

Charter Township of Kinross
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)
Year ended March 31, 2013

Charter Township of Kinross

List of Elected Officials

Supervisor:	Jim Moore
Clerk:	Sheila Gaines
Treasurer:	Luanne Kooiman-Kauer
Trustee:	Ryan Fountain
Trustee:	Kathy Noel
Trustee:	Marvin Besteman
Trustee:	Dan Mitchell

Charter Township of Kinross

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INDEPENDENT AUDITORS' REPORT

September 16, 2013

Board of Trustees
Charter Township of Kinross
Kincheloe, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kinross as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kinross, as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 36-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Kinross' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lake Michigan CPA Services, PLLC

Ludington, Michigan
September 16, 2013

Charter Township of Kinross

Management's Discussion and Analysis

Using this Annual Report

The management of the Charter Township of Kinross, Michigan offers the readers of our financial statement this narrative overview and analysis of the financial activities of the Township for the fiscal year ending March 31, 2013.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter Township of Kinross, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Townships can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Township as a Whole

Net Position

The Township's total net position decreased slightly by only \$9,612 to \$10,170,345 at March 31, 2013. As we look at the governmental activities separately from the business activities, we note that business activities decreased \$15,367 while governmental activities increased \$5,755.

Assets

The Township's total assets have remained stable since the prior fiscal year, with a change of less than .5%. Governmental assets decreased, with a reduction of only \$5,162 during the fiscal year. In the business-type activities, total assets decreased by \$31,011.

Total Cash and Investments

The Township's total cash and investments have increased by \$125,452, from March 31, 2012 to March 31, 2013. Last year the Ambulance Department experienced the largest drop in cash of all the Township departments, but this year the Ambulance Department had a small increase in its cash balance. The EMS millage that was passed last year has provided the financial stability for that department that we hoped it would. The General Fund and Water Fund also increased their cash

Charter Township of Kinross

Management's Discussion and Analysis

balances. The increase for the General Fund is due in part to savings realized from reorganization efforts instituted by the newly elected Township officials to use the manpower in the Township office more efficiently. Management feels that cash levels are sufficient to meet Township needs for the immediate future.

Liabilities

The Township's total liabilities decreased by 6.1%, or \$26,561 compared to the previous fiscal year. The current long-term debt level is well below the legal maximum and leaves the Township well-positioned to address any future needs.

The table below shows the components of assets, liabilities, and net position for the years ending March 31, 2013 and March 31, 2012.

	Governmental Activities		Business-Type Activities		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
ASSETS						
Current	\$ 1,633,233	\$ 1,517,862	\$ 1,270,581	\$ 1,124,412	\$ 2,903,814	\$ 2,642,274
Noncurrent	1,955,692	2,076,225	5,720,377	5,897,557	7,676,069	7,973,782
Total Assets	<u>\$ 3,588,925</u>	<u>\$ 3,594,087</u>	<u>\$ 6,990,958</u>	<u>\$ 7,021,969</u>	<u>\$ 10,579,883</u>	<u>\$ 10,616,056</u>
LIABILITIES						
Current	\$ 87,720	\$ 75,849	\$ 106,907	\$ 114,882	\$ 194,627	\$ 190,731
Noncurrent	68,138	90,926	146,773	154,442	214,911	245,368
Total Liabilities	<u>\$ 155,858</u>	<u>\$ 166,775</u>	<u>\$ 253,680</u>	<u>\$ 269,324</u>	<u>\$ 409,538</u>	<u>\$ 436,099</u>
Net Position						
Invested in capital assets, net of related debt	\$ 1,908,526	\$ 2,010,016	\$ 5,627,377	\$ 5,793,557	\$ 7,535,903	\$ 7,803,573
Restricted	219,721	206,926	4,172	4,172	223,893	211,098
Unrestricted	1,304,820	1,210,370	1,105,729	954,916	2,410,549	2,165,286
Total Net Position	<u>\$ 3,433,067</u>	<u>\$ 3,427,312</u>	<u>\$ 6,737,278</u>	<u>\$ 6,752,645</u>	<u>\$ 10,170,345</u>	<u>\$ 10,179,957</u>

Charter Township of Kinross

Management's Discussion and Analysis

Statement of Activities

The following table is a summary of the activities of the Township for the years ending March 31, 2013 and March 31, 2012.

	Governmental Activities		Business-Type Activities		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Charges for services	\$ 1,786,710	1,556,470	\$ 1,978,920	1,961,866	\$ 3,765,630	3,518,336
Operating grants and contributions	18,582	21,042	53,948	16,754	72,530	37,796
General Revenues						
Property taxes	325,869	216,790	-	-	325,869	216,790
Unrestricted grants & contributions	442,659	425,779	-	-	442,659	425,779
Gain/(loss) on sale of capital assets	(32,340)	21,442	24,429	-	(7,911)	21,442
Investment earnings & other revenues	42,006	90,586	132,580	165,004	174,586	255,590
Total Revenues	2,583,486	2,332,109	2,189,877	2,143,624	4,773,363	4,475,733
Program Expenses						
General government	381,852	425,155	-	-	381,852	425,155
Public safety	337,605	341,147	-	-	337,605	341,147
Public works	96,639	197,616	-	-	96,639	197,616
Community and economic development	4,629	4,325	-	-	4,629	4,325
Health and welfare	1,446,951	1,424,212	-	-	1,446,951	1,424,212
Culture and recreation	262	5,338	-	-	262	5,338
Other	101,186	111,872	-	-	101,186	111,872
Interest	3,397	4,501	-	-	3,397	4,501
Recreation Center	-	-	135,951	148,251	135,951	148,251
Parks and Recreation	-	-	21,952	28,514	21,952	28,514
Chippewa County						
Fairgrounds	-	-	53,255	67,512	53,255	67,512
Golf Course	-	-	305,525	349,044	305,525	349,044
Sewer	-	-	1,344,615	1,316,108	1,344,615	1,316,108
Water	-	-	413,411	424,339	413,411	424,339
Rubbish Collection	-	-	135,745	132,593	135,745	132,593
Combined DPW	-	-	-	-	-	-
Total Expenses	2,372,521	2,514,166	2,410,454	2,466,361	4,782,975	4,980,527
Transfers	(205,210)	(90,520)	205,210	90,520	-	-
Changes in net position	5,755	(272,577)	(15,367)	(232,217)	(9,612)	(504,794)
Net position						
April 1	3,427,312	3,699,889	6,752,645	6,984,862	10,179,957	10,684,751
March 31	\$ 3,433,067	\$ 3,427,312	\$ 6,737,278	\$ 6,752,645	\$ 10,170,345	\$ 10,179,957

Charter Township of Kinross

Management's Discussion and Analysis

The Township's Funds

Our analysis of the Township's funds follows, with explanations of changes segregated by governmental activities and business-type activities. The fund financial statements follow the entity wide financial statements, and provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Township's major funds for 2013 include the General Fund, Ambulance Fund, Police Fund, Golf Course Fund, Sewer Fund and Water Fund.

