

**CRYSTAL TOWNSHIP**  
**OCEANA COUNTY, HART, MICHIGAN**  
**AUDIT REPORT**  
**For Year Ended March 31, 2004**

**NICHOLAS D. LAHR**  
**Certified Public Accountant**  
**198 N. Michigan Avenue**  
**Shelby MI 49455**

# 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>Crystal</b>	County <b>Oceana</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>12/1/04</b>	Date Accountant Report Submitted to State: <b>12/27/04</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.

- |                              |  |   |
|------------------------------|--|---|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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.   |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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]).   |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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). |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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).   |
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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>Nicholas D. Lahr, CPA</b>			
Street Address <b>198 N. Michigan</b>	City <b>Shelby</b>	State <b>MI</b>	ZIP <b>49455</b>
Accountant Signature 		Date <b>12/27/04</b>	

**Crystal Township**  
Township Board  
March 31, 2004

Supervisor	Connelly Bowling
Clerk	Thelma Warmuskerken
Treasurer	Gaye Sorensen
Assessor	Connelly Bowling
Trustee	Terry Cloud
Trustee	Timothy Scovill

Crystal Township  
Oceana County, Michigan  
March 31, 2004

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**NICHOLAS D. LAHR**  
**CERTIFIED PUBLIC ACCOUNTANT**

**MEMBER**  
**Michigan Association of**  
**Certified Public Accountants**  
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**Certified Public Accountants**

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Shelby, MI 49455  
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December 1, 2004

Local Audit and Finance Division  
Michigan Department of Treasury  
30 West Allegan 4<sup>th</sup> Floor  
Lansing Michigan 48922

Re: Crystal Township, Oceana County  
Audit as of March 31, 2004

Dear Sir:

This report on auditing procedures is written pursuant to Section 7 (2) of the Public Act 2, P.A. of 1968, as amended. We have made an examination of the financial statements of the above-mentioned local unit of government. Our opinion, dated December 1, 2004 with respect to these statements is included in our accountant's report submitted to you under date of December 1, 2004

In connection with the foregoing examination, we have complied with the minimum requirements as outlined in your publication, "Bulletin for the Audits of Local Units of Government in Michigan" (BUGSLUG), as revised.

In accordance with the provisions of P.A. 275 of 1980, as amended, there are no accumulated deficits in the various fund balances of the above local unit, other than as disclosed in the financial statements including the notes thereto. In addition, we found no substantive instances of noncompliance with the provisions of P.A. 2 of 1968 (the Uniform Accounting and Budgeting Act) as amended, other than as disclosed in the financial statements including the notes thereto, or as described in the report of comments and recommendations as prescribed by the reporting guidelines for instances of noncompliance included in Appendix B of the BUFALUG manual.

I hereby state and affirm that I am a certified public accountant registered to practice in the State of Michigan and an independent insofar as that term is defined in our profession.

We did not issue a report of comments and recommendations.

In our accountant's report for the above-mentioned period, we have expressed a qualified opinion. The Township budgets its property taxes in the year of collection versus year of levy.

In the last previous accountant's report for the local unit, which covered the period April 1, 2001 to March 31, 2002, a qualified opinion was expressed.

Respectfully submitted



Nicholas D. Lahr  
Certified Public Accountant

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**CERTIFIED PUBLIC ACCOUNTANT**

**MEMBER**  
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E-Mail: ndlahr@yahoo.com

December 1, 2004

Board of Directors  
Crystal Township  
Oceana County  
Hart, Michigan 49420

**INDEPENDENT AUDITOR'S REPORT**

We have audited the general purpose financial statements for the Crystal Township as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Crystal Township, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements as a whole. The supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of Crystal Township, Oceana County, as of and for the year ended March 31, 2004. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements as a whole.

