	<u>8,830</u>	<u>7,871</u>	<u>959</u>
Capital outlay	-	-	-
Other Current Expenditures			
Contracted Services	110	76	34
Office supplies	135	54	81
Travel	300	24	276
Printing and Publishing	1,185	338	847
Dues and Memberships	1,250	1,210	40
Miscellaneous	400	131	269
Total Other Current Expenditures	<u>3,380</u>	<u>1,833</u>	<u>1,547</u>
Total Township Board	<u>12,210</u>	<u>9,704</u>	<u>2,506</u>
<b>Total Legislative</b>	<u>\$ 12,210</u>	<u>\$ 9,704</u>	<u>\$ 2,506</u>
 <b>General Government</b>			
<b>Supervisor</b>			
Personal Services, Salaries wages			
Salaries and wages	\$ 13,353	\$ 13,353	\$ -
Employee benefits	3,427	\$ 3,402	25
Total Personal Services, Salaries	<u>16,780</u>	<u>16,755</u>	<u>25</u>
Capital outlay	-	-	-
Other Current Expenditures			
Office Supplies	100	8	92
Travel	215	215	-
Miscellaneous	-	-	-
Total Other Current Expenditures	<u>315</u>	<u>223</u>	<u>92</u>
Total Supervisor	<u>17,095</u>	<u>16,978</u>	<u>117</u>
 <b>Elections</b>			
Personal Services, Salaries wages			
Salaries and wages	444	-	444
Employee benefits	185	108	77
Total Personal Services, Salaries	<u>629</u>	<u>108</u>	<u>521</u>
Capital outlay	-	-	-
Other Current Expenditures			
Contracted Services	-	-	-
Office Supplies	160	140	20
Operating Supplies	220	-	220
Printing and Publishing	150	-	150
Miscellaneous	100	25	75
Total Current Expenditures	<u>630</u>	<u>165</u>	<u>465</u>
Total Elections	<u>1,259</u>	<u>273</u>	<u>986</u>
 <b>Assessor/Equalization</b>			
Personal Services, Salaries wages			
Salaries and wages	-	-	-
Employee benefits	-	-	-
Total Personal Services, Salaries	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	1,000	400	600
Other Current Expenditures			
Contracted Services	27,632	27,631	1
Office Supplies	1,928	1,927	1
Operating Supplies	385	-	385
Travel	800	-	800
Printing and Publishing	533	532	1
Miscellaneous	415	415	-
Total Current Expenditures	<u>31,693</u>	<u>30,505</u>	<u>1,187</u>
Total Assessor/Equalization	<u>32,693</u>	<u>30,905</u>	<u>1,788</u>