Governmental Activities

Governmental Activities include those accounted for in the major funds of the General, Police, and Ambulance funds. Nonmajor governmental funds include the Fire, Property Management, Drug Forfeiture, Road Maintenance, Snowmobile Trail Grooming, and Public Improvement funds.

The Township's governmental revenues experienced an increase, up 10.7% from the prior year. The largest year over year change was an increase in ambulance service revenue.

Expenditures decreased by 5.6% over the prior year, led by a \$99,779 reduction of spending on road improvements compared to the previous year. The spending on General Government has dropped for the third year in a row and further reductions are expected.

Charter Township of Kinross

Management's Discussion and Analysis

Business-Type Activities

The Township's business-type activities include the Sewer and Water Funds, Golf Course, Fairgrounds, the Recreation Center, the Rubbish Collection Fund and the Parks department. The three largest funds, which are major funds for the 2013 fiscal year, are the Golf Course, Sewer Fund and Water Fund. These funds, while not statutorily required under Michigan Law, are used in the public interest to separately account for the finances of these activities.

Sewer and Water Departments

During FY 2013, operating revenues for the Sewer and Water Departments increased by \$71,485 or 4.5%, while operating expenses only increased \$17,579 or 1%. The water and sewer rates were increased starting April 2012. We will review our finances and our 10-year capital replacement and improvement plan annually and make adjustments to the rates according to current and future needs. Our rates are still among the lowest in the State of Michigan.

Golf Course

In FY 2013 our golf course operating revenues decreased by \$53,200. In 2012, the golf course operating revenues had declined \$50,038 over the 2011 fiscal year. The operating expenses dropped by over \$65,000 from two years ago but the Golf Course Fund has still needed infusions of cash from the General Fund in each of the last two years to remain solvent. The Township Board has restarted the Golf Course committee again and efforts are under way to return the golf course to self sufficiency. The golf course is a beautiful and valuable asset to the community and all efforts will be made to make it viable.

Recreation Center

In FY 2013 the Recreation Center Fund saw a decrease in total expenses for the second year in a row, with a drop of 8.3% this year. However, with the majority of the money for this budget coming as a transfer from the General Fund, funding can be a challenge. This year the Recreation Center received a large 2% allocation from the Sault Tribe of Chippewa Indians. This gave a much needed boost to this department. A long-term agreement for ongoing financial support from the Sault Tribe is being sought, to provide a measure of financial stability for the Recreation Center Fund.

Charter Township of Kinross

Management's Discussion and Analysis

General Budgetary Highlights

Most budgets, regardless of how carefully they were prepared, will need adjustment from time to time to respond to changing financial conditions throughout the year. Kinross Charter Township approved budget amendments during the year to pay for tree removal at the cemetery, replace the heating and cooling systems at the post office building, Golf clubhouse maintenance, replace an ambulance rig, perform sewer system maintenance, and to cover a cash flow shortfall in one of our departments. The Township turned over the responsibility of grooming the snowmobile trails to a local snowmobile club and has now closed out the Snowmobile Trail Grooming Fund.

We continue to watch State revenue sharing very carefully. For the second year in a row we saw a year over year increase in revenue sharing following six straight years of reductions. A portion of revenue sharing referred to as EVIP (Economic Vitality Incentive Program) has certain rules and guidelines that must be met to be eligible for payment. The Township has once again met all the requirements and received the maximum amount of EVIP revenue from the State.

Capital Asset and Debt Administration

At the end of the 2013 fiscal year the Township had \$7,676,069 (net of depreciation) invested in a broad range of capital assets, including land, buildings, emergency services equipment, and sewer and water infrastructure. This is \$297,713 lower than at the end of the 2012 fiscal year. Major asset acquisitions this year included insulation at the ambulance building, replacing an ambulance rig, a new lift station and other improvements to the sewer system, and a new copier for the Township office. The total bonds and leases payable owed by the Township was \$140,166 as of March 31, 2013, compared to \$170,209 at March 31, 2012. Compensated absences were \$106,942 at March 31, 2013.

Charter Township of Kinross

Management's Discussion and Analysis

Future Considerations and Economic Factors

The Township is in the process of trying to obtain grant money to build a new Fire/EMS/Police building. Constructing a new combined-use building would provide a long-term solution for housing these departments. The buildings that the Fire and EMS departments currently occupy are not owned by the Township and are in need of repair. The property along M-80 that was the site of the former coal plant, which the Township has acquired from the State of Michigan, is a proposed location for this building.

Efforts have been made to get a senior meals program established at the Kinross Township Hall. Community Action is organizing and preparing the meals three times a week and as many as 30 seniors have been attending so far. The county-wide millage that finances this program was recently renewed for another four years, providing a stable funding source for this important service.

The ethanol plant that Kinross Cellulosic Ethanol, LLC was proposing to build in Kinross Township is no longer being considered.

The Sault Ste. Marie Tribe of Chippewa Indians has given Kinross Township \$3,000 to help establish a nonmotorized transportation trail in our community. The Township will be working with the Sault Tribe's Strategic Alliance for Health and Chippewa County EUP Regional Planning and on this project. The Sault Tribe's Community Transformation Grant Project has pledged an additional \$2,000 to aid with upgrading sidewalks and nonmotorized trails.

Kinross Township is looking to update its recreation plan and expand access to Duke Lake. This lake is a beautiful recreation area in the Township that is currently underutilized. The Township Board is planning to present a millage request to voters to ask for 2.0 mills for recreation that could be used for this purpose and for other recreation activities in the community.

Charter Township of Kinross

Management's Discussion and Analysis

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Township Board at 4884 West Curtis Street, Kincheloe, MI 49788.

