TOWNSHIP OF ALMER,
TUSCOLA COUNTY
Caro, Michigan

Report on Financial Statements
(with additional information)
Year Ended March 31, 2004

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

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June 7, 2004

INDEPENDENT AUDITORS' REPORT

Township of Almer
Tuscola County
Caro, Michigan 48723

We have audited the accompanying general-purpose financial statements of the Township of Almer as of March 31, 2004 and for the year then ended. These general-purpose financial statements are the responsibility of Almer Township management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules 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 Almer Township. 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 taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98), Formerly L-3147

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☒ Township ☐ Village ☐ Other	ALMER TOWNSHIP	TUSCOLA

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3-31-04	JUNE 7, 2004	JUNE 30, 2004

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
JUN 30 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)			
ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.			
Street Address	City	State	ZIP
715 E. FRANK STREET	CARO	MI	48723
Accountant Signature			

General Purpose Financial Statements

TOWNSHIP OF ALMER, TUSCOLA COUNTY
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	ENTERPRISE (SEWER)	CURRENT TAX COLLECTION FUND
ASSETS				
Cash	$ 48,358	$ 5,258	$ 236,562	$ 138,040
Fire runs receivable	6,975			
Taxes receivable				205,702
Accounts receivable			17,795	
Fixed assets - Net			1,023,945	
Prepaid expenses			15,122	
Due from other funds	168,803		554	
Amount to be provided for payment of long-term debt				
TOTAL ASSETS	***$ 224,136***	***$ 5,258***	***$ 1,293,978***	***$ 343,742***
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	$ 7,363		$ 3,581	
Accrued payroll taxes	909			
Due to other governmental units	6,040			$ 174,385
Deferred revenue	56,758			
Due to other funds	-			169,357
Payable from restricted assets:				
Revenue bonds payable	-		159,140	
Notes payable - long-term	-			
TOTAL LIABILITIES	71,070		162,721	343,742
FUND EQUITY:				
Contributed capital			813,881	
Contributions from customers			125,000	
Investment in general fixed assets				
Retained earnings			192,376	
Fund Balance - undesignated	153,066	$ 5,258		
TOTAL FUND BALANCE	153,066	5,258	1,131,257	-
TOTAL LIABILITIES & FUND EQUITY	***$ 224,136***	***$ 5,258***	***$ 1,293,978***	***$ 343,742***

The accompanying footnotes are an integral part of the financial statements.

ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
GENERAL FIXED ASSETS	GENERAL LONG TERM DEBT	REPORTING ENTITY 2004	REPORTING ENTITY 2003
		$ 428,218	$ 472,810
		6,975	7,600
		205,702	233,869
		17,795	20,518
$ 370,528		1,394,473	1,411,907
		15,122	15,870
		169,357	257,910
	$ 74,997	74,997	87,496
$ 370,528	***$ 74,997***	***$ 2,312,639***	***$ 2,507,980***
		$ 10,944	$ 18,301
		909	909
		180,425	213,027
		56,758	55,988
		169,357	257,910
		159,140	177,390
	$ 74,997	74,997	87,496
-	74,997	652,530	811,021
		$ 813,881	$ 837,990
		125,000	125,000
$ 370,528		370,528	356,985
		192,376	174,512
		158,324	202,472
370,528	-	1,660,109	1,696,959
$ 370,528	***$ 74,997***	***$ 2,312,639***	***$ 2,507,980***

TOWNSHIP OF ALMER, TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	GENERAL	SPECIAL REVENUE	TOTALS (MEMORANDUM ONLY) YEAR ENDED MARCH 31, 2004	2003
REVENUE:				
Taxes	$ 234,505		$ 234,505	$ 234,949
Licenses & permits	725		725	1,800
Intergovernmental revenue	162,648		162,648	176,962
Other revenue	101,545	$ 454	101,999	127,037
Rents & royalties	4,201		4,201	3,081
Cemetery receipts		9,774	9,774	7,675
TOTAL REVENUE	503,624	10,228	513,852	551,504
EXPENDITURES:				
Legislative	21,887		21,887	23,042
Executive	20,063		20,063	19,567
Elections	1,831		1,831	4,624
Clerk	12,724		12,724	12,895
Board of Review	1,247		1,247	1,112
Treasurer	22,112		22,112	14,404
Township hall & grounds	15,536		15,536	13,805
Zoning board	12,348		12,348	9,837
Public safety	24,627		24,627	42,705
Highways, streets, & bridges	181,505		181,505	119,043
Sanitation	153,035		153,035	116,738
Cemetery operation		25,459	25,459	25,003
Other expenditures	65,627		65,627	76,368
TOTAL EXPENDITURES	532,542	25,459	558,001	479,143
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(28,918)	(15,231)	(44,149)	72,361
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	19,000	19,000	14,000
Operating transfers out	(19,000)	-	(19,000)	(14,000)
TOTAL OTHER FINANCING SOURCES (USES)	(19,000)	19,000	-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(47,918)	3,769	(44,149)	72,361
FUND BALANCE - BEGINNING OF YEAR	200,984	1,488	202,472	130,111
FUND BALANCE - END OF YEAR	$ 153,066	$ 5,258	$ 158,324	$ 202,472