TOWNSHIP OF L'ANSE  
GENERAL FUND  
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Clerk</b>			
Personal Services, Salaries wages			
Salaries and wages	\$ 12,428	\$ 12,411	\$ 17
Employee benefits	\$ 3,784	\$ 3,717	67
Total Personal Services, Salaries	<u>\$ 16,212</u>	<u>\$ 16,128</u>	<u>\$ 84</u>
Capital Outlay	600	199	401
Other Current Expenditures			
Office Supplies	636	636	-
Operating Supplies	146	146	-
Travel	254	92	162
Printing and Publishing	20	-	-
Miscellaneous	100	78	22
Total Other Current Expenditures	<u>1,156</u>	<u>952</u>	<u>204</u>
Total Clerk	<u>17,968</u>	<u>17,279</u>	<u>689</u>
<b>Board of Review</b>			
Personal Services, Salaries wages			
Salaries and wages	1,500	1,500	-
Employee benefits	207	179	28
Total Personal Services, Salaries	<u>1,707</u>	<u>1,679</u>	<u>28</u>
Capital Outlay	-	-	-
Other Current Expenditures			
Printing and Publishing	23	23	-
Miscellaneous	60	59	1
Total Other Current Expenditures	<u>83</u>	<u>82</u>	<u>1</u>
Total Board of Review	<u>1,790</u>	<u>1,761</u>	<u>29</u>
<b>Treasurer</b>			
Personal Services, Salaries wages			
Salaries and wages	31,900	31,900	-
Employee benefits	6,612	6,422	190
Total Personal Services, Salaries	<u>38,512</u>	<u>38,322</u>	<u>190</u>
Capital Outlay	1,020	1,019	1
Other Current Expenditures			
Contractual Services	1,599	1,598	1
Office Supplies	1,001	980	-
Travel	-	-	-
Printing and Publishing	462	462	-
Repairs and Maintenance	50	-	-
Miscellaneous	144	128	16
Total Other Current Expenditures	<u>3,256</u>	<u>3,168</u>	<u>88</u>
Total Treasurer	<u>42,788</u>	<u>42,509</u>	<u>279</u>
<b>Township Properties</b>			
Personal Services, Salaries and wages			
Salaries and wages	6,204	6,204	-
Employee benefits	923	884	39
Total Personal Services, Salaries	<u>7,127</u>	<u>7,088</u>	<u>39</u>
Capital Outlay	14,984	16,215	(1,231)
Other Current Expenditures			
Contracted Services	11,000.00	10,250	750
Office Supplies	20.00	-	20
Operating supplies	500	193	307
Utilities	6,200	6,071	129
Telephone	2,820	2,380	440
Insurance	8,421	8,422	(1)
Repairs and Maintenance	800	415	385
Miscellaneous	-	-	-
Total Other Current Expenditures	<u>29,761</u>	<u>27,731</u>	<u>2,030</u>
Total Township Properties	<u>51,872</u>	<u>51,034</u>	<u>838</u>

TOWNSHIP OF LANSE  
GENERAL FUND  
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Cemetery</b>			
Personal Services, Salaries wages	\$ -	\$ -	\$ -
Capital Outlay	644	644	-
Other Current Expenditures			
Contracted Services	6,290	200	6,090
Printing & publishing	300	299	1
Repairs & maintenance	566	480	86
Total Cemetery	<u>7,156</u>	<u>1,623</u>	<u>5,533</u>
<b>Total General government</b>	<u>\$ 173,265</u>	<u>\$ 162,362</u>	<u>\$ 10,903</u>
<b>Legal and Accounting</b>			
Other Current Expenditures			
Contracted Services	\$ 40,993	\$ 8,663	\$ 32,330
<b>Public Safety</b>			
<b>Police/Liquor Law Enforcement</b>			
Other Current Expenditures			
Contracted Services	1,470	-	1,470
<b>Planning and Zoning</b>			
Personal Services, Salaries wages			
Salaries and wages	-	\$ -	-
Employee benefits	34	\$ 34	-
Total Personal Services, Salaries	<u>34</u>	<u>34</u>	<u>-</u>
Capital Outlay	-	-	-
Other Current Expenditures			
Travel	1,129	-	1,129
Printing & publishing	65	65	-
Total Other Current Expenditures	<u>1,194</u>	<u>65</u>	<u>1,129</u>
Total Planning and Zoning	<u>1,228</u>	<u>99</u>	<u>1,129</u>
<b>Total Public Safety</b>	<u>\$ 2,698</u>	<u>\$ 99</u>	<u>\$ 2,599</u>
<b>Public Works</b>			
<b>Street Lights</b>			
Personal Services, Salaries wages	\$ -	\$ -	\$ -
Capital Outlay	-	-	-
Other Current Expenditures			
Contractual Services	7,500	6,426	1,074
Repairs and Maintenance	-	-	-
Total Other Current Expenditures	<u>7,500</u>	<u>6,426</u>	<u>1,074</u>
Total Street Lights	<u>7,500</u>	<u>6,426</u>	<u>1,074</u>
<b>Sanitation, Refuse Collection</b>			
Other Current Expenditures			
Contracted Services	1,500	1,000	500
<b>Highways and Streets</b>			
Personal Services, Salaries wages	-	-	-
Capital Outlay	-	-	-
Other Current Expenditures			
Contracted Services	-	-	-
Office Supplies	-	-	-
Miscellaneous	-	-	-
Total Other Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Public Works</b>	<u>\$ 9,000</u>	<u>\$ 7,426</u>	<u>\$ 1,574</u>