Charter Township of Kinross

Statement of Net Position March 31, 2013

ASSETS			
	Governmental activities	Business-type activities	Total
CURRENT ASSETS			
Cash and investments	\$ 1,115,879	\$ 1,011,108	\$ 2,126,987
Restricted cash	-	2,647	2,647
Receivables	447,425	180,661	628,086
Due from other governmental units	47,854	-	47,854
Internal balances	50	-	50
Prepaid expenses	22,025	32,052	54,077
Inventory	-	44,113	44,113
Total current assets	1,633,233	1,270,581	2,903,814
NONCURRENT ASSETS			
Non-depreciable	427,410	487,314	914,724
Depreciable, net of accumulated depreciation	1,528,282	5,233,063	6,761,345
Total noncurrent assets	1,955,692	5,720,377	7,676,069
Total assets	\$ 3,588,925	\$ 6,990,958	\$ 10,579,883
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 30,508	\$ 59,918	\$ 90,426
Accrued expenses and other liabilities	36,570	34,989	71,559
Deferred revenue	445	-	445
Leases payable, due within one year	20,197	-	20,197
Bonds payable, due within one year	-	12,000	12,000
Total current liabilities	87,720	106,907	194,627
NONCURRENT LIABILITIES			
Leases payable	26,969	-	26,969
Bonds payable	-	81,000	81,000
Compensated absences	41,169	65,773	106,942
Total noncurrent liabilities	68,138	146,773	214,911
Total liabilities	155,858	253,680	409,538
NET ASSETS			
Invested in capital assets, net of related debt	1,908,526	5,627,377	7,535,903
Restricted	219,721	4,172	223,893
Unrestricted	1,304,820	1,105,729	2,410,549
Total net position	\$ 3,433,067	\$ 6,737,278	\$ 10,170,345

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Statement of Activities

For the year ended March 31, 2013

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:						
General government	\$ 381,852	\$ 16,087	-	\$ (365,765)	\$	\$ (365,765)
Public safety	337,605	257,144	18,582	(61,879)		(61,879)
Public works	96,639	-	-	(96,639)		(96,639)
Community and economic development	4,629	-	-	(4,629)		(4,629)
Health and welfare	1,446,951	1,420,855	-	(26,096)		(26,096)
Culture and recreation	262	-	-	(262)		(262)
Other governmental functions	101,186	92,624	-	(8,562)		(8,562)
Interest on long-term debt	3,397	-	-	(3,397)		(3,397)
Total governmental activities	<u>2,372,521</u>	<u>1,786,710</u>	<u>18,582</u>	<u>(567,229)</u>		<u>(567,229)</u>
Business-type activities:						
Recreation Center	135,951	19,928	53,948		(62,075)	(62,075)
Parks and Recreation	21,952	23,315	-		1,363	1,363
Chippewa County Fairgrounds	53,255	16,136	-		(37,119)	(37,119)
Golf Course	305,525	197,359	-		(108,166)	(108,166)
Sewer	1,344,615	1,177,231	-		(167,384)	(167,384)
Water	413,411	402,479	-		(10,932)	(10,932)
Rubbish Collection	135,745	142,472	-		6,727	6,727
Total business-type activities	<u>2,410,454</u>	<u>1,978,920</u>	<u>53,948</u>		<u>(377,586)</u>	<u>(377,586)</u>
Total government	<u>\$ 4,782,975</u>	<u>\$ 3,765,630</u>	<u>\$ 72,530</u>	<u>\$ (567,229)</u>	<u>(377,586)</u>	<u>(944,815)</u>
General revenues						
Property taxes, levied for general purposes				131,244	-	131,244
Property taxes, levied for specific purposes				194,625	-	194,625
Grants and contributions not restricted to specific programs				442,659	-	442,659
Unrestricted investment earnings				40,689	44,159	84,848
Gain/(loss) on sale of capital assets				(32,340)	24,429	(7,911)
Miscellaneous				1,317	88,421	89,738
Transfers				(205,210)	205,210	-
Total general revenues				<u>572,984</u>	<u>362,219</u>	<u>935,203</u>
Change in net position				5,755	(15,367)	(9,612)
Net position at April 1, 2012				3,427,312	6,752,645	10,179,957
Net position at March 31, 2013				<u>\$ 3,433,067</u>	<u>\$ 6,737,278</u>	<u>\$ 10,170,345</u>

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Balance Sheet
Governmental Funds
March 31, 2013

ASSETS

	General Fund	Ambulance Fund	Police Fund	Other governmental funds	Total governmental funds
ASSETS					
Cash and investments	\$ 514,259	\$ 52,573	\$ 195,102	\$ 353,945	\$ 1,115,879
Receivables					
Accounts, net of allowances	240	383,688	-	1,109	385,037
Interest	7,866	-	1,363	2,464	11,693
Taxes and special assessments	9,646	9,565	24,310	7,174	50,695
Due from other governmental units	34,094	-	13,760	-	47,854
Due from other funds	50	-	-	-	50
Prepaid expenses	5,212	8,528	4,835	3,450	22,025
Total assets	<u>\$ 571,367</u>	<u>\$ 454,354</u>	<u>\$ 239,370</u>	<u>\$ 368,142</u>	<u>\$ 1,633,233</u>

LIABILITIES AND FUND BALANCES

LIABILITIES					
Accounts payable	\$ 11,688	\$ 12,320	\$ 2,178	\$ 4,322	\$ 30,508
Accrued expenses and other liabilities	8,266	20,605	6,042	1,657	36,570
Deferred revenue	-	250,519	-	445	250,964
Total liabilities	<u>19,954</u>	<u>283,444</u>	<u>8,220</u>	<u>6,424</u>	<u>318,042</u>
FUND BALANCES					
Nonspendable	5,212	8,528	4,835	3,450	22,025
Restricted	-	-	-	219,721	219,721
Committed	144,807	-	-	15,700	160,507
Assigned	-	162,382	226,315	122,847	511,544
Unassigned	401,394	-	-	-	401,394
Total fund balances	<u>551,413</u>	<u>170,910</u>	<u>231,150</u>	<u>361,718</u>	<u>1,315,191</u>
Total liabilities and fund balances	<u>\$ 571,367</u>	<u>\$ 454,354</u>	<u>\$ 239,370</u>	<u>\$ 368,142</u>	<u>\$ 1,633,233</u>

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position March 31, 2013

Total fund balance—governmental funds \$ 1,315,191

Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

Cost of capital assets	\$ 6,018,675	
Accumulated depreciation	<u>(4,062,983)</u>	1,955,692

Certain ambulance revenue is not recognized until it
is receivable in the current period and therefore
is shown as deferred revenue in the
governmental funds

250,519

Long-term liabilities, including leases payable,
are not due and payable in the current period
therefore are not reported and payable in the current
period and not reported in the governmental funds.

