

# Township of Algoma, Michigan

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## Annual Financial Report Year Ended March 31, 2008



**BDO Seidman, LLP**  
Accountants and Consultants



**Township of Algoma,  
Michigan**

**Annual Financial Report**  
Year Ended March 31, 2008

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# Township of Algoma, Michigan

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# Township of Algoma, Michigan

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### Supplemental Information

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## **Independent Auditors' Report**

Board of Trustees  
Township of Algoma  
Rockford, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Algoma, Michigan (the Township) as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Township of Algoma's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Algoma, Michigan as of March 31, 2008, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information on pages 45-49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

*BDO Seidman, LLP*

Grand Rapids, Michigan  
June 26, 2008

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## Management's Discussion and Analysis

### 1) Financial Highlights

- a) Net assets of governmental activities totaled \$2,387,169 as presented in the Government-Wide Statement of Net Assets.
- b) Net assets of business-type activities totaled \$1,142,627 as presented in the Government-Wide Statement of Net Assets.
- c) Total General Fund expenditures were under the final budget by \$344,392.
- d) Fund balance in the General Fund increased by \$29,189 to \$503,258.

### 2) Overview of Financial Statements

The financial statements provide two views of the Township's financial position. At the broadest level, the government-wide statements summarize all Township funds into one statement using the full accrual method of accounting. This method of accounting is similar to private sector, for-profit accounting. The more detailed level is the fund financial statements which are prepared using the modified accrual method of accounting.

#### a) Government-Wide Financial Statements

##### i) Statement of Net Assets

The focus of the Statement of Net Assets is similar to a balance sheet in private sector accounting. This statement, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets can serve as a barometer of financial health and whether the Township's financial position is improving or deteriorating.

##### ii) Statement of Activities

The Statement of Activities is focused on both the gross and net cost of the various activities that are supported by the Township's general tax and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and/or the subsidy to various business-type activities.

#### b) Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial presentation more familiar. These statements provide more detailed information about the Township's most significant funds (major funds). A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to maintain control over resources that have been segregated for specific activities or objectives.

i) **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed. The balance sheet for governmental funds does not include any capital assets or long-term debt. Governmental funds include the general fund and special revenue funds and are reported as governmental activities in the government-wide financial statements.

(1) **Major Funds**

In the new reporting model, the focus shifted from fund type to a major funds emphasis. Major funds are the largest funds in terms of assets, liabilities, revenues or expenses/expenditures. The following funds meet this requirement:

- General Fund
- Fire Department Special Revenue Fund
- Building Department Special Revenue Fund
- Special Assessments Special Revenue Fund

ii) **Proprietary Funds**

Proprietary funds are used to account for the services provided by the Township where the Township charges customers (whether external or internal) for the services it provides. These funds use accrual accounting. The Township maintains one enterprise fund that is used to report the sewer operations and maintenance. It is reported as business-type activities in the government-wide financial statements.

c) **Notes to the Financial Statements**

Immediately after the financial statements are the Notes to Financial Statements. The notes are an integral part of the financial statements. The notes contain many additional disclosures about the financial health of the Township.

**3) Government-Wide Financial Analysis**

a) **Net Assets**

Following is a summarized version of the Statement of Net Assets.

<i>March 31,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current and other assets	\$ 654,890	\$ 694,506	\$ 215,390	\$ 179,975	\$ 870,280	\$ 874,481
Capital assets, net of accumulated depreciation	1,964,200	2,023,853	953,807	987,377	2,918,007	3,011,230
<b>Total assets</b>	<b>2,619,090</b>	<b>2,718,359</b>	<b>1,169,197</b>	<b>1,167,352</b>	<b>3,788,287</b>	<b>3,885,711</b>
<b>Liabilities</b>						
Long-term liabilities	208,829	300,655	-	-	208,829	300,655
Other liabilities	23,092	37,588	26,570	147	49,662	37,735
<b>Total liabilities</b>	<b>231,921</b>	<b>338,243</b>	<b>26,570</b>	<b>147</b>	<b>258,491</b>	<b>338,390</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	1,768,200	1,734,853	953,807	987,377	2,722,007	2,722,230
Restricted	128,540	130,898	-	-	128,540	130,898
Unrestricted	490,429	514,365	188,820	179,828	679,249	694,193
<b>Total Net Assets</b>	<b>\$ 2,387,169</b>	<b>\$ 2,380,116</b>	<b>\$ 1,142,627</b>	<b>\$ 1,167,205</b>	<b>\$ 3,529,796</b>	<b>\$ 3,547,321</b>

The total net assets of the Township are \$3,529,796. Net assets of \$73,317 are restricted for public safety and \$55,223 of net assets are restricted for health and welfare. The Township has \$679,249 in unrestricted net assets which is slightly less than the prior year. Long-term liabilities decreased due to scheduled debt service payments.

#### b) Changes in Net Assets

i) The following table shows how activities affected changes in net assets during the fiscal year.

<i>Year ended March 31,</i>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 190,853	\$ 248,902	\$ 90,998	\$ 97,303	\$ 281,851	\$ 346,205
Operating grants and contributions	14,360	16,211	-	-	14,360	16,211
Capital grants	37,842	21,881	-	80,000	37,842	101,881
General revenues:						
Property taxes	677,063	636,900	-	-	677,063	636,900
Other taxes and revenues	545,168	523,666	-	-	545,168	523,666
Investment earnings	29,649	28,767	9,377	9,443	39,026	38,210
<b>Total revenues</b>	<b>1,494,935</b>	<b>1,476,327</b>	<b>100,375</b>	<b>186,746</b>	<b>1,595,310</b>	<b>1,663,073</b>
<b>Expenses</b>						
General government	519,940	562,993	-	-	519,940	562,993
Public safety	532,136	605,842	-	-	532,136	605,842
Public works	173,298	206,575	124,953	156,991	298,251	363,566
Health and welfare	53,691	54,641	-	-	53,691	54,641
Culture and recreation	97,450	95,394	-	-	97,450	95,394
Community development	72,197	77,359	-	-	72,197	77,359
Other	29,581	18,453	-	-	29,581	18,453
Interest and fiscal charges	9,589	12,583	-	-	9,589	12,583
<b>Total expenses</b>	<b>1,487,882</b>	<b>1,633,840</b>	<b>124,953</b>	<b>156,991</b>	<b>1,612,835</b>	<b>1,790,831</b>
Change in net assets	7,053	(157,513)	(24,578)	29,755	(17,525)	(127,758)
<b>Net Assets, beginning of year</b>	<b>2,380,116</b>	<b>2,537,629</b>	<b>1,167,205</b>	<b>1,137,450</b>	<b>3,547,321</b>	<b>3,675,079</b>
<b>Net Assets, end of year</b>	<b>\$ 2,387,169</b>	<b>\$ 2,380,116</b>	<b>\$ 1,142,627</b>	<b>\$ 1,167,205</b>	<b>\$ 3,529,796</b>	<b>\$ 3,547,321</b>

(1) Revenue Sources and Changes

Total revenue from all sources totaled \$1,595,310, of which \$1,494,935 was from governmental activities and \$100,375 was from business-type activities. Revenue from governmental activities consists mainly of \$677,063 (45%) from property taxes and \$519,379 (35%) from state revenue sharing. The millage rate for general operations was .7924 and .9854 for the fire department. Revenue from operating and capital grants decreased by \$80,000 in the current year due to a grant that was received in 2007 for fire equipment.