TOWNSHIP OF LANSE  
GENERAL FUND  
DETAIL OF EXPENDITURES - BUDGET AND ACTUAL  
For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Culture and Recreation</b>			
<b>Parks and Recreation</b>			
Personal Services, Salaries wages			
Salaries and wages	\$ 34,000	\$ 31,894	\$ 2,106
Employee benefits	6,588	\$ 6,588	-
Total Personal Services, Salaries	<u>40,588</u>	<u>38,482</u>	<u>2,106</u>
Capital Outlay	16,598	21,992	(5,394)
Other Current Expenditures			
Contracted Services	7,088	1,638	5,450
Office Supplies	20	-	20
Operating Supplies	1,597	1,596	1
Travel	141	-	141
Printing & Publishing	130	-	130
Utilities	2,009	1,850	159
Telephone	429	422	7
Insurance	1,777	1,777	-
Repairs and Maintenance	2,330	2,327	3
Miscellaneous	1,060	1,058	2
Total Other Current Expenditures	<u>16,581</u>	<u>10,668</u>	<u>5,913</u>
Total Parks and Recreation	<u>73,767</u>	<u>71,142</u>	<u>2,625</u>
<b>Total Culture and Recreation</b>	<u>\$ 73,767</u>	<u>\$ 71,142</u>	<u>\$ 2,625</u>
<b>Unallocated Other General Government</b>	<u>\$ 1,864</u>	<u>\$ -</u>	<u>\$ 1,864</u>
<b>Transfers Out</b>			
Sewer Fund	<u>\$ 29,868</u>	<u>\$ 29,868</u>	<u>\$ -</u>
	<u>\$ 29,868</u>	<u>\$ 29,868</u>	<u>\$ -</u>
<b>Total Expenditures</b>	<u>\$ 343,665</u>	<u>\$ 289,264</u>	<u>\$ 54,401</u>

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

TOWNSHIP OF L'ANSE  
SPECIAL REVENUE FUNDS  
COMBINED BALANCE SHEET  
March 31, 2004

	Fire Fund	Ambulance Fund	Liquor Law Enforcement	Electric Permit Fund	Building & Zoning Fund	Totals (Memorandum Only)
<b>ASSETS</b>						
Cash in bank	\$ 90,427	\$ 124,552	\$ 2,547	\$ 7,732	\$ 1,098	\$ 226,356
Delinquent taxes	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental units	9,859	9,639	-	-	-	19,498
<b>TOTAL ASSETS</b>	<b>\$ 100,286</b>	<b>\$ 134,191</b>	<b>\$ 2,547</b>	<b>\$ 7,732</b>	<b>\$ 1,098</b>	<b>\$ 245,854</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 53,535	-	-	-	-	\$ 53,535
Due to General Fund	44,766	27,224	194	-	-	72,184
<b>TOTAL LIABILITIES</b>	<b>98,301</b>	<b>27,224</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>125,719</b>
<b>FUND EQUITY</b>						
Fund Balance (Deficit)	1,985	106,967	2,353	7,732	1,098	120,135
Unreserved	-	-	-	-	-	-
Reserved	1,985	106,967	2,353	7,732	1,098	120,135
<b>TOTAL FUND EQUITY</b>	<b>1,985</b>	<b>106,967</b>	<b>2,353</b>	<b>7,732</b>	<b>1,098</b>	<b>120,135</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 100,286</b>	<b>\$ 134,191</b>	<b>\$ 2,547</b>	<b>\$ 7,732</b>	<b>\$ 1,098</b>	<b>\$ 245,854</b>

TOWNSHIP OF L'ANSE  
SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the year ended March 31, 2004