Respectfully submitted,



Nicholas D. Lahr  
Certified Public Accountant

**Crystal Township**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**March 31, 2004**

**Exhibit A**

	<b>Governmental Fund Types</b>	<b>Fiduciary Fund</b>	<b>Account Groups</b>	
	General Fund Balance	Trust & Agency Fund	Fixed Asset Group	Total (Memo Only)
<b>ASSETS</b>				
Cash & Cash Equivalents (Note 2)	\$ 111,125	\$ 2,804	\$	\$ \$113,930
Taxes Receivable (Note 3)	9,450			9,450
Prepaid Insurance				0
Land, Building, Equipment (Note 4a)			210,800	210,800
<b>TOTAL ASSETS</b>	<b>\$ 120,575</b>	<b>\$ 2,804</b>	<b>\$ 210,800</b>	<b>\$ 334,180</b>
 <b>FUND EQUITY</b>				
Investment in Fixed Assests			210,800	210,800
Fund Balance	120,575	2,804		123,380
<b>TOTAL FUND EQUITY</b>	<b>\$ 120,575</b>	<b>\$ 2,804</b>	<b>\$ 210,800</b>	<b>\$ 334,180</b>

The Notes to the Financial Statements are an integral part of this Statement

**Crystal Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**All Government Fund Types**  
**For Year Ended March 31, 2004**

**Exhibit B**

	<u>General Fund</u>	<u>Totals Memo Only</u>
<b>REVENUES</b>		
Taxes	\$ 45,091	\$ 45,091
State Revenue Sharing	62,909	62,909
Charges for Services	2,160	2,160
Interest	2,048	2,048
Other Revenue	8,646	8,646
<b>TOTAL REVENUES</b>	<u>120,855</u>	<u>120,855</u>
<b>EXPENDITURES</b>		
Legislative (TWP Board)	14,105	14,105
Executive	4,994	4,994
Elections	100	100
General Administration	19,102	19,102
Building & Grounds	0	-
Cemetery	5,590	5,590
Fire	27,704	27,704
Roads	11,250	11,250
Contingency	0	-
Other	16,625	16,625
Capital Outlay	0	-
<b>TOTAL EXPENDITURES</b>	<u>99,471</u>	<u>99,471</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	21,384	21,384
<b>Fund Balance March 31, 2003</b>	99,191	99,191
<b>Fund Balance March 31, 2004</b>	<u>\$ 120,575</u>	<u>\$ 120,575</u>

The Notes to the Financial Statements are an integral part of this Statement

**Crystal Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
**For Year Ended March 31, 2004**

**Exhibit C**

	<b>Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes	\$ 24,302	\$ 45,091
State Revenue Sharing	67,810	62,909
Charges for Services	1,200	2,160
Interest	1,228	2,048
Other Revenue	6,050	8,646
<b>TOTAL REVENUES</b>	<b>100,590</b>	<b>120,855</b>
<b>EXPENDITURES</b>		
Legislative (TWP Board)	12,000	14,105
Executive	5,250	4,994
Elections	500	100
General Administration	18,750	19,102
Buildings & Grounds	300	0
Cemetery	6,000	5,590
Fire	23,415	27,704
Roads	10,237	11,250
Contingency	9,900	0
Other	13,998	16,625
Capital Outlay		
<b>TOTAL EXPENDITURES</b>	<b>100,350</b>	<b>99,471</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>240</b>	<b>21,384</b>
<b>Fund Balance March 31, 2003</b>		<b>99,191</b>
<b>Fund Balance March 31, 2004</b>		<b>\$ 120,575</b>

The Notes to the Financial Statements are an integral part of this Statement

**Crystal Township**  
Notes to the Financial Statements  
March 31, 2004

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The entity is organized as a Township under the Auspices of Public Acts 33 and 57 of 1951. The purpose of the organization is to provide government for Crystal Township. The Township is governed by a Board whose membership is comprised of a supervisor, clerk, treasurer, and trustees elected by general elections in the township.

The financial statements of the Township include those of separately administered organizations that are controlled by or dependent on the Township. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "The Reporting Entity", is financial accountability. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the governing boards. Based on the above criteria, there are no other organizations included in these financial statements.

**B. Basis of Presentation**

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including general operating expenditures of the local unit. Revenues are derived primarily from inter-governmental revenues. Contributions are made on a quarterly basis.

Special Revenue – This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund - These funds are used to account for assets held in trust or as an agent for others.

Account Groups

Fixed Asset Group – This account presents the fixed assets of the local unit, utilized in it's general operation (non-propriety fund assets).

**C. Basis of Accounting**

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivable when measurable and as revenue when available to finance current operations. Significant revenues susceptible to accrual include property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, and operating transfers. Expenditures are recorded when the liability is paid, except for interest on long-term debt which is recorded when incurred.

