CROSS VILLAGE TOWNSHIP
EMMET COUNTY, MICHIGAN

Financial Statements
For the Year Ended
March 31, 2004

Prepared By:
Richard E. Mahlmeister, C.P.A., P.C.
580 South Nicolet, P.O.Box 996
Mackinaw City, MI 49701

Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

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

Local Government Type	Local Government Name	County
☐ City ☑ Township ☐ Village ☐ Other	Cross Village Township	Emmet

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3/31/04	7/7/04	7/15/04

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.

RECEIVED
DEPT. OF TREASURY
AUG 1 1 2004
LOCAL AUDIT & FINANCE DIV.

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)			
Richard E. Mahlmeister, CPA, PC			
Street Address	City	State	ZIP
P.O. Box 996, 580 South Nicolet Street	Mackinaw City	MI	49701
Accountant Signature: Richard E. Mahlmeister CPA		Date: 7-5-04	

CROSS VILLAGE TOWNSHIP

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

	PAGE
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Group	1
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	3
Notes to Financial Statements	4 - 10
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
GENERAL FUND	
Schedule of Detailed Revenues	11
Schedule of Detailed Expenditures	12 - 14
SPECIAL REVENUE FUNDS	
Combining Balance Sheet	15
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	16
TRUST AND AGENCY FUND	
Current Tax Collection Fund:	
Statement of Changes in Assets and Liabilities	17

RICHARD E. MAHLMEISTER
CERTIFIED PUBLIC ACCOUNTANT, P.C.

Member:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

July 7, 2004

Township Board
Cross Village Township
Emmet County, Michigan

I have audited the accompanying general purpose financial statements of ***Cross Village Township, Emmet County,*** as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of ***Cross Village Township's*** management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of ***Cross Village Township,*** as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of ***Cross Village Township***. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Richard E. Mahlmeister, CPA

Richard E. Mahlmeister, C.P.A.

P.O. Box 996 • Mackinaw City, MI 49701 • **phone: (231) 436-5223 • fax: (231) 436-5938**

CROSS VILLAGE TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE
ASSETS	**GENERAL**	**SPECIAL REVENUE**	**TRUST AND AGENCY**
Cash and cash equivalents	$18,536	$1,972	$ -
Investments	171,605	11,525	-
Taxes receivable	4,748	1,835	-
Fixed assets	-	-	-
TOTAL ASSETS	$194,889	$15,332	$ -
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accrued expenses	$1,473	$ -	$ -
Accrued wages	1,115	-	-
TOTAL LIABILITIES	2,588	-	-
FUND EQUITY			
Investment in general fixed assets	-	-	-
Fund balances:			
Designated for subsequent years' expenditures	65,495	323	-
Unreserved, undesignated	126,806	15,009	-
TOTAL FUND EQUITY	192,301	15,332	-
TOTAL LIABILITIES AND FUND EQUITY	$194,889	$15,332	$ -

See Accompanying Notes.

ACCOUNT GROUP	
GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
$ -	$20,508
-	183,130
-	6,583
203,901	203,901
$203,901	$414,122
$ -	$1,473
-	1,115
-	2,588
203,901	203,901
-	65,818
-	141,815
203,901	411,534
$203,901	$414,122

CROSS VILLAGE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
REVENUES			
Taxes	$53,285	$19,203	$72,488
Payment in lieu of taxes	1,542	-	1,542
State shared revenues	19,715	-	19,715
Grants	15,009	-	15,009
Interest	1,254	133	1,387
Other	1,176	-	1,176
TOTAL REVENUES	91,981	19,336	111,317
EXPENDITURES			
Current:			
Legislative	14,038	-	14,038
General government	45,927	-	45,927
Public safety	5,324	-	5,324
Public works	2,909	-	2,909
Recreation and culture	28,316	-	28,316
Capital outlay	-	31,096	31,096
TOTAL EXPENDITURES	96,514	31,096	127,610
REVENUES OVER (UNDER) EXPENDITURES	(4,533)	(11,760)	(16,293)
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	(2,564)	2,564	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,564)	2,564	-
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,097)	(9,196)	(16,293)
FUND BALANCES, BEGINNING OF YEAR	199,398	24,528	223,926
FUND BALANCES, END OF YEAR	$192,301	$15,332	$207,633

See Accompanying Notes.