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ALMER, TUSCOLA COUNTY
COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET (GAAP BASIS)
AND ACTUAL GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
REVENUE:			
Taxes	$ 238,559	$ 234,505	$ (4,054)
Licenses & permits	1,200	725	(475)
Intergovernmental revenue	171,653	162,648	(9,005)
Other revenue	102,400	101,545	(855)
Rents & royalties	4,200	4,201	1
Cemetery receipts			0
TOTAL REVENUE	518,012	503,624	(14,388)
EXPENDITURES:			
Legislative	28,800	21,887	6,913
Executive	23,000	20,063	2,937
Elections	2,500	1,831	669
Clerk	15,500	12,724	2,776
Board of Review	1,250	1,247	3
Treasurer	23,000	22,112	888
Township hall & grounds	30,000	15,536	14,464
Zoning board	10,000	12,348	(2,348)
Public safety	41,000	24,627	16,373
Highway, streets & bridges	209,000	181,505	27,495
Sanitation	183,000	153,035	29,965
Other expenditures	66,015	65,627	388
Cemetery operations			
TOTAL EXPENDITURES	633,065	532,542	100,523
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115,053)	(28,918)	86,135
OTHER FINANCING SOURCES (USES)			
Operating transfers in		0	0
Operating transfers out	(34,000)	(19,000)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	(34,000)	(19,000)	15,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(149,053)	(47,918)	101,135
FUND BALANCE - BEGINNING OF YEAR	200,984	200,984	-
FUND BALANCE - END OF YEAR	$ 51,931	$ 153,066	$ 101,135

The accompanying footnotes are an integral part of the financial statements.

SPECIAL REVENUE FUND TYPES			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
			$ 238,559	$ 234,505	$ (4,054)
			1,200	725	(475)
			171,653	162,648	(9,005)
			102,400	101,545	(855)
			4,200	4,201	1
$ 10,440	$ 10,228	$ (212)	10,440	10,228	(212)
10,440	10,228	(212)	528,452	513,852	(14,600)
			28,800	21,887	6,913
			23,000	20,063	2,937
			2,500	1,831	669
			15,500	12,724	2,776
			1,250	1,247	3
			23,000	22,112	888
			30,000	15,536	14,464
			10,000	12,348	(2,348)
			41,000	24,627	16,373
			209,000	181,505	27,495
			183,000	153,035	29,965
			66,015	65,627	388
39,830	25,459	14,371	39,830	25,459	14,371
39,830	25,459	14,371	672,895	558,001	114,894
(29,390)	(15,231)	14,159	(144,443)	(44,149)	100,294
30,000	19,000	(11,000)	30,000	19,000	(11,000)
			(34,000)	(19,000)	15,000
30,000	19,000	(11,000)	(4,000)	-	4,000
610	3,769	3,159	(148,443)	(44,149)	104,294
1,488	1,488		202,472	202,472	-
$ 2,098	$ 5,258	$ 3,159	$ 54,029	$ 158,324	$ 104,294

TOWNSHIP OF ALMER, TUSCOLA COUNTY
STATEMENT OF REVENUE, EXPENSES AND
CHANGE IN RETAINED EARNINGS
PROPRIETARY FUND TYPE

	YEAR ENDED MARCH 31, 2004	2003
OPERATING REVENUE:		
Water & sewer system sales	$ 48,807	$ 35,934
OPERATING EXPENSES:		
Operating & maintenance	22,522	23,987
Depreciation & amortization expense	7,339	7,339
TOTAL OPERATING EXPENSES	29,861	31,326
OPERATING INCOME (LOSS)	18,946	4,608
NON-OPERATING REVENUE (EXPENSES):		
Interest earned	4,674	5,455
Interest expense	(5,756)	(18,126)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(1,082)	(12,671)
NET INCOME	17,864	(8,063)
RETAINED EARNINGS - BEGINNING OF YEAR	174,512	182,575
RETAINED EARNINGS - END OF YEAR	$ 192,376	$ 174,512