(2) Expenses

(a) Expenses by Function

Using a full accrual basis of accounting, the Township spent \$1,487,882 on governmental activities. This equates to 35% on general government, 36% on public safety, 12% on public works and 7% on culture and recreation. Expenditures for general government, public safety and public works all decreased in 2008. Reduced expenditures reflect a general conservative approach to expenditures in line with Michigan's slowing economy. No major capital expenditures for fire equipment were necessary in the current year.

ii) Business-Type Activity Highlights

Business-type activities show a decrease in net assets of \$24,578 on revenues of \$100,375. The largest source of revenue was from charges for services, which represent 91% of revenues for business-type activities. Expenditures decreased by \$32,038 (20%) due to a reduced debt service payment from the Camp Lake sewer system to Sparta Village pending discussions regarding billing calculations.

**4) Financial Analysis of Individual Funds**

**a) General Fund**

The General Fund had revenues of \$1,035,221 and expenditures of \$982,132. A major expenditure for public works was the finishing of the Edgerton Court paving project.

**5) Capital Assets and Debt Administration**

**a) Capital Assets**

i) Summary of Capital Assets

The Township has \$2,918,007 invested in capital assets net of accumulated depreciation, which consists of \$1,964,200 in governmental activities and \$953,807 in business-type activities. The major investments are in real property, buildings and infrastructure. Major additions this year were the vault toilet at Trestle Park and a truck.

Capital assets include all purchases of assets that exceed \$1,000. Capital assets include land and land improvements, buildings and improvements, machinery and equipment, motor

vehicles and infrastructure such as streets and sidewalks. The Township uses straight-line depreciation for all depreciable assets.

- ii) Future Plans include the paving of a short section of Russell Road during 2008.

## **6) Debt**

### **a) Summary of Debt**

The Township had \$208,829 of debt outstanding for governmental activities. The major portion, \$196,000, is the installment purchase of the Edgerton Fire Station constructed in 2003.

## **7) Economic Forecast**

### **a) Main Sources of Revenue**

The Township has three main sources of revenue. These include property taxes, utility charges and state shared revenue. The economic forecast for the community is mostly dependent on state shared revenue as discussed below.

#### **i) State Shared Revenue**

State shared revenue is the largest source of revenue for the General Fund, representing 50% of General Fund revenue. State shared revenue is made up of two components and is based on the state sales tax rate of 6%. The constitutional component is based on the former 4% sales tax rate. This portion cannot be adjusted by the legislature. This total is \$514,921 in fiscal year 2008. The statutory component is based on the additional percentage added to the state sales tax and can be adjusted by the state legislature. This total was \$0 in fiscal year 2008. In both components, the overall distribution is dependent on the collection of the state sales taxes. When the economy and sales diminish, the revenue stream is reduced. When the economy and sales improve, revenue increases. Therefore, the General Fund is partially dependent on the overall state of Michigan economy.

In preparing the annual budgets, management uses the Michigan Department of Treasury's estimates as published on their web site. The current fund balance will enable the Township to weather any likely reductions in fiscal year 2009 state shared revenue; however, conservative estimates for the future are needed.

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# **Government-Wide Financial Statements**

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# Township of Algoma, Michigan

## Statement of Net Assets

<i>March 31, 2008</i>	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and investments (Note 2)	\$ 498,199	\$ 209,561	\$ 707,760
Taxes receivable	35,085	-	35,085
Accounts receivable	23,602	4,643	28,245
Special assessments receivable	3,028	1,186	4,214
Prepaid expenses	7,953	-	7,953
Due from other governments	87,023	-	87,023
Land (Note 4)	234,114	-	234,114
Depreciable capital assets, net of accumulated depreciation (Note 4)	1,730,086	953,807	2,683,893
<b>Total Assets</b>	<b>2,619,090</b>	<b>1,169,197</b>	<b>3,788,287</b>
<b>Liabilities</b>			
Accounts payable	22,546	26,570	49,116
Accrued liabilities	546	-	546
Noncurrent liabilities (Note 7):			
Due within one year	96,000	-	96,000
Due in more than one year	112,829	-	112,829
<b>Total Liabilities</b>	<b>231,921</b>	<b>26,570</b>	<b>258,491</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,768,200	953,807	2,722,007
Restricted for:			
Public safety	73,317	-	73,317
Health and welfare	55,223	-	55,223
Unrestricted	490,429	188,820	679,249
<b>Total Net Assets</b>	<b>\$ 2,387,169</b>	<b>\$ 1,142,627</b>	<b>\$ 3,529,796</b>

*See accompanying notes to financial statements.*

<i>Year ended March 31, 2008</i>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 519,940	\$ 95,323	\$ -	\$ 6,962
Public safety	532,136	54,266	-	-
Public works	173,298	-	-	-
Health and welfare	53,691	39,283	14,360	30,880
Cultural and recreation	97,450	1,981	-	-
Community and economic development	72,197	-	-	-
Other	29,581	-	-	-
Interest and fiscal charges	9,589	-	-	-
<b>Total governmental activities</b>	<b>1,487,882</b>	<b>190,853</b>	<b>14,360</b>	<b>37,842</b>
Business-type activities:				
Sewer operations and maintenance	124,953	90,998	-	-
<b>Total Primary Government</b>	<b>\$1,612,835</b>	<b>\$ 281,851</b>	<b>\$ 14,360</b>	<b>\$ 37,842</b>

General revenues:

Property taxes levied for general purposes

Property taxes levied for public safety

Other taxes

Other revenues

Unrestricted investment earnings

**Total general revenues**

Change in net assets

**Net Assets, beginning of year**

**Net Assets, end of year**

# Township of Algoma, Michigan

## Statement of Activities

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (417,655)	\$ -	\$ (417,655)
(477,870)	-	(477,870)
(173,298)	-	(173,298)
30,832	-	30,832
(95,469)	-	(95,469)
(72,197)	-	(72,197)
(29,581)	-	(29,581)
(9,589)	-	(9,589)
(1,244,827)	-	(1,244,827)
-	(33,955)	(33,955)
(1,244,827)	(33,955)	(1,278,782)
317,550	-	317,550
359,513	-	359,513
519,379	-	519,379
25,789	-	25,789
29,649	9,377	39,026
1,251,880	9,377	1,261,257
7,053	(24,578)	(17,525)
2,380,116	1,167,205	3,547,321
\$ 2,387,169	\$ 1,142,627	\$ 3,529,796

See accompanying notes to financial statements.