REVENUES	Fire Fund	Ambulance Fund	Liquor Law Enforcement	Electric Permits Fund	Building & Zoning Fund	Totals (Memorandum Only)
Taxes Current Levy	\$ 70,235	\$ 71,388	\$ -	\$ -	\$ -	\$ 141,623
Taxes Delinquent	23	23	-	-	-	46
Intergovernmental revenue - State	-	-	1,760	-	-	1,760
Intergovernmental revenue - Federal	-	-	-	-	-	-
Intergovernmental revenue - Tribe	-	-	-	-	-	-
Charges for Services	1,180	-	-	4,101	5,451	10,732
Interest	692	466	-	-	-	1,158
Miscellaneous	307	-	-	-	-	307
<b>TOTAL REVENUES</b>	<b>72,437</b>	<b>71,877</b>	<b>1,760</b>	<b>4,101</b>	<b>5,451</b>	<b>155,626</b>
<b>EXPENDITURES</b>						
<b>Public Safety</b>						
<b>Police and Liquor Law</b>						
Personal Service, Salaries wages	-	-	2,845	-	-	2,845
Employee Benefits	-	-	129	-	-	129
Capital Outlay	-	-	-	-	-	-
Other Current Expenditures	-	-	-	-	-	-
Contracted Services	-	57,964	-	-	-	57,964
Printing & publishing	-	-	38	-	-	38
<b>Total Police and Liquor Law</b>	-	<b>57,964</b>	<b>3,012</b>	-	-	<b>60,847</b>
<b>Fire Protection</b>						
Personal Service, Salaries wages	-	-	-	-	-	-
Capital Outlay	10,314	-	-	-	-	10,314
Other Current Expenditures	-	-	-	-	-	-
Contracted Services	22,026	-	-	-	-	22,026
Operating Supplies	43	-	-	-	-	43
Travel	171	-	-	-	-	171
Utilities	1,771	-	-	-	-	1,771
Telephone	487	-	-	-	-	487
Insurance	2,556	-	-	-	-	2,556
Repairs & Maintenance	483	-	-	-	-	483
Miscellaneous (Transfer to Village)	44,243	-	-	-	-	44,243
<b>Total Fire Protection</b>	<b>82,094</b>	-	-	-	-	<b>82,094</b>
<b>Building Inspector, Inspections</b>						
Personal Service, Salaries wages	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Other Current Expenditures	-	-	-	3,188	4,861	8,049
Contracted Services	-	-	-	-	-	-
Operating Supplies	-	-	-	597	750	1,347
Travel	-	-	-	-	37	37
Printing & Publishing	-	-	-	-	111	111
Miscellaneous	-	-	-	3,785	5,759	9,544
<b>Total Building Inspector</b>	-	-	-	<b>3,785</b>	<b>5,759</b>	<b>9,544</b>
<b>Total Public Safety</b>	<b>82,094</b>	<b>57,964</b>	<b>3,012</b>	<b>3,785</b>	<b>5,759</b>	<b>152,485</b>
<b>TOTAL EXPENDITURES</b>	<b>82,094</b>	<b>57,964</b>	<b>3,012</b>	<b>3,785</b>	<b>5,759</b>	<b>152,485</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,657)	13,913	(1,252)	316	(308)	3,141
FUND BALANCE, April 1	11,642	93,054	3,605	7,416	1,406	117,123
<b>FUND BALANCE, March 31</b>	<b>\$ 1,985</b>	<b>\$ 106,967</b>	<b>\$ 2,353</b>	<b>\$ 7,732</b>	<b>\$ 1,098</b>	<b>\$ 120,264</b>

TOWNSHIP OF LANSE  
SPECIAL REVENUE FUNDS  
DETAIL OF - BUDGET AND ACTUAL  
For the year ended March 31, 2004