Leases payable	(47,166)	
Compensated absences	<u>(41,169)</u>	(88,335)

Net position of governmental activities
in the Statement of Net Position

\$ 3,433,067

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2013

	General Fund	Ambulance Fund	Police Fund	Other governmental funds	Total governmental funds
REVENUES					
Property taxes	\$ 131,244	\$ 92,443	\$ -	\$ 102,182	\$ 325,869
Special assessments	-	-	220,849	-	220,849
State revenues	442,659	-	7,381	11,201	461,241
Charges for services	5,702	1,344,339	30,127	6,163	1,386,331
Rental income	-	-	-	92,624	92,624
Licenses and permits	35	-	-	-	35
Investment earnings	19,353	1,596	6,433	13,307	40,689
Reimbursements	10,350	13,771	-	5	24,126
Other	-	1,144	-	173	1,317
Total revenues	<u>609,343</u>	<u>1,453,293</u>	<u>264,790</u>	<u>225,655</u>	<u>2,553,081</u>
EXPENDITURES					
Current:					
General government	339,504	-	-	-	339,504
Public safety	658	-	243,773	79,569	324,000
Public works	2,802	-	-	93,837	96,639
Community and economic development	4,629	-	-	-	4,629
Health and welfare	-	1,374,899	-	-	1,374,899
Culture and recreation	-	-	-	262	262
Other governmental functions	8,140	-	-	67,953	76,093
Debt service					
Principal	-	19,043	-	-	19,043
Interest	-	3,397	-	-	3,397
Capital outlay	9,709	50,110	-	8,478	68,297
Total expenditures	<u>365,442</u>	<u>1,447,449</u>	<u>243,773</u>	<u>250,099</u>	<u>2,306,763</u>
Excess of revenues over (under) expenditures	<u>243,901</u>	<u>5,844</u>	<u>21,017</u>	<u>(24,444)</u>	<u>246,318</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	-	-	-	800	800
Transfers in	18,745	25,936	-	52,885	97,566
Transfers out	(190,697)	-	-	(112,079)	(302,776)
Total other financing sources (uses)	<u>(171,952)</u>	<u>25,936</u>	<u>-</u>	<u>(58,394)</u>	<u>(204,410)</u>
Net change in fund balances	71,949	31,780	21,017	(82,838)	41,908
Fund balance at April 1, 2012	<u>479,464</u>	<u>\$ 139,130</u>	<u>\$ 210,133</u>	<u>\$ 444,556</u>	<u>\$ 1,273,283</u>
Fund balance at March 31, 2013	<u>\$ 551,413</u>	<u>\$ 170,910</u>	<u>\$ 231,150</u>	<u>\$ 361,718</u>	<u>\$ 1,315,191</u>

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of the governmental funds to the Statement of Activities
For the year ended March 31, 2013

Net changes in fund balances - total governmental funds \$ 41,908

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

Governmental funds report outlays for capital assets as expenditures
However, in the Statement of Activities, the cost of those assets is
allocated over their estimated useful lives and reported as
depreciation expense.

Depreciation expense	(155,690)	
Capital outlay	<u>68,297</u>	
		(87,393)

Governmental funds report the proceeds on the sale of assets as
current financial resources. However, in the Statement of Activities,
a gain or loss on the disposition of assets is recorded as the
difference in the sale price over the depreciated value of the asset.

Proceeds on sale of fixed assets	(800)	
Loss on sale of fixed assets	<u>(32,340)</u>	
		(33,140)

Certain ambulance revenue in the Statement of Activities that does
not provide current financial resources are not reported as revenue
in the governmental funds.

62,746

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of the principal of the
long-term debt consumes the current financial resources
of governmental funds.

Repayment of principal on long-term debt is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		19,043
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Compensated absences are reported in the
Statement of Activities on an accrual basis, but are
reported in the governmental funds as expenditures
when used.

2,591

Change in net position of governmental activities		<u>\$ 5,755</u>
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The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Statement of Net Assets Proprietary Funds March 31, 2013

	Business-type Activities - Enterprise Funds				
	Golf Course	Sewer Fund	Water Fund	Nonmajor Proprietary Funds	Total
CURRENT ASSETS					
Cash and investments					
Unrestricted	\$ 1,723	\$ 365,691	\$ 516,766	\$ 126,928	\$ 1,011,108
Restricted	2,647	-	-	-	2,647
Accounts receivable					
Trade	-	108,588	38,024	24,053	170,665
Interest	-	4,055	5,941	-	9,996
Inventory	43,151	-	-	962	44,113
Prepaid expenses	2,355	22,021	5,022	2,654	32,052
Total current assets	<u>49,876</u>	<u>500,355</u>	<u>565,753</u>	<u>154,597</u>	<u>1,270,581</u>
NONCURRENT ASSETS					
Capital assets					
Land	310,000	13,270	6,244	157,800	487,314
Land improvements	1,266,452	138,940	78,415	484,697	1,968,504
Buildings and building improvements	330,358	4,415,547	1,112,914	893,952	6,752,771
Equipment	677,148	912,434	347,722	133,225	2,070,529
State projects	-	870,038	281,359	-	1,151,397
Water system	-	-	1,551,525	-	1,551,525
Sewer system	-	3,119,757	-	-	3,119,757
Less: accumulated depreciation	<u>(1,644,777)</u>	<u>(5,796,822)</u>	<u>(2,568,304)</u>	<u>(1,371,517)</u>	<u>(11,381,420)</u>
Net capital assets	<u>939,181</u>	<u>3,673,164</u>	<u>809,875</u>	<u>298,157</u>	<u>5,720,377</u>
Total assets	<u>\$ 989,057</u>	<u>\$ 4,173,519</u>	<u>\$ 1,375,628</u>	<u>\$ 452,754</u>	<u>\$ 6,990,958</u>
CURRENT LIABILITIES					
Accounts payable	\$ 5,481	\$ 23,002	\$ 15,607	\$ 15,828	\$ 59,918
Accrued expenses and other liabilities	4,117	19,702	7,072	4,098	34,989
Due to other funds	-	-	-	-	-
Bonds payable, due within one year	12,000	-	-	-	12,000
Total current liabilities	<u>21,598</u>	<u>42,704</u>	<u>22,679</u>	<u>19,926</u>	<u>106,907</u>
NONCURRENT LIABILITIES					
Bonds payable	81,000	-	-	-	81,000
Compensated absences	9,500	52,383	-	3,890	65,773
Total noncurrent liabilities	<u>90,500</u>	<u>52,383</u>	<u>-</u>	<u>3,890</u>	<u>146,773</u>
Total liabilities	<u>112,098</u>	<u>95,087</u>	<u>22,679</u>	<u>23,816</u>	<u>253,680</u>
NET ASSETS					
Invested in capital assets, net of related debt	846,181	3,673,164	809,875	298,157	5,627,377
Restricted	2,647	-	-	-	2,647
Unrestricted	28,131	405,268	543,074	130,781	1,107,254
Total net assets	<u>876,959</u>	<u>4,078,432</u>	<u>1,352,949</u>	<u>428,938</u>	<u>6,737,278</u>
Total liabilities and net assets	<u>\$ 989,057</u>	<u>\$ 4,173,519</u>	<u>\$ 1,375,628</u>	<u>\$ 452,754</u>	<u>\$ 6,990,958</u>