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# Township of Algoma, Michigan

## Governmental Funds Balance Sheet

<i>March 31, 2008</i>	General	Special Revenue Funds			Total Governmental Funds
		Fire Department	Building Department	Special Assessments	
<b>Assets</b>					
Cash and investments (Note 2)	\$ 393,361	\$ 48,310	\$ 1,958	\$ 54,570	\$ 498,199
Taxes receivable	15,638	19,447	-	-	35,085
Special assessments receivable	-	-	-	3,028	3,028
Prepaid expenses	1,364	5,933	656	-	7,953
Due from other funds (Note 3)	23,602	-	-	-	23,602
Due from other governments	87,023	-	-	-	87,023
<b>Total Assets</b>	<b>\$ 520,988</b>	<b>\$ 73,690</b>	<b>\$ 2,614</b>	<b>\$ 57,598</b>	<b>\$ 654,890</b>
<b>Liabilities and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 17,730	\$ 1,469	\$ 972	\$ 2,375	\$ 22,546
Unreserved fund balances					
Designated for subsequent years' expenditures	359,264	-	-	-	359,264
Undesignated:					
Reported in General Fund	143,994	-	-	-	143,994
Reported in Special Revenue Funds	-	72,221	1,642	55,223	129,086
<b>Total fund balances</b>	<b>503,258</b>	<b>72,221</b>	<b>1,642</b>	<b>55,223</b>	<b>632,344</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 520,988</b>	<b>\$ 73,690</b>	<b>\$ 2,614</b>	<b>\$ 57,598</b>	<b>\$ 654,890</b>

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

*March 31, 2008*

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Total fund balances - total governmental funds \$ 632,344

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets, at cost	3,160,733
Accumulated depreciation	<u>(1,196,533)</u>
Net capital assets	1,964,200

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Balances were:

Bonds payable	(196,000)
Accrued interest on bonds	(546)
Compensated absences	<u>(12,829)</u>

**Net Assets of Governmental Activities** \$ 2,387,169

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended March 31, 2008</i>	Special Revenue Funds				Total Governmental Funds
	General	Fire Department	Building Department	Special Assessments	
<b>Revenues</b>					
Property taxes	\$ 317,550	\$ 359,513	\$ -	\$ -	\$ 677,063
Intergovernmental	571,581	-	-	-	571,581
Licenses and permits	1,981	-	-	-	1,981
Charges for services	95,323	-	54,266	39,283	188,872
Investment earnings	26,678	1,342	1,074	555	29,649
Other revenues	22,108	3,881	-	-	25,989
<b>Total revenues</b>	<b>1,035,221</b>	<b>364,736</b>	<b>55,340</b>	<b>39,838</b>	<b>1,495,135</b>
<b>Expenditures</b>					
Current:					
General government	500,251	-	-	-	500,251
Public safety	88,054	257,293	129,550	-	474,897
Public works	173,298	-	-	-	173,298
Health and welfare	5,000	-	-	48,691	53,691
Community and economic development	72,198	-	-	-	72,198
Cultural and recreation	75,908	-	-	-	75,908
Other	67,423	-	-	-	67,423
Debt service:					
Principal	-	93,000	-	-	93,000
Interest	-	9,847	-	-	9,847
<b>Total expenditures</b>	<b>982,132</b>	<b>360,140</b>	<b>129,550</b>	<b>48,691</b>	<b>1,520,513</b>
<b>Excess revenues over (under) expenditures</b>	<b>53,089</b>	<b>4,596</b>	<b>(74,210)</b>	<b>(8,853)</b>	<b>(25,378)</b>
<b>Other Financing Source (Use)</b>					
Transfer in	-	-	23,900	-	23,900
Transfer out	(23,900)	-	-	-	(23,900)
<b>Total other financing source (use)</b>	<b>(23,900)</b>	<b>-</b>	<b>23,900</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>29,189</b>	<b>4,596</b>	<b>(50,310)</b>	<b>(8,853)</b>	<b>(25,378)</b>
<b>Fund Balances, beginning of year</b>	<b>474,069</b>	<b>67,625</b>	<b>51,952</b>	<b>64,076</b>	<b>657,722</b>
<b>Fund Balances, end of year</b>	<b>\$ 503,258</b>	<b>\$ 72,221</b>	<b>\$ 1,642</b>	<b>\$ 55,223</b>	<b>\$ 632,344</b>

See accompanying notes to financial statements.

# Township of Algoma, Michigan

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

*Year ended March 31, 2008*

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Net change in fund balances - total governmental funds \$ (25,378)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	93,871
Depreciation expense	(150,230)

Governmental funds report proceeds from the sale of capital assets as revenue while in the statement of activities only the gain or loss is reported. The change in net assets differs from the change in fund balance by the basis of the property disposed. (3,294)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 93,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(1,174)
Accrued interest	258

**Change in Net Assets of Governmental Activities** \$ 7,053

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Proprietary Fund Statement of Net Assets

	<u>Enterprise Fund</u> Sewer Operations and Maintenance
<i>March 31, 2008</i>	
<b>Assets</b>	
Current assets	
Cash and investments (Note 2)	\$ 209,561
Accounts receivable	4,643
Special assessments receivable	1,186
<b>Total current assets</b>	<b>215,390</b>
Noncurrent assets	
Capital assets, net of accumulated depreciation (Note 4)	953,807
<b>Total Assets</b>	<b>1,169,197</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	26,570
<b>Net Assets</b>	
Invested in capital assets	953,807
Unrestricted	188,820
<b>Total Net Assets</b>	<b>\$ 1,142,627</b>