	Fire Fund			Ambulance Fund			Liquor Law Enforcement			Electric Permits Fund			Building & Zoning Fund			(Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>																		
Taxes Current Levy	\$ 68,742	\$ 70,235	\$ 1,493	\$ 71,390	\$ 71,388	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,132	\$ 141,623	\$ 1,491			
Taxes Delinquent	15	23	8	24	23	(1)	1,940	1,760	(180)	-	-	-	39	46	7			
Intergovernmental revenue - State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,940	1,760	(180)
Intergovernmental revenue - Federal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue - Tribe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	885	1,180	295	-	-	-	-	-	-	-	-	-	5,600	5,451	(149)	-	-	-
Interest	870	692	(178)	467	466	(1)	-	-	-	5,570	4,101	(1,469)	-	17,625	10,732	(6,893)	-	-
Miscellaneous	308	307	(1)	-	-	-	-	-	-	-	-	-	1,337	1,158	(179)	-	-	-
<b>TOTAL REVENUES</b>	<b>70,820</b>	<b>72,437</b>	<b>1,617</b>	<b>71,881</b>	<b>71,877</b>	<b>(4)</b>	<b>1,940</b>	<b>1,760</b>	<b>(180)</b>	<b>5,570</b>	<b>4,101</b>	<b>(1,469)</b>	<b>5,600</b>	<b>5,451</b>	<b>(149)</b>	<b>161,073</b>	<b>155,319</b>	<b>(5,754)</b>
<b>EXPENDITURES</b>																		
<b>Public Safety</b>																		
Police and Liquor Law	-	-	-	-	-	-	2,845	2,845	-	-	-	-	-	-	-	2,845	2,845	-
Personal Service-Salaries wages	-	-	-	-	-	-	129	129	-	-	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Expenditures	-	-	-	57,964	57,964	-	-	-	-	-	-	-	-	-	-	57,964	57,964	-
Contracted Services	-	-	-	-	-	-	38	38	-	-	-	-	-	-	-	38	38	-
Printing & publishing	-	-	-	-	-	-	3,012	3,012	-	-	-	-	-	-	-	38	38	-
<b>Total Police and Liquor Law</b>				<b>57,964</b>	<b>57,964</b>		<b>3,012</b>	<b>3,012</b>								<b>60,847</b>	<b>60,847</b>	
<b>Fire Protection</b>																		
Personal Service, Salaries wages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	10,315	10,314	1	-	-	-	-	-	-	-	-	-	-	-	-	10,315	10,314	1
Other Current Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	19,436	22,026	(2,590)	-	-	-	-	-	-	-	-	-	-	-	-	19,436	22,026	(2,590)
Operating Supplies	43	43	-	-	-	-	-	-	-	-	-	-	-	-	-	43	43	-
Travel	172	171	1	-	-	-	-	-	-	-	-	-	-	-	-	172	171	1
Utilities	1,771	1,771	-	-	-	-	-	-	-	-	-	-	-	-	-	1,771	1,771	-
Telephone	487	467	20	-	-	-	-	-	-	-	-	-	-	-	-	487	467	20
Insurance	2,556	2,556	-	-	-	-	-	-	-	-	-	-	-	-	-	2,556	2,556	-
Repairs & Maintenance	483	483	-	-	-	-	-	-	-	-	-	-	-	-	-	483	483	-
Miscellaneous (Transfer to Village)	44,243	44,243	-	-	-	-	-	-	-	-	-	-	-	-	-	44,243	44,243	-
<b>Total Fire Protection</b>	<b>79,506</b>	<b>82,094</b>	<b>(2,588)</b>													<b>79,506</b>	<b>82,094</b>	<b>(2,588)</b>
<b>Building Inspector, Inspections</b>																		
Personal Service, Salaries wages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	500	-	-	500	-	500
Other Current Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	4,300	3,188	1,112	4,865	4,861	4	-	-	-	13,465	8,049	5,416
Operating Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	600	597	3	750	750	-	-	-	-	1,950	1,347	603
Printing & Publishing	-	-	-	-	-	-	-	-	-	38	37	1	-	-	-	38	37	1
Miscellaneous	-	-	-	-	-	-	-	-	-	111	111	(111)	-	-	-	111	111	(111)
<b>Total Building Inspector</b>							<b>4,900</b>	<b>3,785</b>	<b>1,115</b>	<b>6,133</b>	<b>5,759</b>	<b>384</b>				<b>15,953</b>	<b>9,544</b>	<b>6,409</b>
<b>Total Public Safety</b>	<b>79,506</b>	<b>82,094</b>	<b>(2,588)</b>	<b>57,964</b>	<b>57,964</b>		<b>3,012</b>	<b>3,012</b>		<b>4,900</b>	<b>3,785</b>	<b>1,115</b>	<b>6,153</b>	<b>5,759</b>	<b>384</b>	<b>156,306</b>	<b>152,485</b>	<b>3,821</b>
<b>TOTAL EXPENDITURES</b>	<b>79,506</b>	<b>82,094</b>	<b>(2,588)</b>	<b>57,964</b>	<b>57,964</b>		<b>3,012</b>	<b>3,012</b>		<b>4,900</b>	<b>3,785</b>	<b>1,115</b>	<b>6,153</b>	<b>5,759</b>	<b>384</b>	<b>156,306</b>	<b>152,485</b>	<b>3,821</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (8,686)</b>	<b>\$ (9,657)</b>	<b>\$ (10,040)</b>	<b>\$ (13,917)</b>	<b>\$ (13,913)</b>	<b>\$ 4</b>	<b>\$ (1,072)</b>	<b>(1,252)</b>	<b>180</b>	<b>\$ 670</b>	<b>316</b>	<b>354</b>	<b>\$ (553)</b>	<b>(308)</b>	<b>(245)</b>	<b>\$ 4,767</b>	<b>2,834</b>	<b>1,933</b>

## ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises---where the intent of the Township's Board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Township's Board has decided that periodic determination of net income is appropriate for accountability purposes.

TOWNSHIP OF L'ANSE  
 PROPRIETARY FUNDS  
 COMBINED BALANCE SHEET  
 March 31, 2004

	Water & Sewer Fund	Sewer Contingency Fund	Water Hook-up Fund	Totals (Memorandum Only)
<u>ASSETS</u>				
Cash in bank	\$ 4,761	\$ 189,442	\$ 3,000	\$ 197,203
Accounts receivable	-	-	-	-
Allowance for doubtful accounts	-	-	-	-
Engineering	-	30,447	-	30,447
Utility plant and system	-	626,997	-	626,997
Equipment	-	-	-	-
Accumulated depreciation	-	(187,926)	-	(187,926)
<b>TOTAL ASSETS</b>	<b>\$ 4,761</b>	<b>\$ 658,960</b>	<b>\$ 3,000</b>	<b>\$ 666,721</b>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to General Fund	-	30,447	-	30,447
Customer deposits	-	-	-	-
Revenue bonds payable	-	441,085	-	441,085
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>471,532</b>	<b>-</b>	<b>471,532</b>
<u>FUND EQUITY</u>				
Contributed capital	-	54,707	-	54,707
Retained earnings (deficit):				
Unreserved	4,761	132,721	3,000	140,482
Reserved	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>4,761</b>	<b>187,428</b>	<b>3,000</b>	<b>195,189</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 4,761</b>	<b>\$ 658,960</b>	<b>\$ 3,000</b>	<b>\$ 666,721</b>

TOWNSHIP OF LANSE  
 PROPRIETARY FUNDS  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 For the year ended March 31, 2004