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF ALMER, TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

	YEAR ENDED MARCH 31, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 50,976	$ 57,208
Cash paid to suppliers	(21,487)	(21,487)
Interest received	4,674	5,455
Interest paid	(5,756)	(17,848)
Administration fee	(1,035)	(2,500)
Net cash provided by operating activities	27,372	20,828
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on revenue bonds	(18,250)	(18,250)
Increase in prepaid expense	277	9,138
Net cash provided by (used in) financing activities	(17,973)	(9,112)
INCREASE (DECREASE) IN CASH	9,399	11,716
CASH AT BEGINNING OF YEAR	227,163	215,447
CASH AT END OF YEAR	$ 236,562	$ 227,163

The accompanying footnotes are an integral part of the financial statements.

RECONCILIATION OF NET INCOME TO NET CASH FLOWS
PROVIDED BY (USED) IN OPERATING ACTIVITIES

	YEAR ENDED MARCH 31, 2004	2003
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net Income (loss)	$ 17,864	$ (8,063)
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation & Amortization	7,339	7,339
(Increase) decrease in:		
Accounts receivable	2,723	21,359
Due from Current Tax Collection Fund	(554)	193
Net cash provided by operating activities	$ 27,372	$ 20,828

Disclosure of Accounting Policy:

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks, and balances of certificates of deposit.

TOWNSHIP OF ALMER, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES:

The Township covers an area of approximately 36 square miles within Tuscola County. The township operates under an elected Board and provides services to its more than 2,700 residents in many areas including law enforcement, administration of justice, community enrichment, development and human services. At the Township Board meeting held May 13, 2003, the Township Board approved a resolution to change from a general law township to a charter township.

The financial statements of the Township of Almer have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Almer contain all the funds and account groups controlled by the Township's Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

B. FUND ACCOUNTING:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

C. BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increased (i.e. revenues) and decreases (i.e. expenses) in net total assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after yearend. A one-year availability period is used to revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government 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 government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

E. CASH AND INVESTMENTS:

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

G. RECEIVABLES:

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls that are secured by the underlying property.

H. FIXED ASSETS:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued to cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

I. LONG-TERM OBLIGATIONS:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from 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 funds.

J. FUND EQUITY:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

K. INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined 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 is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

M. COMPARATIVE DATA:

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2 - TUSCOLA COUNTY SANITARY SEWER SYSTEM:

On May 8, 1984 the Township entered into a contract with the Village of Caro and Indianfields Township for the acquisition, improvement, enlargement and extension of the local sanitary sewer system. The 20% local share of construction costs has been financed by the issuance of County Revenue Bonds. Almer Township's portion of the local share is $ 325,000. The original bonds were refinanced in 1992 and again in October 2002.

During 2002, Tuscola County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued $1,240,000 general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by $222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $65,140. Almer Townships share of the bond is 14.6%.

The Township expects to repay its share plus interest at rates from 2.5% to 3.7%, as well as operate and maintain the system, by charging an initial connection fee and monthly fees to users of the system.

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT
MARCH 31, 2004
(PRINCIPAL ONLY)
Year Ending March 31,

	PRINCIPAL	INTEREST	TOTAL
2005	$14,600	$ 5,003	$ 19,603
2006	14,600	4,638	19,238
2007	16,790	4,273	21,063
2008	19,710	3,768	23,478
2009	18,980	3,178	22,158
2010	18,980	2,583	21,563
2011	18,250	1,963	20,213
2012	17,520	1,342	18,862
2013	19,710	729	20,439
	159,140	$27,447	$186,617

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	BALANCE MARCH 31, 2003	ADDITIONS	REDUCTIONS	BALANCE MARCH 31, 2004
Land & improvements	$181,851			$181,851
Buildings	52,727			52,727
Machinery & equipment	66,123	$ 2,080		68,203
Land improvements (Park)	56,284	11,463	—	67,747
TOTAL GENERAL FIXED ASSETS	$356,985	$13,543	$0	$370,528

NOTE 4 - CASH AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds and are invested in several local banks in accordance with Michigan Compiled Laws, Section 129.91.

DEPOSITS:

At year-end, the carrying amount of the Township's deposits was $428,218 and the bank balance was $432,376, $100,000 of which was covered by federal depository insurance.