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended March 31, 2013

	Business-type Activities - Enterprise Funds				Total
	Golf Course	Sewer Fund	Water Fund	Nonmajor Proprietary Funds	
REVENUES					
Charges for services	\$ 197,359	\$ 1,177,231	\$ 402,479	\$ 201,851	\$ 1,978,920
Local revenues	-	-	-	53,948	53,948
Other revenue	5,183	26,226	45,985	11,027	88,421
	202,542	1,203,457	448,464	266,826	2,121,289
OPERATING EXPENSES					
Wages and fringe benefits	135,471	596,109	121,094	93,974	946,648
Supplies	19,459	109,792	16,299	3,683	149,233
Utilities	20,640	141,079	82,856	28,181	272,756
Other services and charges	43,881	168,891	54,714	153,280	420,766
Repair and maintenance	38,397	113,254	46,735	9,836	208,222
Other expenses	1,850	1,357	6,777	23,071	33,055
Depreciation	41,250	214,133	84,936	34,878	375,197
	300,948	1,344,615	413,411	346,903	2,405,877
Total operating expenses					
Operating loss	(98,406)	(141,158)	35,053	(80,077)	(284,588)
NONOPERATING REVENUES (EXPENSES)					
Gain/(loss) on disposition of assets	-	17,753	6,676	-	24,429
Interest expense	(4,577)	-	-	-	(4,577)
Investment earnings	27	19,507	19,499	5,126	44,159
Total non-operating revenues (expenses)	(4,550)	37,260	26,175	5,126	64,011
Net income loss before transfers	(102,956)	(103,898)	61,228	(74,951)	(220,577)
TRANSFERS					
Transfers in	157,100	-	-	48,110	205,210
Change in net assets	54,144	(103,898)	61,228	(26,841)	(15,367)
Net assets at April 1, 2012	822,815	\$ 4,182,330	\$ 1,291,721	\$ 455,779	\$ 6,752,645
Net assets at March 31, 2013	\$ 876,959	\$ 4,078,432	\$ 1,352,949	\$ 428,938	\$ 6,737,278

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Statement of Cash Flows
Proprietary Funds
For the year ended March 31, 2013

CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES	Business-type Activities - Enterprise Funds				
	Golf Course	Sewer Fund	Water Fund	Nonmajor Proprietary Funds	Total
Receipts from customers	\$ 202,542	\$ 1,203,119	\$ 444,620	\$ 263,141	\$ 2,113,422
Payments to suppliers	(132,264)	(547,487)	(202,898)	(216,420)	(1,099,069)
Payments to employees	(135,394)	(589,524)	(121,079)	(94,232)	(940,229)
Payments for interfund transactions	(90,000)	-	-	-	(90,000)
Net cash provided by (used for) operating activities	(155,116)	66,108	120,643	(47,511)	74,124
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net transfers from other funds	157,100	-	-	48,110	205,210
Net cash provided by noncapital financing activities	157,100	-	-	48,110	205,210
CASH FLOWS FOR CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(3,786)	(168,700)	(2,197)	-	(174,683)
Proceeds from sales of capital assets	-	1,095	-	-	1,095
Principal paid on long-term debt	(11,000)	-	-	-	(11,000)
Interest paid on long-term debt	(4,577)	-	-	-	(4,577)
Net cash used for capital and related financing activities	(19,363)	(167,605)	(2,197)	-	(189,165)
CASH FLOW FROM INVESTING ACTIVITIES					
Investment earnings	27	19,507	19,499	5,126	44,159
Net cash provided by financing activities	27	19,507	19,499	5,126	44,159
Net increase (decrease) in cash and investments	(17,352)	(81,990)	137,945	5,725	134,328
Cash and investments at April 1, 2012	21,722	447,681	378,821	121,203	969,427
Cash and investments at March 31, 2013	\$ 4,370	\$ 365,691	\$ 516,766	\$ 126,928	\$ 1,103,755
Reconciliation of operating loss to net cash provided by/(used for) operating activities					
Operating loss	\$ (98,406)	\$ (141,158)	\$ 35,053	\$ (80,077)	\$ (284,588)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation expense	41,250	214,133	84,936	34,878	375,197
Change in assets and liabilities					
(Increase)/decrease in receivables	-	(338)	(3,844)	(3,685)	(7,867)
(Increase)/decrease in prepaid expenses	8	(174)	(79)	(4)	(249)
(Increase)/decrease in inventory	(3,820)	-	-	95	(3,725)
Increase/(decrease) in accounts payable	(4,225)	(12,940)	4,562	1,540	(11,063)
Increase/(decrease) in accrued expenses and other liabilities	(985)	2,841	15	217	2,088
Increase/(decrease) in compensated absences	1,062	3,744	-	(475)	4,331
Net cash provided by operating activities	\$ (65,116)	\$ 66,108	\$ 120,643	\$ (47,511)	\$ 74,124

Cash paid for interest for the year ended March 31, 2013 was \$4,577.

Charter Township of Kinross

Statement of Fiduciary Assets and Liabilities
Agency Fund
For the year ended March 31, 2013

	Current Tax Collection Fund	Personal Property Tax Collection Fund	Total
ASSETS			
Cash and investments	\$ 342	\$ 435	\$ 777
Due from other funds	1	-	1
Total assets	<u>\$ 343</u>	<u>\$ 435</u>	<u>\$ 778</u>
LIABILITIES			
Due to other funds	\$ -	\$ 51	\$ 51
Due to other governmental units	343	384	727
Total liabilities	<u>\$ 343</u>	<u>\$ 435</u>	<u>\$ 778</u>

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

I. Summary of significant accounting policies

The accounting policies of the Charter Township of Kinross have been prepared to conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by Charter Township of Kinross.

A. Reporting entity

The Charter Township of Kinross, located in Chippewa County, is a municipal corporation governed by an elected seven member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable, by applying the criteria set forth in Statement No. 37 of the Governmental Accounting Standards Board. The following component units have been included in the financial reporting entity as blended component units.

Kinross Township Building Authority – The Authority is an entity legally separate from the Township, but which is governed by a board appointed by the Township Board of Trustees. The Authority's primary purpose is the procurement and management of debt financing for the Township. There was no activity in the Authority during the 2013 fiscal year.

Kinross Township Economic Development Corporation – The Economic Development Corporation is a legally separate non-profit entity whose primary purpose is to promote economic development in the Township. The board is appointed by the Charter Township Kinross' Board of Trustees, it is financially accountable to the Township, and its annual budget is subject to the approval of the Kinross Township Board of Trustees.