CROSS VILLAGE TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	$47,000	$53,285	$6,285
Payment in lieu of taxes	-	1,542	1,542
State shared revenues	18,000	19,715	1,715
Grants	17,000	15,009	(1,991)
Interest	1,700	1,254	(446)
Other	600	1,176	576
TOTAL REVENUES	84,300	91,981	7,681
EXPENDITURES			
Current:			
Legislative	35,900	14,038	21,862
General government	60,900	45,927	14,973
Public safety	11,000	5,324	5,676
Public works	4,000	2,909	1,091
Recreation and culture	29,000	28,316	684
Capital outlay	-	-	-
TOTAL EXPENDITURES	140,800	96,514	44,286
REVENUES OVER (UNDER) EXPENDITURES	(56,500)	(4,533)	51,967
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	(2,564)	(2,564)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,564)	(2,564)	-
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(59,064)	(7,097)	51,967
FUND BALANCES, BEGINNING OF YEAR	199,398	199,398	-
FUND BALANCES, END OF YEAR	$140,334	$192,301	$51,967

See Accompanying Notes.

SPECIAL REVENUE FUNDS

BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$17,000	$19,203	$2,203
-	-	-
-	-	-
-	-	-
100	133	33
-	-	-
17,100	19,336	2,236
-	-	-
-	-	-
1,500	-	1,500
11,000	-	11,000
-	-	-
31,300	31,096	204
43,800	31,096	12,704
(26,700)	(11,760)	14,940
-	2,564	2,564
-	-	-
-	2,564	2,564
(26,700)	(9,196)	17,504
24,528	24,528	-
($2,172)	$15,332	$17,504

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cross Village Township, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity include those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's general purpose financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its general purpose financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. The following fund types and account group are utilized by the Township:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, State aid, and charges for services to provide for the administration and operation of general governmental departments, boards and commissions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes as dictated by legal, regulatory or administrative requirements.

FIDUCIARY FUND

Trust and Agency Fund

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

ACCOUNT GROUP

General Fixed Assets

This account group presents the fixed assets of the Township utilized in its general operations.

TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING (CONTINUED)

All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) as net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

BUDGETS AND BUDGETARY ACCOUNTING

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to March 31, the budget is legally enacted through passage of a resolution.

4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order of the applicable appropriations, is not employed by the Township because it is, at present, considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost and consist of certificates of deposit with maturity values greater than three months and bank money market funds, which invest solely in short-term fixed income securities of the U.S. Treasury and U.S. Agencies.

RECEIVABLES

Receivables are reported at gross value or net of a valuation allowance, if applicable.

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.

FIXED ASSETS

Fixed assets used in the general operation of the township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including streets, roads and sidewalks are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their fair market value on the date donated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESERVES AND DESIGNATIONS

Reserved fund balances indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity which is available for budgeting in future periods.

PROPERTY TAX REVENUE RECOGNITION

Property tax revenues for the year ended March 31, 2004, reflected in the accompanying financial statements, include property taxes levied December 1, 2003. These taxes are due by February 15, 2004, and are added to the County tax rolls after February 28, 2004. The Township receives 100% payment for the delinquent tax by June, 2004.

VACATION AND SICK LEAVE

There is no accumulated vacation or sick leave to be recognized.