**Crystal Township**  
Notes to the Financial Statements  
March 31, 2004

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Budgets**

As mandated by PA 621 of 1978, all Township funds are required to be under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

PA 621 of 1978 Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Expenditure overages occurred the following activities: None.

In the body of the financial statements, the Township's actual expenditures and budgeted funds have been shown on a functional basis. The approved budgets of the Township of these budgetary funds were adopted at the activity level.

The budget is prepared by the Township Treasurer, together with the Township Clerk. The budget is then presented to the Township Board for approval.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS**

**A. Legal or Contractual Provisions for Deposits and Investments**

The Michigan Political Subdivision Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- 1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- 2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which is a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Administration; but only if the bank, savings and loan association, or credit union complies with Subsection (2) of the above mentioned Acts.

The account balances for Crystal Township in West Shore Bank are:

General Funds	#83529-3	\$ 65,890
Tax Funds	#83530-7	2,804
Certificate of deposit	#73850	<u>13,346</u>
Total in West Shore Bank		\$ 82,040

The account balance for Crystal Township in Fifth Third Bank is:

Certificate of deposit	#007-0586124819	<u>\$ 31,890</u>
------------------------	-----------------	------------------

Total Combined Bank Balance \$113,930

**Crystal Township**  
Notes to the Financial Statements  
March 31, 2004

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS – continued**

- 3) In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standards rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of the funds may be invested in commercial paper at any time.
- 4) In United States government or federal agency obligation repurchase agreements.

**NOTE 3 – PROPERTY TAXES**

The township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and are due before February 14.

**NOTE 4 – DETAIL NOTES ON ALL FUND AND ACCOUNT GROUPS**

**A. Fixed Asset Group**

General Fixed Assets have been acquired for general Township purposes and at the time of purchase was recorded as expenditures. The assets have been capitalized in a General Fixed Asset Group of Accounts. Listed below is a summary of the General Fixed Assets for the year ended March 31, 2004

	<b>March 31, 2002</b>			<b>March 31, 2004</b>	
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	
Land & Improvements	\$ 18,930	\$	\$	\$ 18,930	
Buildings	85,633			85,633	
Equipment	83,358	1,900		85,258	
Office Equipment	3,279	902		4,181	
Fire Truck	11,548	8,000	2,750	16,798	
<b>TOTAL F/A</b>	<u>\$ 202,748</u>	<u>\$ 10,802</u>	<u>\$ 2,750</u>	<u>\$ 210,800</u>	

**B. Long-term Debt**

The Township had no Long-term Debt as of March 31, 2004.

**C Post-Employment Benefit Plans**

The Township had no defined pension or post-employment benefit plan as of March 31, 2004.

**Crystal Township**  
Notes to the Financial Statements  
March 31, 2004

**NOTE 4 – DETAIL NOTES ON ALL FUND AND ACCOUNT GROUPS - continued**

**D. Accumulated Unpaid Employees Benefits**

The Township had no Accumulated Unpaid Employee Benefits at March 31, 2004

**E. Risk Financing and Related Insurance**

The Township participates in a commercial insurance plan provided by JW Ryan Underwriting, and vehicle policy on the fire truck through Western Insurance Agency, and a workman compensation plan provided by the Accident Fund of Michigan. As of March 31, 2004 there were no known claims against the Township.

**F. Deferred Compensation**

The Township had no Deferred Compensation liability as of March 31, 2004.

**SUPPLEMENTAL INFORMATION**

**Crystal Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended March 31, 2003**

**Exhibit D**

	<u>General Fund Balance</u>
<b>REVENUES</b>	
Taxes	\$ 30,524
State Revenue Sharing	71,348
Charges for Services	1,568
Interest	1,246
Other Revenue	822
<b>TOTAL REVENUES</b>	<u>105,508</u>
<b>EXPENDITURES</b>	
Legislative (TWP Board)	14,936
Executive	5,201
Elections	4,099
General Administration	17,119
Building & Grounds	0
Cemetery	5,914
Fire	18,856
Roads	10,109
Contingency	0
Other	10,135
Capital Outlay	0
<b>TOTAL EXPENDITURES</b>	<u>86,369</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	19,139
<b>Fund Balance Adjustment</b>	(18,220)
<b>Fund Balance March 31, 2002</b>	<u>98,272</u>
<b>Fund Balance March 31, 2003</b>	<u>\$ 99,191</u>

The Notes to the Financial Statements are an integral part of this Statement