Kinross Brownfield Redevelopment Authority – The Authority is a legally separate entity, which is governed by a board appointed by the Township Board of Trustees. The Authority is financially accountable to the Township. There was no activity in the Authority during the 2013 fiscal year.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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 revenues 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.

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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally 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.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Charter Township of Kinross reports the following major governmental funds:

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

The Ambulance Fund accounts for ambulance service revenues and ambulatory activities.

The Police Fund accounts for public safety service activities provided to the citizens of the Kincheloe area.

The Township reports the following major proprietary funds:

The Golf Course Fund accounts for the operations of the Oaks Golf Course.

The Sewer Fund accounts for the operation of the Township sewage treatment services residents of the Kincheloe, Michigan area.

The Water Fund accounts for the operation of the Township water system.

Additionally, the township reports the following fund type:

The tax collection agency funds accounts for all of the tax collection payments and disbursements to Charter Township of Kinross and other governmental units. The fiduciary funds are used to report assets held in a trustee or agency capacity for others are therefore are not available to support Township Programs. These funds are not incorporated into the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund payables and receivables between the tax collection fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

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. The principal operating revenues of the sewer fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating items.

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

D. Assets, liabilities and net assets or equity

1. Deposits and investments

The township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds. All investments are reported at fair value. Pooled investment income from all funds is allocated to each fund based on average cash balances.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

All trade and property tax receivables are shown net of allowance for uncollectibles. The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Property taxes are levied on December 1 on the taxable valuation of real and personal property (as defined by state statutes) located in the Township as of the preceding December 31. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

The 2012 state taxable value for property within the Township totaled approximately \$43,387,843. The property tax levied consisted of 1.65 mills for the Township's operating purposes, 1.5 mill for road improvements, and 2 mills for EMS services, recorded in the General Fund, Road Fund, and Ambulance Fund, respectively. The Township also has a special assessment district which levies taxes for police services, which is reflected in the Police Fund.

3. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods. These items are recorded as prepaid expenses in both government-wide and fund financial statements.

4. Inventory

Inventories are valued at the lower of cost or market using the average cost method for proprietary fund types.

5. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major capital outlays for assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-60
Building improvements	15-30
Vehicles	3-5
Office equipment	5-7
Equipment	3-7
Land improvements	5-20
State projects	20-30
Water system	5-50
Sewer system	5-50

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

6. Deferred Revenues

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

7. Compensated Absences

The Township employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service. The annual vacation benefits are credited to the employee at the end of each pay period. The Township also has a sick leave policy, which provides sick leave benefits to be earned at a rate of 4 hours every two weeks. When an employee separates from service, the Township will pay an employee his or her unused vacation up to 240 hours and unused sick time up to 60 days for employees hired prior to January 1, 2000 and up to 10 days for employees hired on or after January 1, 2000.

8. Interfund Transfers

During the course of normal operations, the Township has several transactions between fund, including expenditures and transfers of resources to provide services, purchase capital assets, and service debt. The accompanying financial statements reflect such transactions as interfund transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by Township management.

9. Fund Equity

In the fund financial statements, governmental funds report fund balance in one of the following categories:

Nonspendable fund balances are not spendable in form and are required to be maintained intact.

Restricted fund balances are amounts that are constrained to a specific purpose through enabling legislation

Committed fund balances are constrained to a specific purpose by the township through an act of its highest decision-making authority, the Township Board.

Assigned fund balances represent amounts that the Township intends to use for a specific purpose.

Unassigned fund balances are amounts that are available for any purpose.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

10. Use of Estimates

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

II. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

Each March, after receiving input from the individual departments, the Board of Trustees prepares a proposed operating budget for the fiscal period commencing April 1 through March 31. The operating budget includes proposed expenditures and the means of financing them. A public hearing is held at the Township Hall to obtain taxpayer comments. Prior to the end of the fiscal year, the Township Board enacts the budget through a resolution. The budget is amended throughout the year, when required to provide for additional revenues and expenditures.

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level. The Township Board of Trustees modified the original adopted budgets for several funds throughout the year.

Charter Township of Kinross

Notes to the Financial Statements
March 31, 2013

III. Detailed notes on all funds

A. Deposits and investments

As of March 31, 2013, the Township's deposits and investments were as follows:

	Primary Government	Fiduciary Funds	
Cash and cash equivalents	\$ 567,204	\$ 777	
Investments	1,562,430	-	
Total	\$ 2,129,634	\$ 777	

Cash of \$2,647 is restricted in the Golf Course Fund for purposes of repaying the 2004 capital improvement bonds.

The Township investments at March 31, 2013 consisted of the following:

Investment Type	Fair Value	Average Maturity (Months)	Rating (Moody's)	Percent of Total Investments
Negotiable certificate of deposit, interest at 3.5%	76,650	84	Not rated	4.9%
U.S. agency obligations	1,021,087	306	AA+/Aaa/AAA	65.4%
Asset and mortgage backed securities	464,693	360	Not rated	29.7%
TOTAL	1,562,430			100%
Portfolio weighted average maturity		312 months		

Interest Rate Risk

Through its investment policy, the Township manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its investment portfolio.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The Township's investment policy does not further limit its investment options.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

Concentration of Credit Risk

The Township Board places no limit on the amount that the Township may invest in any one issuer.

Custodial Credit Risk – Deposits

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require, and the Township does not have, a deposit policy for custodial credit risk. As of March 31, 2013, \$284,346 of the Township's bank deposits were covered by federal depository insurance, and \$282,858 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments

Investment custodial credit risk is the risk that in the event of the failure of a counterparty, the Township will not be able to recover the value of its investments or securities that are in the possession of an outside party. As of March 31, 2013, \$1,485,780 of the Township's investments was exposed to custodial credit risk and \$76,650 was covered by federal depository insurance.