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Proprietary Fund

### Statement of Revenues, Expenses and Changes in Fund Net Assets

	<u>Enterprise Fund</u>
	<u>Sewer Operations</u>
	<u>and Maintenance</u>
<i>Year ended March 31, 2008</i>	
<b>Operating Revenues</b>	
Charges for services	\$ 89,656
Other	1,342
<b>Total operating revenues</b>	<b>90,998</b>
<b>Operating Expenses</b>	
Operations	46,473
Administrative	4,860
Depreciation	33,570
Charges from other governmental units	40,050
<b>Total operating expenses</b>	<b>124,953</b>
Operating loss	(33,955)
<b>Nonoperating Revenues</b>	
Interest income	9,377
Change in net assets	(24,578)
<b>Net Assets, beginning of year</b>	<b>1,167,205</b>
<b>Net Assets, end of year</b>	<b>\$ 1,142,627</b>

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Proprietary Fund Statement of Cash Flows

	<u>Enterprise Fund</u>
	<u>Sewer Operations</u>
	<u>and Maintenance</u>
<i>Year ended March 31, 2008</i>	
<b>Cash Flows From (for) Operating Activities</b>	
Receipts from customers	\$ 92,650
Payments to suppliers	(63,422)
Payments to employees	(1,538)
<b>Net cash from operating activities</b>	<b>27,690</b>
<b>Cash Flows From Investing Activity</b>	
Investment earnings	9,377
<b>Net Increase in Cash and Equivalents</b>	<b>37,067</b>
<b>Cash and Equivalents, beginning of year</b>	<b>172,494</b>
<b>Cash and Equivalents, end of year</b>	<b>\$ 209,561</b>
<b>Reconciliation of Operating Loss to Net Cash From</b>	
<b>Operating Activities</b>	
Operating loss	\$ (33,955)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	33,570
Changes in assets and liabilities:	
Accounts receivable	1,448
Accounts payable	26,424
Other receivable	203
<b>Net Cash From Operating Activities</b>	<b>\$ 27,690</b>

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Fiduciary Funds Statement of Fiduciary Net Assets

<i>March 31, 2008</i>		Agency Funds
<b>Assets</b>		
Cash and investments (Note 2)	\$	94,933
<b>Liabilities</b>		
Deposits	\$	18,109
Due to other funds (Note 3)		23,602
Sewer escrows (Note 6)		53,222
<b>Total Liabilities</b>	<b>\$</b>	<b>94,933</b>

*See accompanying notes to financial statements.*

# Township of Algoma, Michigan

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

The basic financial statements of the Township of Algoma (the Township) contain all the funds that are controlled by, or dependent on, the Township's executive or legislative branches. Control by, or dependence on, the Township was determined on the basis of appointment of the governing authority, budget adoption, taxing authority, obligation of the Township to finance any deficits that may occur, scope of public service, and ability to significantly influence operations.

#### *Joint Venture*

The Township participates in a joint venture with five other municipalities that was established in accordance with Public Act 156. The Cedar Springs Area Parks and Recreation Board was established for the purpose of administering a system of public recreation, playgrounds and parks for the citizens of its member municipalities. Costs of operations and capital expenditures are supported by contributions from the member municipalities and fees from recreational programs.

Separate financial statements are issued for the Cedar Springs Area Parks and Recreation Board (Parks and Recreation Board) and may be obtained from the joint venture.

At June 30, 2007 the Parks and Recreation Board had assets of \$30,443, liabilities of \$11,149 and net assets of \$19,294. Revenues for the year ended June 30, 2007 were \$62,425 and expenses were \$45,680.

#### *Basis of Presentation*

*Government-wide financial statements:* The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# Township of Algoma, Michigan

## Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

*Fund financial statements:* The fund financial statements provide information about the Township's funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, it is the Township's policy to use restricted resources first.

The Township reports the following major governmental funds:

*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.

*Fire Department Special Revenue Fund* - accounts for taxes collected for operations of the Fire Department.

*Building Department Special Revenue Fund* - accounts for revenues received for building permits that are earmarked for building construction code enforcement activities.

# Township of Algoma, Michigan

## Notes to Financial Statements

*Special Assessments Special Revenue Fund* - accounts for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes such as lighting or weed control. Revenue is collected in the form of special assessments.

The Township reports the following major enterprise fund:

*Sewer Operations and Maintenance Fund* - accounts for the operation and maintenance of the sewer system. Financing is provided primarily by user charges.

In addition, the Township reports the following funds:

*Fiduciary Funds* - the Tax Collection Fund and the Trust and Agency Fund are used to account for assets held by the Township as an agent. These funds are custodial in nature and do not involve measurement of results of operations.

### ***Measurement Focus and Basis of Accounting***

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

The government-wide and enterprise fund financial statements follow applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements. The Township has elected not to apply FASB pronouncements issued after November 30, 1989 to the Enterprise Fund.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

# Township of Algoma, Michigan

## Notes to Financial Statements

Taxes, intergovernmental revenues and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

### *Cash and Cash Equivalents*

The Township considers cash on hand and demand deposits to be cash equivalents for the statement of cash flows. In addition, all deposits in the Kent County Pooled Cash and Investment System and municipal investment funds are considered to be cash equivalents. These deposits have the general characteristics of demand deposit accounts in that entities may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

### *Investments*

Investments are reported at fair value.

### *Capital Assets*

Capital assets, which include infrastructure, property, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$1,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated fixed assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges and underground pipes, are included.

# Township of Algoma, Michigan

## Notes to Financial Statements

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following useful lives:

	Years
Land improvements	10-20
Water and sewer facilities	20-50
Buildings and improvements	10-50
Vehicles and equipment	5-20
Furniture and fixtures	5-10

### *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

### *Property Taxes*

The Township's property taxes are levied as an enforceable lien on property as of December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and a portion of the taxes billed on behalf of Kent County and various school districts within the Township's boundaries. Real property taxes not collected as of March 1 are turned over to Kent County for collection. The County advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township's treasurer. The Township's property taxes levied on December 1 provide the revenue for the current fiscal year.

A portion of the taxes billed on behalf of Kent County and various school districts within the Township's boundaries are billed on July 1. These taxes are due without penalty on September 14. Taxes collected on behalf of school districts and Kent County are remitted to the school districts and Kent County following collection and are accounted for in the Tax Collection Fund.

# Township of Algoma, Michigan

## Notes to Financial Statements

The assessed and state equalized taxable value of real and personal property located in the Township totaled \$365,113,869. The Township's general operating levy for the year was based on a millage rate of .7924 and the fire department levy was .9854.