INVESTMENTS:

The Township's investments are categorized to give and indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterpart's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter-party, or by its trust department or its agent but not in the Township's name. At March 31, 2004, the Township had no Category 2 or 3 investments,

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2004 are composed of the following:

	CASH AND CASH EQUIVALENTS	INVESTMENTS
General Fund Deposits	$ 48,358	NONE
Other Funds Deposits	379,860	NONE
TOTAL	$428,218	NONE

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT:

A summary of proprietary fund type property, plant and equipment that are stated at cost as of March 31, 2004 follows:

	SEWER FUND
Sewer lines	$ 377,760
Building & equipment	1,171,070
Bond discount	2,497
Loan closing costs	12,624
Total cost	1,563,951
Less accumulated depreciation & amortization	(524,884)
Net carrying amount	$1,039,067

Depreciation is calculated using the straight-line method over a 50-year life. Amortization of the loan closing costs is over the life of the underlying debt. Depreciation and amortization expense for the year ended March 31, 2004 amounted to $31,448. Depreciation expense of $6,868 charged to operations was based on the Township's percentage contribution to the total cost of the project. The remaining depreciation expense of $24,109 was charged against contributed capital.

NOTE 6 - PENSION PLAN - DEFINED CONTRIBUTION PLAN:

PLAN DESCRIPTION:

The township has instituted a defined contribution pension plan covering all elected officials who choose to belong to the plan. The plan has been adopted under the provisions of 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and forfeitures of other participants benefits that may be allocated to such participant's account. The plan requires the employer to contribute fifteen percent of the participating employee's gross wages, with immediate vesting. In addition, past service employer contributions at 3% of current annual compensation for each eligible year of past service (10 year max.) to be funded over three years are required.

During the most recent plan year, the township's required and actual contribution amounted to $10,214, which was 15% of its current year covered payroll of $68,093. The plan is funded through the Manufacturers Life Insurance Company and had the following activity during the period ending March 31, 2004.

Balance – April 1, 2003	$58,653
Contributions - April, 2003 to March 31, 2004	10,214
Withdrawals - April 1, 2003 to March 31, 2004	0
Earnings (Losses), less Administrative expense	19,129
Balance – March 31, 2004	$87,996

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

3. Prior to April 1, the budget is legally enacted through passage of a resolution.

4. The Board of Trustees must approve any revisions of the budget.

5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.

6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations that were amended.

7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 8 - DUE TO AND FROM OTHER FUNDS:
Due to and from other funds balances at March 31, 2004 are as follows:

FUND	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General Fund	$168,803	-
Sewer Fund	554	
Trust and agency:		
Current Tax Collection Fund	-	$169,357
TOTAL	$169,357	$169,357

NOTE 9 - CONTRIBUTED CAPITAL:
Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use or still in construction within the Township. In order to more accurately reflect the equity remaining in these contributions, certain contributions are being amortized to retained earnings over 50 years. Amortization expense for the year totaled $24,109.

NOTE 10 - PROPERTY TAX REVENUE:
Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied 1.4569 mills for operations, 1.0000 mills for roads, and 1.0000 for transportation on a taxable value of $67,009,715. In addition, the township collected the State Education Tax which was levied July 1, and due September 15.

NOTE 11 – 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 carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12 – GENERAL LONG TERM DEBT/SPECIAL ASSESSMENT:

The Tuscola County Drain Commissioner assessed Almer Township $225,513 as a Drain-At-Large assessment for the State and Colling Drain. The assessment was to be repaid from 2000 through 2009, which would have included interest of $34,215. The township paid $100,000.00 during the year-ended March 31, 2001 towards the project, which will reduce the interest paid over the remaining assessment period.

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT
MARCH 31, 2004
(PRINCIPAL ONLY)

YEAR ENDING MARCH 31,	GENERAL OBLIGATION
2005	$12,499
2006	12,499
2007	12,499
2008	12,499
2009	12,499
2010	12,502
TOTAL	$74,997

Financial Statements of Individual Funds

TOWNSHIP OF ALMER, TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
REVENUE			
Taxes:			
Current property tax		$ 230,947	
Delinquent tax		-	
Trailer tax		3,558	
Total taxes	$ 238,559	234,505	$ (4,054)
Licenses & permits	1,200	725	(475)
Intergovernmental Revenue:			
Sales tax	171,653	162,648	(9,005)
Other Revenue:			
Miscellaneous		9,398	
Sale of crushed concrete		-	
Reimbursements		2,036	
Fire Runs		2,450	
Refuse payments		84,867	
Interest		2,794	
Total Other Revenue	102,400	101,545	(855)
Rents & Royalties	4,200	4,201	1
TOTAL REVENUE	518,012	503,624	(14,388)
EXPENDITURES			
Legislative:			
Salaries & wages - township board		12,308	
Auditing & legal fees		6,131	
Membership & dues		1,432	
Advertising		2,016	
Total Legislative	28,800	21,887	6,913
Executive:			
Salaries and wages		19,663	
Office supplies & expenses		400	
Total Executive	23,000	20,063	2,937