	Water & Sewer Fund	Sewer Contingency Fund	Water Hookup Fund	Totals (Memorandum Only)
<u>OPERATING REVENUES</u>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other operating revenue	-	17,264	-	17,264
<b>TOTAL OPERATING REVENUE</b>	<b>-</b>	<b>17,264</b>	<b>-</b>	<b>17,264</b>
<u>OPERATING EXPENSES</u>				
Salaries and wages	-	-	-	-
Contracted services	-	-	-	-
Bad Debts	-	-	-	-
Utilities	-	-	-	-
Repairs and maintenance	-	-	-	-
Insurance	-	-	-	-
Professional fees	-	-	-	-
Provision for depreciation	-	15,567	-	15,567
Miscellaneous	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>-</b>	<b>15,567</b>	<b>-</b>	<b>15,567</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>1,697</b>	<b>-</b>	<b>1,697</b>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest on investments	46	6,034	-	6,080
Interest expense on bonds	-	(18,853)	-	(18,853)
Disaster Assistance grant	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>46</b>	<b>(12,819)</b>	<b>-</b>	<b>(12,773)</b>
Operating Transfers in (out)	-	29,868	-	29,868
<b>NET INCOME (LOSS)</b>	<b>46</b>	<b>18,746</b>	<b>-</b>	<b>18,792</b>
Retained earnings at April 1	4,715	113,975	3,000	121,690
<b>RETAINED EARNINGS AT MARCH 31</b>	<b>\$ 4,761</b>	<b>\$ 132,721</b>	<b>\$ 3,000</b>	<b>\$ 140,482</b>

TOWNSHIP OF L'ANSE  
 PROPRIETARY FUNDS  
 COMBINED STATEMENT OF CASH FLOWS  
 For the year ended March 31, 2004

	Water & Sewer Fund	Sewer Contingency Fund	Water Hookup Fund	Total (Memorandum Only)
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating Income	\$ 46	\$ 1,697	\$ -	\$ 1,743
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	15,567	-	15,567
Changes in assets and liabilities:				
(Increase) Decrease in accounts receivable	-	-	-	-
(Increase) Decrease in Due from other Funds	10	-	-	10
Increase (Decrease) in accounts payable	-	-	-	-
Increase (Decrease) in Due to General Fund	-	30,447	-	30,447
	<u>56</u>	<u>47,711</u>	<u>-</u>	<u>47,767</u>
<b>CASH FLOWS PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>				
Payments on revenue bonds	-	(11,015)	-	(11,015)
Payments for capital acquisitions	-	(30,447)	-	(30,447)
(Increase) Decrease of restricted assets	-	-	-	-
Operating transfers in	-	29,868	-	29,868
	<u>-</u>	<u>(11,594)</u>	<u>-</u>	<u>(11,594)</u>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>				
Interest received on investments	-	6,033	-	6,033
Interest paid on bonds	-	(18,853)	-	(18,853)
Bond Proceeds	-	-	-	-
	<u>-</u>	<u>(12,820)</u>	<u>-</u>	<u>(12,820)</u>
<b>NET INCREASE IN CASH</b>	<b>56</b>	<b>23,297</b>	<b>-</b>	<b>23,353</b>
Cash at April 1	<u>4,705</u>	<u>166,145</u>	<u>3,000</u>	<u>173,850</u>
Cash at March 31	<u>\$ 4,761</u>	<u>\$ 189,442</u>	<u>\$ 3,000</u>	<u>\$ 197,203</u>

#### GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group rather than in governmental funds. All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available. No depreciation has been provided on general fixed assets.

TOWNSHIP OF L'ANSE  
STATEMENT OF GENERAL FIXED ASSETS  
March 31, 2004

General Fixed Assets

Land	\$ 143,130
Buildings	242,959
Equipment	295,461
Assets under capital lease	-
Construction in progress	-
	<hr/>
Total general fixed assets	<u>\$ 681,550</u>

Investments in general fixed assets from:

Capital projects funds:	
General obligation bonds	\$ -
Federal grants	14,554
Capital lease obligations	-
General Fund revenues	666,996
Special revenue fund revenues	-
Donations	-
	<hr/>
Total investments in general fixed assets	<u>\$ 681,550</u>

#### TRUST AND AGENCY FUNDS

Trust Funds are used to account for assets held by the Township in a trustee capacity. Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments and/or other funds.