### *Interfund Activity*

During the course of its operations, the Township has transactions between funds. To the extent that certain transactions had not been paid or received as of March 31, 2008, balances of interfund receivables or payables have been recorded. In 2008, the General Fund transferred \$23,900 to the Building Department to cover revenue shortfalls.

### *Risk Management*

The Township has transferred the risk of loss associated with liability, property, employee health care, workers' compensation and life insurance by purchasing insurance from commercial insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### *Compensated Absences*

Township employees are granted vacation leave in varying amounts based on length of service. Employees may not accumulate over 10 days of vacation leave in any one fiscal year. Township employees are paid for earned but unused vacation benefits at their current rates of pay upon retirement or resignation with a two week written notice. The Township has accrued a liability for the amount of unused vacation and sick leave pay in the government-wide and proprietary fund financial statements. Only the matured liability is reported in the governmental fund financial statements.

Full-time employees accumulate sick leave at a rate of 12 days per year. Unused sick leave accumulates from year to year to a maximum of 30 days. No portion of unused sick leave is paid to employees upon termination.

# Township of Algoma, Michigan

## Notes to Financial Statements

### 2. Cash and Investments

#### *Deposits*

Statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

#### *Custodial Credit Risk for Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. The Township's policy to mitigate custodial credit risk is to employ portfolio diversification.

At March 31, 2008, the book balance was \$480,744 and the bank balance (without recognition of outstanding checks or deposits in transit) was \$495,442, of which \$153,222 was insured by federal depository insurance, and \$342,220 was uninsured.

#### *Investments*

Statutes require and Board resolutions authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, and mutual funds composed of the types of investment vehicles previously named.

The Township had the following investment at March 31, 2008:

<i>Investment</i>	<i>Maturity</i>	<i>Fair Value</i>
Kent County Investment Pool	Less than 1 year	\$ 321,949

The Township participates in the Kent County Pooled Cash and Investment System, in which the fair value of the Township's position in the pool is the same as the value of the pool shares.

# Township of Algoma, Michigan

## Notes to Financial Statements

### *Interest Rate Risk*

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Township's investment policy to mitigate interest rate risk specifies that investment maturities shall not exceed one to six years at the time of purchase.

### *Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments that are in the possession of an outside party. The Township had no investments subject to custodial credit risk at March 31, 2008.

### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy to mitigate such risk is to employ portfolio diversification. The Kent County Investment Pool is not rated.

### **3. Interfund Receivables and Payables**

Interfund receivables and payables at March 31, 2008 are as follows:

<i>Fund</i>	Interfund Receivables	Interfund Payables
General Fund	\$ 23,602	\$ -
Trust and Agency Funds	-	23,602
	<u>\$ 23,602</u>	<u>\$ 23,602</u>

# Township of Algoma, Michigan

## Notes to Financial Statements

### 4. Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 230,265	\$ 3,849	\$ -	\$ 234,114
Capital assets being depreciated:				
Land improvements	736,811	59,822	-	796,633
Buildings	1,150,167	-	-	1,150,167
Building improvements	135,354	6,963	-	142,317
Equipment	225,332	5,552	32,943	197,941
Vehicles	467,063	14,690	5,205	476,548
Office equipment and furniture	162,147	2,995	2,129	163,013
<b>Totals at historical cost</b>	<b>3,107,139</b>	<b>93,871</b>	<b>40,277</b>	<b>3,160,733</b>
Less accumulated depreciation for:				
Land improvements	278,809	39,643	-	318,452
Buildings	237,793	29,098	-	266,891
Building improvements	103,780	4,255	-	108,035
Equipment	103,083	28,088	29,649	101,522
Vehicles	274,019	29,751	5,205	298,565
Office equipment and furniture	85,802	19,395	2,129	103,068
<b>Total accumulated depreciation</b>	<b>1,083,286</b>	<b>150,230</b>	<b>36,983</b>	<b>1,196,533</b>
<b>Governmental Activities - Net Capital Assets</b>	<b>\$ 2,023,853</b>	<b>\$ (56,359)</b>	<b>\$ 3,294</b>	<b>\$ 1,964,200</b>

# Township of Algoma, Michigan

## Notes to Financial Statements

Depreciation expense was charged to governmental functions as follows:

<i>Year ended March 31,</i>	<i>2008</i>
General government	\$ 29,283
Public safety	77,232
Cultural and recreation	43,715
<b>Total Depreciation Expense</b>	<b>\$ 150,230</b>

	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Mains	\$ 1,628,556	\$ -	\$ -	\$ 1,628,556
Machinery and equipment	321,005	-	-	321,005
Vehicle	22,444	-	-	22,444
<b>Totals at historical cost</b>	<b>1,972,005</b>	<b>-</b>	<b>-</b>	<b>1,972,005</b>
Less accumulated depreciation for:				
Mains	652,082	32,572	-	684,654
Machinery and equipment	310,102	998	-	311,100
Vehicle	22,444	-	-	22,444
<b>Total accumulated depreciation</b>	<b>984,628</b>	<b>33,570</b>	<b>-</b>	<b>1,018,198</b>
<b>Business-Type Activities - Net Capital Assets</b>	<b>\$ 987,377</b>	<b>\$ (33,570)</b>	<b>\$ -</b>	<b>\$ 953,807</b>

### 5. Retirement Plan

The Township has a defined contribution pension plan covering all elected officials and full-time employees. The plan is administered by Manufacturers Life Insurance Company and plan assets are invested in fixed interest governmental, federal and corporate bonds and commercially-backed mortgages. 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

# Township of Algoma, Michigan

## Notes to Financial Statements

are to be determined instead of specifying the amount of benefits the individual is to receive. Such benefits depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. Contributions to the plan are made by the Township based upon 10% of each participant's annual compensation for elected officials and new full time staff members and 15% for non-elected officials. Participants of the plan may make voluntary contributions up to 10% of annual compensation. Total covered payroll and total current year payroll for all employees of the Township for the year ended March 31, 2008, was \$296,821 and \$454,886 respectively.

Employees become vested in the plan immediately. Vested benefits are equal to the death benefit or cash value, which is equal to the actual annual premiums plus interest. The plan may only be amended upon Township board approval. Employer contributions for the year ended March 31, 2008 totaled \$39,676.

### 6. Sewer Escrows

The Township has established escrow accounts for the funds received to date from purchasers of units in the Summit Breeze and Serenity Shores condominium developments. The escrow funds are to reimburse the Township for costs associated with operating, maintaining, repairing, and replacing the sewer system in the event the Township ever assumes responsibility for the operating and maintenance of the sewer system.