INTERFUND TRANSACTIONS

During the course of normal operations, the Township has numerous transactions between funds. The accompanying financial statements generally reflect such transactions as operating transfers.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The caption on the combined balance sheet relating to cash, cash equivalents and investments represent deposits in two financial institutions located in Emmet County in varying amounts as follows:

Cash and cash equivalents	$ 20,508
Investments	183,130
	$203,638

At year-end the carrying amount of the Township's deposits were classified as to risk as follows:

(Continued)

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 55,633	$ 56,370
Uninsured – uncollateralized	148,005	148,005
	$203,638	$204,374

For the year ended March 31, 2004, investments are stated at cost and consist of certificates of deposits in the amount of $35,125 and bank money market funds in the amount of $148,005 which invest solely in short-term fixed income securities of the U.S. Treasury and U.S. Agencies and are not insured by the Federal Deposit Insurance Corporation (FDIC).

The GASB Statement No. 3 risk disclosures are as follows:

1. Insured or Registered, or Securities held by the Township or the Township's agent in the Township's name.

2. Uninsured and Unregistered, with Securities held by the Counterparty's Trust Department or its agent in the Township's name.

3. Uninsured and Unregistered, with Securities held by the Counterparty or the Counterparty's Trust Department or Agent, but not in the Township's name.

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

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the 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.

NOTE 3: PROPERTY TAX REVENUE

The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental units taxes and remittance of them to the units are accounted for in the Trust and Agency Fund.

The taxable value of the Township totaled $39,915,048, before Board of Review adjustments, on which ad valorem taxes consisted of .9635 mills for the Township's operating purposes and .4817 mills for fire protection, raising $38,412 for operating and $19,203 for fire protection.

NOTE 4: GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land and improvements	$28,060	$ -	$ -	$28,060
Buildings	134,730	31,096	-	165,826
Equipment	10,015	-	-	10,015
Total	$172,805	$31,096	$ -	$203,901

NOTE 5: RISK MANAGEMENT

Cross Village Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of Cross Village Township. Cross Village Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for property of $331,000, general liability of $3,000,000, wrongful acts of $2,000,000, crime of $10,000, automobile of $1,000,000, inland marine liability of $10,000 and bonding for public officials errors and omissions. Additionally, Cross Village Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

***

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

CROSS VILLAGE TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

TAXES	
Current property taxes	**$38,412**
Property tax administration fee	**14,783**
Fines and penalties	**90**
TOTAL TAXES	**53,285**
Payment in lieu of taxes	**1,542**
STATE SHARED REVENUES	**19,715**
STATE GRANTS	**15,009**
INTEREST INCOME	**1,254**
OTHER	
Rents & other	**1,176**
TOTAL REVENUE	**$91,981**

CROSS VILLAGE TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE	
Township Board:	
Salaries	**$1,320**
Fringe benefits	**101**
Supplies	**38**
Contracted services	**7,635**
Memberships and dues	**609**
Printing and publications	**262**
Insurance	**4,049**
Other	**24**
TOTAL LEGISLATIVE	**14,038**
GENERAL GOVERNMENT	
Township Supervisor:	
Salaries	**4,020**
Fringe benefits	**308**
Education and training	**183**
	4,511
Professional Services:	
Attorney	**5,688**
Assessor:	
Contracted service	**10,823**
Supplies	**389**
Other	**300**
	11,512
Clerk:	
Salaries	**4,070**
Fringe benefits	**311**
Supplies	**718**
	5,099

(Continued)

CROSS VILLAGE TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004

GENERAL GOVERNMENT: (Cont'd)	
Board of Review:	
Salaries	**$325**
Fringe benefits	**25**
Printing and publications	**367**
Other	**53**
	770
Treasurer:	
Salaries	**4,070**
Fringe benefits	**311**
Supplies	**1,955**
Other	**97**
	6,433
Buildings anf Grounds:	
Contracted service	**2,403**
Supplies	**68**
Repairs	**2,165**
Communication	**633**
Utilities	**4,551**
Other	**34**
	9,854
Cemetery:	
Contracted services	**2,060**
TOTAL GENERAL GOVERNMENT	**45,927**

(Continued)