(Continued)

TOWNSHIP OF ALMER, TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
EXPENDITURES: (Continued)			
Clerk:			
Salaries & wages		$ 12,297	
Office supplies & expenses		427	
Total Clerk	$ 15,500	12,724	$ 2,776
Board of Review:			
Salaries & wages	1,250	1,247	3
Treasurer:			
Salaries & wages		16,146	
Tax processing		4,055	
Office supplies & expenses		1,911	
Total Treasurer	23,000	22,112	888
Total Elections	2,500	1,831	669
Township Hall & Grounds:			
Insurance		8,099	
Utilities		6,849	
Repairs & Maintenance		588	
Capital outlay		-	
Total Township Hall & Grounds	30,000	15,536	14,464
Zoning Board	10,000	12,348	(2,348)
Public Safety:			
Contracted services - fire protection	41,000	24,627	16,373
Highway, Streets & Bridges:			
Road construction and maintenance	140,000	125,563	
Transportation	69,000	55,942	
Total Highway, Streets & Bridges	209,000	181,505	27,495
Sanitation:			
Drain-at-large		66,397	
Contracted services		85,613	
Outside labor		1,025	
Total Sanitation	183,000	153,035	29,965

TOWNSHIP OF ALMER, TUSCOLA COUNTY
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
EXPENDITURES: (Continued)			
Other Expenditures:			
Pension expense		$ 10,214	
Recreation		29,392	
Trailer fees		2,718	
Miscellaneous		13,646	
Payroll Taxes		879	
Airport Authority		8,778	
Total Other Expenditures	$ 66,015	65,627	$ 388
TOTAL EXPENDITURES	633,065	532,542	100,523
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(115,053)	(28,918)	86,135
OTHER FINANCING SOURCES (USES):			
Operating transfers in		-	-
Operating transfers out	(34,000)	(19,000)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	(34,000)	(19,000)	15,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER USES	(149,053)	(47,918)	101,135
FUND BALANCE - BEGINNING OF YEAR	200,984	200,984	-
FUND BALANCE - END OF YEAR	$ 51,931	$ 153,066	$ 101,135

See the accompanying notes.

TOWNSHIP OF ALMER, TUSCOLA COUNTY
CEMETERY FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
REVENUES:			
Grave - openings	$ 4,000	$ 5,499	$ 1,499
Sales - cemetery lots	3,000	4,275	1,275
Interest	40	34	(6)
Other	-	-	-
Miscellaneous	3,400	420	(2,980)
TOTAL REVENUE	10,440	10,228	(212)
EXPENDITURES:			
Grave - Openings	1,000	980	20
Contracted services	21,500	20,645	855
Repairs & maintenance	3,200	2,320	880
Utilities	130	113	17
Supplies	2,000	681	1,319
Miscellaneous	12,000	720	11,280
TOTAL EXPENDITURES	39,830	25,459	14,371
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(29,390)	(15,231)	14,159
OTHER FINANCING SOURCES (USES):			
Operating transfers in	30,000	19,000	(11,000)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES	610	3,769	3,159
FUND BALANCE - BEGINNING OF YEAR	1,488	1,488	-
FUND BALANCE - END OF YEAR	$ 2,098	$ 5,258	$ 3,159

See the accompanying notes.

TOWNSHIP OF ALMER, TUSCOLA COUNTY
CURRENT TAX COLLECTION FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2004

	BALANCE MARCH 31, 2003	ADDITION	REDUCTION	BALANCE MARCH 31, 2004
ASSETS				
Cash	$ 226,075		$ 88,035	$ 138,040
Taxes receivable	233,869	$ 2,276,829	2,304,996	205,702
TOTAL ASSETS	***$ 459,944***	***$ 2,276,829***	***$ 2,393,031***	***$ 343,742***
LIABILITIES				
Due to general fund	$ 257,910	$ 406,191	$ 317,084	$ 168,803
Due to sewer fund	-	2,206	2,760	554
Due to other governmental agencies	202,034	1,984,634	1,956,985	174,385
TOTAL LIABILITIES	***$ 459,944***	***$ 2,393,031***	***$ 2,276,829***	***$ 343,742***

See the accompanying notes.