### 7. Long-Term Debt

The following is a summary of the Township's long-term debt activity:

<i>Year ended March 31, 2008</i>	Beginning Balance	Additions	Reductions	Ending Balance
Installment purchase agreement	\$289,000	\$ -	\$ 93,000	\$196,000
Compensated absences	11,655	1,174	-	12,829
<b>Total General Long-Term Debt</b>	<b>\$300,655</b>	<b>\$ 1,174</b>	<b>\$ 93,000</b>	<b>\$208,829</b>

# Township of Algoma, Michigan

## Notes to Financial Statements

The installment purchase agreement was issued to finance the construction of a fire station. Installment payments are due through March 1, 2010 and range from \$96,000 to \$100,000. Interest is paid semiannually at a rate of 3.34%.

The annual principal and interest requirements for the installment purchase agreement are as follows:

<i>Year ending March 31,</i>	Principal	Interest	Total
2009	\$ 96,000	\$ 6,637	\$102,637
2010	100,000	3,386	103,386
<b>Total</b>	<b>\$196,000</b>	<b>\$ 10,023</b>	<b>\$206,023</b>

### 8. Litigation

The Township is subject to various legal proceedings which normally occur in governmental operations. In the opinion of management and the Township attorney, the outcome of these lawsuits will not materially affect the financial condition of the Township and accordingly, no provision for losses has been recorded.

**Required  
Supplemental Information**



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# Township of Algoma, Michigan

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2008</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 311,000	\$ 311,000	\$ 317,550	\$ 6,550
Intergovernmental	643,650	643,650	571,581	(72,069)
Licenses and permits	1,200	1,200	1,981	781
Charges for services	86,500	86,500	95,323	8,823
Investment earnings	7,000	7,000	26,678	19,678
Other revenues	10,500	10,500	22,108	11,608
<b>Total revenues</b>	<b>1,059,850</b>	<b>1,059,850</b>	<b>1,035,221</b>	<b>(24,629)</b>
<b>Expenditures</b>				
Current:				
General government	648,200	657,295	500,251	157,044
Public safety	90,000	90,000	88,054	1,946
Public works	252,500	252,500	173,298	79,202
Health and welfare	5,000	5,000	5,000	-
Community and economic development	76,524	83,124	72,198	10,926
Cultural and recreation	159,800	159,800	75,908	83,892
Other	93,000	78,805	67,423	11,382
<b>Total expenditures</b>	<b>1,325,024</b>	<b>1,326,524</b>	<b>982,132</b>	<b>344,392</b>
Excess revenues over (under) expenditures	(265,174)	(266,674)	53,089	319,763
<b>Other Financing Use</b>				
Operating transfer out	(30,000)	(30,000)	(23,900)	6,100
Net change in fund balance	(295,174)	(296,674)	29,189	325,863
<b>Fund Balance, beginning of year</b>	<b>474,069</b>	<b>474,069</b>	<b>474,069</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 178,895</b>	<b>\$ 177,395</b>	<b>\$ 503,258</b>	<b>\$ 325,863</b>

# Township of Algoma, Michigan

## Fire Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2008</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 357,000	\$ 357,000	\$ 359,513	\$ 2,513
Investment earnings	1,750	1,750	1,342	(408)
Other revenues	1,500	1,500	3,881	2,381
<b>Total revenues</b>	<b>360,250</b>	<b>360,250</b>	<b>364,736</b>	<b>4,486</b>
<b>Expenditures</b>				
Current:				
Administration	182,895	183,742	171,922	11,820
Operations	109,400	109,400	85,371	24,029
Fire prevention	700	700	-	700
Contingency	5,000	4,153	-	4,153
Debt service:				
Principal	93,000	93,000	93,000	-
Interest	9,900	9,900	9,847	53
<b>Total expenditures</b>	<b>400,895</b>	<b>400,895</b>	<b>360,140</b>	<b>40,755</b>
Net change in fund balance	(40,645)	(40,645)	4,596	45,241
<b>Fund Balance, beginning of year</b>	<b>67,625</b>	<b>67,625</b>	<b>67,625</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 26,980</b>	<b>\$ 26,980</b>	<b>\$ 72,221</b>	<b>\$ 45,241</b>

# Township of Algoma, Michigan

## Building Department Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2008</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 93,550	\$ 93,550	\$ 54,266	\$ (39,284)
Investment earnings	2,000	2,000	1,074	(926)
<b>Total revenues</b>	<b>95,550</b>	<b>95,550</b>	<b>55,340</b>	<b>(40,210)</b>
<b>Expenditures</b>				
Current:				
Administration	20,300	20,300	9,852	10,448
Inspections	145,083	145,083	119,698	25,385
<b>Total expenditures</b>	<b>165,383</b>	<b>165,383</b>	<b>129,550</b>	<b>35,833</b>
Excess revenues under expenditures	(69,833)	(69,833)	(74,210)	(4,377)
<b>Other Financing Source</b>				
Operating transfer in	30,000	30,000	23,900	(6,100)
Net change in fund balance	(39,833)	(39,833)	(50,310)	(10,477)
<b>Fund Balance, beginning of year</b>	<b>51,952</b>	<b>51,952</b>	<b>51,952</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 12,119</b>	<b>\$ 12,119</b>	<b>\$ 1,642</b>	<b>\$ (10,477)</b>

# Township of Algoma, Michigan

## Special Assessments Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31, 2008</i>	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Special assessments:				
Crystal Pines Light District	\$ 720	\$ 720	\$ 720	\$ -
Saddle Ridge Light District #1	2,218	2,218	2,218	-
Saddle Ridge Light District #2	-	-	500	500
Camp Lake Weed Control	34,650	35,850	35,845	(5)
Investment earnings	-	-	555	555
<b>Total revenues</b>	<b>37,588</b>	<b>38,788</b>	<b>39,838</b>	<b>1,050</b>
<b>Expenditures</b>				
Current:				
Utilities:				
Crystal Pines Light District	720	720	732	(12)
Saddle Ridge Light District #1	2,218	8,118	8,044	74
Saddle Ridge Light District #2	-	500	103	397
Contracted services - Camp Lake Weed Control	34,650	40,000	39,812	188
<b>Total expenditures</b>	<b>37,588</b>	<b>49,338</b>	<b>48,691</b>	<b>647</b>
Net change in fund balance	-	(10,550)	(8,853)	1,697
<b>Fund Balance, beginning of year</b>	<b>64,076</b>	<b>64,076</b>	<b>64,076</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 64,076</b>	<b>\$ 53,526</b>	<b>\$ 55,223</b>	<b>\$ 1,697</b>

# Township of Algoma, Michigan

## Note to Required Supplemental Information

### 1. Budgets and Budgetary Accounting

The Township establishes budgets which are reflected in the financial statements for the General Fund and the Special Revenue Funds. Budgets are presented on the modified accrual basis of accounting.