CROSS VILLAGE TOWNSHIP
GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES (CONCLUDED)
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY	
Contracted services - police	**$5,324**
PUBLIC WORKS	
Highways and streets:	
Street lighting	**1,527**
Contracted services	**1,382**
TOTAL PUBLIC WORKS	**2,909**
RECREATION AND CULTURE	
Parks:	
Contracted services	**28,316**
TOTAL EXPENDITURES	**96,514**
OTHER FINANCING USES	
Transfers to other funds	**2,564**
TOTAL EXPENDITURES AND OTHER FINANCING USES	**$99,078**

SPECIAL REVENUE FUNDS

CROSS VILLAGE TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

ASSETS

	FIRE FUND	ROAD FUND	TOTAL
ASSETS:			
Cash and cash equivalents	$ -	$1,972	$1,972
Investments	1,525	10,000	11,525
Taxes receivable	1,835	-	1,835
TOTAL ASSETS	$3,360	$11,972	$15,332
FUND BALANCES			
Designated for subsequent years' expenditures	$323	$ -	$323
Unreserved, undesignated	3,037	11,972	15,009
TOTAL FUND BALANCES	$3,360	$11,972	$15,332

CROSS VILLAGE TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2004

	FIRE FUND	ROAD FUND	TOTAL
REVENUES:			
Taxes	$19,203	$ -	$19,203
Interest	39	94	133
TOTAL REVENUES	19,242	94	19,336
EXPENDITURES:			
Public safety - capital outlay	31,096	-	31,096
Public works	-	-	-
TOTAL EXPENDITURES	31,096	-	31,096
REVENUES OVER (UNDER) EXPENDITURES	(11,854)	94	(11,760)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,564	-	2,564
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(9,290)	94	(9,196)
FUND BALANCES - BEGINNING OF YEAR	12,650	11,878	24,528
FUND BALANCES - END OF YEAR	$3,360	$11,972	$15,332

TRUST AND AGENCY FUND

CROSS VILLAGE TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUND - TAX COLLECTION FUND
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE APRIL 1, 2003	ADDITIONS	DELETIONS	BALANCE MARCH 31, 2004
ASSETS:				
Cash	$ -	$1,168,800	$1,168,800	$ -
LIABILITIES:				
Due to other funds	$ -	$64,036	$64,036	$ -
Due to other governmental units	-	1,104,764	1,104,764	-
	$ -	$1,168,800	$1,168,800	$ -

RICHARD E. MAHLMEISTER
CERTIFIED PUBLIC ACCOUNTANT, P.C.

Member:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants

July 7, 2004

Township Board
Cross Village Township
Emmet County, Michigan

In planning and performing my audit of the general purpose financial statements of ***Cross Village Township, Emmet County, Michigan,*** for the year ended March 31, 2004, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated July 7, 2004 on the financial statements of ***Cross Village Township.***

Thank you for the opportunity to serve ***Cross Village Township.*** I appreciate the assistance I received from the Clerk and Treasurer during my audit. Best wishes in the next year.

Sincerely,

Richard E. Mahlmeister, C.P.A.

P.O. Box 996 • Mackinaw City, MI 49701 • **phone: (231) 436-5223 • fax: (231) 436-5938**

REPORTABLE CONDITION

Reportable conditions involve matters coming to my intention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect Cross Village Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable condition that exists is that there is a lack of segregation of duties in both the receipting and disbursement function of Cross Village Township. This condition is generally inherent in organizations the size of Cross Village Township, where corrective action is not practical, and is not considered to be a material weakness.

UPCOMING FINANCIAL REPORTING CHANGES

In 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements – Management's Discussion and Analysis - for State and Local Governments,* the most significant change in the history of government financial reporting. These new requirements for the annual financial reports of state and local governments become effective for Cross Village Township for the year ended March 31, 2005 (the first audit year will be March 31, 2006) and may take time to implement.

As the effective date will be next audit year (March 31, 2006), I would be pleased to explain these changes and what they mean for Cross Village Township as well as assist in implementing this new standard.