Foreign currency risk

The Township is not authorized to invest in securities which have this type of risk.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

B. Capital assets

Capital asset activity for the year ended March 31, 2013 was as follows:

	Balance April 1, 2012	Additions	Deletions	Balance March 31, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 427,410	\$ -	\$ 10,030	\$ 417,380
Capital assets, being depreciated				
Land improvements	\$ 326,811	\$ -	\$ -	\$ 326,811
Buildings and improvements	3,276,163	16,528	90,270	3,202,421
Equipment	1,014,894	-	11,596	1,003,298
Office equipment	119,011	9,709	-	128,720
Vehicles	897,985	42,060	-	940,045
Total capital assets being depreciated	5,634,864	68,297	101,866	5,601,295
Less: accumulated depreciation	3,986,049	155,690	78,756	4,062,983
Net capital assets, being depreciated	1,648,815	(87,393)	23,110	1,538,312
Total governmental capital assets	<u>\$ 2,076,225</u>	<u>\$ (87,393)</u>	<u>\$ 33,140</u>	<u>\$ 1,955,692</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 487,314	\$ -	\$ -	\$ 487,314
Capital assets, being depreciated				
Land improvements	\$ 1,968,504	\$ -	\$ -	\$ 1,968,504
Buildings and improvements	6,749,483	3,288	-	6,752,771
Equipment	2,090,661	120,395	140,528	2,070,528
State projects	1,151,397	-	-	1,151,397
Water system	1,551,525	-	-	1,551,525
Sewer system	2,953,256	166,502	-	3,119,758
Total capital assets being depreciated	16,464,826	290,185	140,528	16,614,483
Less: accumulated depreciation	11,054,583	375,197	48,360	11,381,420
Net capital assets, being depreciated	5,410,243	(85,012)	92,168	5,233,063
Total business-type capital assets	<u>\$ 5,897,557</u>	<u>\$ (85,012)</u>	<u>\$ 92,168</u>	<u>\$ 5,720,377</u>

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

Note B - Capital assets – Continued

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:

General government	\$	46,080
Public safety		13,106
Health and welfare		71,411
Other governmental functions		25,093
Total governmental depreciation	\$	<u>155,690</u>

Business-type activities:

Recreation Center	\$	10,992
Parks and Recreation		4,808
Chippewa County Fairgrounds		19,078
Golf Course		41,250
Sewer		214,133
Water		84,936
Total business-type depreciation	\$	<u>375,197</u>

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

C. Interfund receivables, payables, and transfers

The Township's interfund receivables and payables at March 31, 2013 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Current Tax Collection Fund	General Fund	\$ 1
General Fund	Personal Property Tax Fund	<u>51</u>
		<u>\$ 52</u>

The outstanding balances between the funds result mainly from the time lag between the dates that the tax collection fund received the county settlement and the dates disbursed to the township from the tax collection fund.

Interfund transfers during the 2013 fiscal year consisted of the following:

General Fund	Fire Fund	\$ 49,551	Operating
General Fund	Ambulance Fund	25,936	Operating
General Fund	Recreation Fund	41,715	Operating
General Fund	Fairgrounds Fund	6,395	Operating
General Fund	Golf Course Fund	67,100	Operating
Snowmobile Grooming	General Fund	18,745	Operating
Property Management	Public Improvement Fund	3,334	Future improvements
Property Management	Golf Course Fund	90,000	Operating
	TOTAL	<u>\$ 302,776</u>	

D. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Ambulance Fund Receivables	\$ 250,519	Earned, but unavailable
Property Management Fund	<u>445</u>	Unearned
Total	<u>\$ 250,964</u>	

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

E. Long-term debt

The following is a summary of long-term liability activity for the Township for the 2013 fiscal year:

	Balance April 1, 2011	Additions	Reductions	Balance March 31, 2012	Due within one year
Governmental activities					
Leases payable	\$ 66,209	\$ -	\$ 19,043	\$ 47,166	\$ 20,197
Compensated absences	43,760	-	2,591	41,169	-
Governmental activity long-term liabilities	\$ 109,969	\$ -	\$ 21,634	\$ 88,335	\$ 20,197
Business-type activities					
Bonds payable	\$ 104,000	\$ -	\$ 11,000	\$ 93,000	\$ 12,000
Compensated absences	61,442	4,331	-	65,773	-
Business-type activity long-term liabilities	\$ 165,442	\$ 4,331	\$ 11,000	\$ 158,773	\$ 12,000

Long-term debt at March 31, 2013 consisted of the following:

Governmental activities:

Capital lease for equipment; payable in monthly installments of \$1,870 through July of 2015; interest at 5.9%	47,166
Compensated absences	41,169
Total governmental activities long-term debt	\$ 88,335

Business-type activities:

Series 2004 Capital Improvement Bonds; payable in biannual installments through October 2019; interest from 4.125-5.375%	\$ 93,000
Compensated absences	65,773
Total business-type activities long-term debt	\$ 158,773

The 2004 Capital Improvement Bonds are backed by the full faith and credit of the Township.

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

Annual debt service requirements for debt outstanding as of March 31, 2013 is as follows:

Year ending March 31,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2014	\$ 20,197	\$ 2,243	\$ 12,000	\$ 4,694
2015	21,422	1,018	12,000	4,132
2016	5,547	54	13,000	3,556
2017	-	-	13,000	2,915
2018-2021	-	-	43,000	4,614
	<u>47,166</u>	<u>3,315</u>	<u>93,000</u>	<u>19,911</u>
Compensated absences	<u>41,169</u>	<u>-</u>	<u>65,773</u>	<u>-</u>
	<u>\$ 88,335</u>	<u>\$ 3,315</u>	<u>\$ 158,773</u>	<u>\$ 19,911</u>

F. Other information

1. 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; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

2. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

G. Pension plan

The Township provides pension benefits for all of its elected officials and full time employees through a defined contribution plan. The Township's pension investments are held in trust by the investment fiduciary, John Hancock Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings and forfeitures of other participants' benefits prior to vesting. The plan is funded at a rate of 5% of eligible compensation and is available to employees after a period of 4 years, at which time they become vested. Employees may voluntarily contribute from 1-95% of compensation into the Plan. The Plan may be

Charter Township of Kinross

Notes to the Financial Statements

March 31, 2013

amended annually by the Township. The Township contributed \$61,245 to the Plan for the year ended March 31, 2013. Employee contributions during the 2013 fiscal year totaled \$6,237.

H. Segment information – Enterprise fund

The Golf Course fund accounts for the activities of the Oaks Golf Course. Segment information for the Golf Course fund for the year ended March 31, 2013 is as follows:

Non operating revenue	\$	27
Non operating expense		(4,577)
Operating loss		<u>(98,406)</u>
Change in net assets before transfers		(102,956)
Operating revenues		202,542
Operating expenses		300,948
Depreciation		41,250
Current assets	\$	49,876
Noncurrent assets		<u>939,181</u>
Total assets	\$	<u><u>989,057</u></u>
Current liabilities	\$	21,598
Long-term liabilities		<u>90,500</u>
Total liabilities	\$	<u><u>112,098</u></u>
Beginning net assets		822,815
Ending net assets		876,959
Cash provided by (used for):		
Operating activities	\$	(155,116)
Noncapital financing		157,100
Capital financing		(19,363)
Investing activities		27
Beginning cash		<u>21,722</u>
Ending cash	\$	<u><u>4,370</u></u>

I. Date of management review

In preparing the financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through September 16, 2013, the date the financial statements were available to be issued.