Budgeted amounts are as originally adopted or amended during the year by the Board of Trustees. Individual amendments were not material in relation to the original appropriations and were made as permitted by law. Appropriations are authorized at the department level, which is the legal level of budgetary control. Unexpended appropriations lapse at year-end.

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# **Supplemental Information**



# Township of Algoma, Michigan

## General Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2008			2007
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Taxes				
Current property taxes	\$ 311,000	\$ 317,550	\$ 6,550	\$ 297,341
Licenses and permits				
Trailer fees	1,200	1,791	591	1,486
Animal licenses	-	190	190	204
Total licenses and permits	1,200	1,981	781	1,690
State sources				
State grant/riversedge	49,000	-	(49,000)	-
Sales taxes	594,650	519,379	(75,271)	516,745
Total state sources	643,650	519,379	(124,271)	516,745
Charges for services				
Cemetery fees	4,000	4,410	410	7,555
Cemetery lot sales	1,000	2,400	1,400	1,100
Cable television fees	45,000	46,819	1,819	43,423
Zoning fees	7,500	9,906	2,406	11,548
Land division fees	500	495	(5)	600
Tax collection fees	14,000	14,962	962	14,361
Other fees	13,000	15,260	2,260	20,253
Mineral material removal fees	1,500	1,071	(429)	1,810
Total charges for services	86,500	95,323	8,823	100,650
Federal funds	-	52,202	52,202	16,211
Other revenues				
Interest on deposits and investments	7,000	26,678	19,678	22,182
Other	10,500	22,108	11,608	6,647
Total other revenues	17,500	48,786	31,286	28,829
<b>Total Revenues</b>	<b>1,059,850</b>	<b>1,035,221</b>	<b>(24,629)</b>	<b>961,466</b>

# Township of Algoma, Michigan

## General Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2008		Variance Positive (Negative)	2007
	Final Budget	Actual		
<b>Expenditures</b>				
General government				
Legislative:				
Township board:				
Fees and per diem	\$ 9,000	\$ 9,000	\$ -	\$ 8,280
Payroll taxes and benefits	3,089	2,672	417	2,959
Education and dues	12,000	10,957	1,043	11,253
<b>Total legislative</b>	<b>24,089</b>	<b>22,629</b>	<b>1,460</b>	<b>22,492</b>
Executive:				
Supervisor:				
Salary	45,000	45,000	-	41,400
Payroll taxes and benefits	10,443	10,398	45	11,634
Miscellaneous	260	76	184	62
<b>Total executive</b>	<b>55,703</b>	<b>55,474</b>	<b>229</b>	<b>53,096</b>
Clerk:				
Salaries - clerical	70,792	65,280	5,512	61,344
Payroll taxes and benefits	11,817	11,137	680	12,546
Auto	1,050	824	226	1,048
Miscellaneous	350	195	155	205
<b>Total clerk</b>	<b>84,009</b>	<b>77,436</b>	<b>6,573</b>	<b>75,143</b>
Census	-	-	-	11,648
Board of review	2,303	2,250	53	1,524
Treasurer:				
Salaries	68,296	65,663	2,633	61,712
Payroll taxes and benefits	11,676	11,227	449	12,636
Contracted services	4,000	2,516	1,484	2,509
Auto	550	219	331	340
Miscellaneous	800	282	518	199
<b>Total treasurer</b>	<b>85,322</b>	<b>79,907</b>	<b>5,415</b>	<b>77,396</b>

# Township of Algoma, Michigan

## General Fund

### Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31,</i>	2008			2007
	Final Budget	Actual	Variance Positive (Negative)	
<b>Assessor:</b>				
Salaries	\$ 61,140	\$ 60,577	\$ 563	\$ 59,546
Payroll taxes and benefits	37,392	37,689	(297)	33,601
Contracted services	35,300	13,178	22,122	17,371
Auto	1,500	1,027	473	964
Assessment notices	3,500	2,127	1,373	2,648
Miscellaneous	1,000	268	732	368
<b>Total assessor</b>	<b>139,832</b>	<b>114,866</b>	<b>24,966</b>	114,498
<b>Elections:</b>				
Fees and per diem	12,000	8,310	3,690	9,793
Payroll taxes	918	-	918	10
Contracted services	3,600	1,134	2,466	2,495
Supplies and postage	7,000	2,438	4,562	2,025
Equipment	2,000	22	1,978	298
Miscellaneous	1,500	159	1,341	304
<b>Total elections</b>	<b>27,018</b>	<b>12,063</b>	<b>14,955</b>	14,925
<b>Township Hall and Administration:</b>				
Payroll taxes and benefits	3,000	2,353	647	2,680
Contracted services	42,450	31,145	11,305	35,503
Postage and supplies	16,600	15,285	1,315	17,184
Printing and publishing	5,000	3,231	1,769	3,145
Utilities	10,250	9,090	1,160	9,234
Escrow accounts	5,207	5,039	168	(1,336)
Repairs and maintenance	15,000	12,143	2,857	7,072
Capital outlay/equipment	22,500	1,552	20,948	14,119
Miscellaneous	7,050	1,299	5,751	2,410
<b>Total township hall and administration</b>	<b>127,057</b>	<b>81,137</b>	<b>45,920</b>	90,011
<b>Legal and accounting:</b>				
Legal fees	50,000	22,673	27,327	68,891
Audit/consulting fees	9,000	8,749	251	8,367
<b>Total legal and accounting</b>	<b>59,000</b>	<b>31,422</b>	<b>27,578</b>	77,258