TOWNSHIP OF L'ANSE  
 ALL AGENCY FUNDS  
 COMBINED BALANCE SHEET  
 March 31, 2004

	Agency		
	General Agency	Current Tax Collection Account	Total (Memorandum Only)
ASSETS			
ASSETS			
Cash in bank	\$ -	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
LIABILITIES			
LIABILITIES			
Due to other funds			
General Fund	\$ -	\$ -	\$ -
Fire Fund	-	-	-
Ambulance Fund	-	-	-
Due to schools	-	-	-
Due to county	-	-	-
Due to state government	-	-	-
Due to others	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

TOWNSHIP OF L'ANSE  
ALL AGENCY FUNDS  
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the year ended March 31, 2004

GENERAL AGENCY FUND

	Balance April 1	Additions	Deductions	Balance March 31
<u>ASSETS</u>				
Cash in bank	\$ -	\$ 34,447	\$ 34,447	\$ -
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 34,447</b>	<b>\$ 34,447</b>	<b>\$ -</b>
<u>LIABILITIES</u>				
Due to Other Funds:				
General Fund	\$ -	\$ 140	\$ 140	\$ -
Fire Fund	-	24	24	-
Ambulance Fund	-	25	25	-
Due to schools	-	-	-	-
Due to county	-	934	934	-
Due to state government	-	4,883	4,883	-
Due to others	-	28,441	28,441	-
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 34,447</b>	<b>\$ 34,447</b>	<b>\$ -</b>

CURRENT TAX COLLECTION

<u>ASSETS</u>				
Cash in bank	\$ 105,400	\$ 1,215,434	\$ 1,320,834	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 105,400</b>	<b>\$ 1,215,434</b>	<b>\$ 1,320,834</b>	<b>\$ -</b>
<u>LIABILITIES</u>				
Due to Other Funds:				
General Fund	\$ 216	\$ 74,543	\$ 74,759	\$ -
Fire Fund	-	58,657	58,657	-
Ambulance Fund	-	59,951	59,951	-
Due to schools	-	291	291	-
Due to State Government	-	1,374	1,374	-
Due to county	105,184	1,020,602	1,125,786	-
Due to others	-	16	16	-
<b>TOTAL LIABILITIES</b>	<b>\$ 105,400</b>	<b>\$ 1,215,434</b>	<b>\$ 1,320,834</b>	<b>\$ -</b>

# Richard C. Woodbury, P.C.

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## Management Letter

The Honorable Supervisor and Members  
Township of L'Anse Board  
L'Anse, MI

In connection with our audit of the general-purpose financial statements of the Township of L'Anse for the year ended March 31, 2004, the following comments and recommendations concerning accounting procedures and controls in effect in the Township are presented for your consideration.

1. The Sewer Contingency Fund has about a \$189,000 in cash and cash investments and will need approximately \$441,000 to retire its bonds. In the last couple of years the number of new sewer hookups has not been sufficient to accumulate sufficient monies to pay off these bonds. We recommend that the township study the need to set aside an amount of money (sinking fund) each year so that future boards will not be saddled with a large amount of funding in the latter years of bond payoff.
2. One expenditure item was over budget in the current year. We recommend that the budget be adopted in the same way that the bookkeeping is done and that the budget be amended when necessary.
3. In this day and age, the daily talk is about ethics. We recommend that the board adopt an ethics policy for all of the township activities.
4. We recommend that all cash be transferred for the due to/from in the various funds each month and the due to/from be balanced each month.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the March

31, 2004, financial statements, and this report does not affect our report on the financial statements dated September 24, 2004.

This report is intended solely for the use of management and should not be used for any other purpose. The comments contained herein are submitted as constructive suggestions to assist the Township in strengthening controls and procedures, and are not intended to reflect upon the honesty or integrity of any employee.

We would be happy to discuss any of the comments in this report, and would like to thank the officials and employees of the Township for the courtesy and cooperation shown us during our audit.

*Richard C. Woodhury*

Certified Public Accountant  
September 24, 2004