# Township of Algoma, Michigan

## General Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year ended March 31,</i>	2008			2007
	Final Budget	Actual	Variance Positive (Negative)	
Cemetery:				
Contracted services	\$ 7,362	\$ 4,943	\$ 2,419	\$ 7,342
Maintenance	-	-	-	6,194
Capital outlay	36,000	10,618	25,382	-
Utilities	100	112	(12)	95
Miscellaneous	9,500	7,394	2,106	-
<b>Total cemetery</b>	<b>52,962</b>	<b>23,067</b>	<b>29,895</b>	<b>13,631</b>
<b>Total general government</b>	<b>657,295</b>	<b>500,251</b>	<b>157,044</b>	<b>551,622</b>
Public safety				
Contracted services - police officer	90,000	88,054	1,946	57,091
Public works				
Highways, streets and bridges	237,500	170,637	66,863	196,126
Drains	13,500	2,406	11,094	9,176
Engineering	1,500	255	1,245	1,273
<b>Total public works</b>	<b>252,500</b>	<b>173,298</b>	<b>79,202</b>	<b>206,575</b>
Health and welfare				
Rockford D.A.R.E.	5,000	5,000	-	5,000
Community and economic development				
Planning:				
Fees and per diem	22,102	21,379	723	20,153
Payroll taxes	1,692	1,636	56	1,541
Contracted services	35,600	32,011	3,589	40,619
Miscellaneous	1,200	625	575	960
<b>Total planning</b>	<b>60,594</b>	<b>55,651</b>	<b>4,943</b>	<b>63,273</b>
Zoning:				
Salaries	11,146	11,146	-	11,146
Payroll taxes and benefits	854	854	-	854
Contracted services	6,000	3,523	2,477	300
Miscellaneous	500	-	500	-
<b>Total zoning</b>	<b>18,500</b>	<b>15,523</b>	<b>2,977</b>	<b>12,300</b>

# Township of Algoma, Michigan

## General Fund

### Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year ended March 31,	2008			2007
	Final Budget	Actual	Variance Positive (Negative)	
Board of appeals:				
Fees and per diem	\$ 3,000	\$ 951	\$ 2,049	\$ 1,660
Payroll taxes	230	73	157	126
Contracted services	500	-	500	-
Miscellaneous	300	-	300	-
<b>Total board of appeals</b>	<b>4,030</b>	<b>1,024</b>	<b>3,006</b>	<b>1,786</b>
<b>Total community and economic development</b>	<b>83,124</b>	<b>72,198</b>	<b>10,926</b>	<b>77,359</b>
Cultural and recreation				
Recreation	157,300	73,908	83,392	55,564
Museum	500	-	500	-
Historical society	2,000	2,000	-	1,500
<b>Total cultural and recreation</b>	<b>159,800</b>	<b>75,908</b>	<b>83,892</b>	<b>57,064</b>
Other township				
Federal programs	-	52,202	(52,202)	16,211
Insurance and bonds	18,000	15,221	2,779	18,453
Contingency	60,805	-	60,805	-
<b>Total other township</b>	<b>78,805</b>	<b>67,423</b>	<b>11,382</b>	<b>34,664</b>
<b>Total Expenditures</b>	<b>1,326,524</b>	<b>982,132</b>	<b>344,392</b>	<b>989,375</b>
Excess revenues over (under) expenditures	(266,674)	53,089	319,763	-
<b>Other Financing Use</b>				
Operating transfer out	(30,000)	(23,900)	6,100	-
Net change in fund balance	(296,674)	29,189	325,863	(27,909)
<b>Fund Balance, beginning of year</b>	<b>474,069</b>	<b>474,069</b>	<b>-</b>	<b>501,978</b>
<b>Fund Balance, end of year</b>	<b>\$ 177,395</b>	<b>\$ 503,258</b>	<b>\$ 325,863</b>	<b>\$ 474,069</b>

# Township of Algoma, Michigan

## Sewer Operations and Maintenance Proprietary Fund Schedule of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual

<i>Year ended March 31, 2008</i>	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 89,000	\$ 89,656	\$ 656
Interest	5,000	9,377	4,377
Other	2,200	1,342	(858)
<b>Total revenues</b>	<b>96,200</b>	<b>100,375</b>	<b>4,175</b>
<b>Expenses</b>			
Salaries and administration	1,850	1,538	312
Contracted services	9,100	3,323	5,777
Treatment costs	30,000	34,600	(4,600)
Sparta debt and depreciation	65,000	40,050	24,950
Maintenance and repairs	20,000	106	19,894
Other	33,700	7,289	26,411
Insurance	5,000	4,477	523
<b>Total expenses</b>	<b>164,650</b>	<b>91,383</b>	<b>73,267</b>
Income (loss) before depreciation	(68,450)	8,992	77,442
<b>Depreciation</b>	<b>-</b>	<b>33,570</b>	<b>(33,570)</b>
Change in net assets	(68,450)	(24,578)	43,872
<b>Net Assets, beginning of year</b>	<b>1,167,205</b>	<b>1,167,205</b>	<b>-</b>
<b>Net Assets, end of year</b>	<b>\$ 1,098,755</b>	<b>\$ 1,142,627</b>	<b>\$ 43,872</b>

# Township of Algoma, Michigan

## Agency Funds Statement of Changes in Assets and Liabilities

	Balances April 1, 2007	Additions	Deductions	Balances March 31, 2008
<b><i>Trust and Agency Fund</i></b>				
<b>Assets</b>				
Cash and investments	\$ 76,827	\$ 75,764	\$ 71,770	\$ 80,821
Accounts receivable	11,968	15,399	27,367	-
	\$ 88,795	\$ 91,163	\$ 99,137	\$ 80,821
<b>Liabilities</b>				
Deposits	\$ 31,663	\$ 151,434	\$ 164,988	\$ 18,109
Due to other funds	6,902	11,426	8,838	9,490
Sewer escrows	50,230	2,992	-	53,222
	\$ 88,795	\$ 165,852	\$ 173,826	\$ 80,821
<b><i>Tax Collection Fund</i></b>				
<b>Assets</b>				
Cash and investments	\$ 12,786	\$ 11,449,699	\$ 11,448,373	\$ 14,112
<b>Liabilities</b>				
Due to other governmental units	\$ -	\$ 11,443,138	\$ 11,443,138	\$ -
Due to other funds	12,786	14,997	13,671	14,112
	\$ 12,786	\$ 11,458,135	\$ 11,456,809	\$ 14,112
<b><i>Total - Agency Funds</i></b>				
<b>Assets</b>				
Cash and investments	\$ 89,613	\$ 11,525,463	\$ 11,520,143	\$ 94,933
Accounts receivable	11,968	15,399	27,367	-
	\$ 101,581	\$ 11,540,862	\$ 11,547,510	\$ 94,933
<b>Liabilities</b>				
Deposits	\$ 31,663	\$ 151,434	\$ 164,988	\$ 18,109
Due to other funds	19,688	26,423	22,509	23,602
Due to other governmental units	-	11,443,138	11,443,138	-
Sewer escrows	50,230	2,992	-	53,222
	\$ 101,581	\$ 11,623,987	\$ 11,630,635	\$ 94,933