Required supplementary information

Charter Township of Kinross

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the year ended March 31, 2013

REVENUES	Budgeted Amounts		Actual	Variance with final budget- positive (negative)
	Original	Final		
Property taxes	\$ 117,044	117,044	\$ 131,244	\$ 14,200
State revenue	389,000	434,000	442,659	8,659
Charges for services	4,650	4,650	5,702	1,052
Licenses and permits	-	-	35	35
Investment earnings	12,000	12,000	19,353	7,353
Reimbursements	8,115	10,415	10,350	(65)
Total revenues	530,809	578,109	609,343	31,234
EXPENDITURES				
Current				
General government				
Township board	18,210	19,610	19,106	504
Supervisor	35,565	35,565	32,621	2,944
Clerk	59,120	49,120	49,448	(328)
Treasurer	48,550	38,550	35,071	3,479
Assessor	30,445	30,445	24,636	5,809
Accounting	43,775	43,775	39,996	3,779
Township hall	40,225	40,225	25,390	14,835
Board of review	1,500	1,500	1,204	296
Elections	4,600	4,600	3,373	1,227
Cemetery	4,275	5,175	4,610	565
Legal	10,000	10,000	1,833	8,167
Personnel services	71,150	71,150	64,323	6,827
Other services	46,577	46,577	37,893	8,684
Public safety	4,500	4,500	658	3,842
Public works				
Roads and streets	500	500	-	500
Public right of way	17,215	17,215	2,802	14,413
Community and economic development				
Planning and zoning	9,750	9,750	4,629	5,121
Other governmental functions	13,135	13,135	8,140	4,995
Capital outlay	8,000	8,000	9,709	(1,709)
Total expenditures	467,092	449,392	365,442	83,950
Excess of revenues over expenditures	63,717	128,717	243,901	115,184
OTHER FINANCING SOURCES (USES)				
Transfers in	14,985	14,985	18,745	3,760
Transfers out	(125,697)	(190,697)	(190,697)	-
Total other financing sources (uses)	(110,712)	(175,712)	(171,952)	3,760
Net change in fund balance	\$ (46,995)	\$ (46,995)	71,949	\$ 118,944
 			479,464	
Fund balance at April 1, 2012			479,464	
Fund balance at March 31, 2013			\$ 551,413	

Charter Township of Kinross

Required Supplementary Information
Budgetary Comparison Schedule
Ambulance Fund
For the year ended March 31, 2013

	Budgeted Amounts		Actual	Variance with final budget- positive (negative)
	Original	Final		
REVENUES				
Property taxes	\$ 6,000	\$ 93,676	\$ 92,443	\$ (1,233)
Charges for services	1,222,104	1,330,004	1,344,339	14,335
Investment earnings	-	-	1,596	1,596
Reimbursements	11,660	11,660	13,771	2,111
Other	-	-	1,144	1,144
Total revenues	<u>1,239,764</u>	<u>1,435,340</u>	<u>1,453,293</u>	<u>17,953</u>
EXPENDITURES				
Current				
Health and welfare	1,243,255	1,430,566	1,374,899	55,667
Debt Service				
Principal	19,045	19,045	19,043	2
Interest	3,400	3,400	3,397	3
Capital outlay	-	50,110	50,110	-
Total expenditures	<u>1,265,700</u>	<u>1,503,121</u>	<u>1,447,449</u>	<u>55,672</u>
Excess of revenues over (under) expenditures	<u>(25,936)</u>	<u>(67,781)</u>	<u>5,844</u>	<u>73,625</u>
OTHER FINANCING SOURCES				
Transfers in	<u>25,936</u>	<u>25,936</u>	<u>25,936</u>	<u>-</u>
Total other financing uses	<u>25,936</u>	<u>25,936</u>	<u>25,936</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (41,845)</u>	<u>31,780</u>	<u>\$ 73,625</u>
Fund balance at April 1, 2012			<u>139,130</u>	
Fund balance at March 31, 2013			<u>\$ 170,910</u>	

Charter Township of Kinross

Required Supplementary Information
 Budgetary Comparison Schedule
 Police Fund
 For the year ended March 31, 2013

REVENUES	Budgeted Amounts		Actual	Variance with final budget- positive (negative)
	Original	Final		
Special assessments	\$ 205,140	\$ 205,140	\$ 220,849	\$ 15,709
State revenue	4,950	6,654	7,381	727
Charges for services	28,804	28,804	30,127	1,323
Investment earnings	5,500	5,500	6,433	933
Other revenue	8,875	8,875	-	(8,875)
Total revenues	253,269	254,973	264,790	9,817
EXPENDITURES				
Current				
Public safety	274,685	278,889	243,773	35,116
Net change in fund balance	\$ (21,416)	\$ (23,916)	21,017	\$ 44,933
Fund balance at April 1, 2012			210,133	
Fund balance at March 31, 2013			\$ 231,150	

Other supplemental information

Charter Township of Kinross

Combining Balance Sheet
Other Governmental Funds - Nonmajor
March 31, 2013

ASSETS

	Special Revenue Funds						Capital Projects Fund		Total other governmental funds
	Fire Fund	Property Management Fund	Drug Forfeiture Fund	Road Maintenance Fund	Snowmobile Grooming Fund	Public Improvement Fund	Public Improvement Fund		
ASSETS									
Cash and investments	\$ 98,154	\$ 43,833	\$ 757	\$ 179,780	\$ -	\$ -	\$ 31,421	\$ 353,945	
Accounts receivable	425	684	-	-	-	-	-	1,109	
Accrued interest receivable	1,118	-	-	1,346	-	-	-	2,464	
Taxes and special assessments receivable	-	-	-	7,174	-	-	-	7,174	
Due from other funds	-	-	-	-	-	-	-	-	
Due from other governmental units	-	-	-	-	-	-	-	-	
Prepaid expenses	2,480	970	-	-	-	-	-	3,450	
Total assets	\$ 102,177	\$ 45,487	\$ 757	\$ 188,300	\$ -	\$ -	\$ 31,421	\$ 368,142	

LIABILITIES AND FUND BALANCES

LIABILITIES									
Accounts payable	\$ 2,089	\$ 2,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,322	
Accrued expenses and other liabilities	1,591	66	-	-	-	-	-	1,657	
Deferred revenue	-	445	-	-	-	-	-	445	
Total liabilities	3,680	2,744	-	-	-	-	-	6,424	
FUND BALANCES									
Nonspendable	2,480	970	-	-	-	-	-	3,450	
Restricted	-	-	-	188,300	-	-	31,421	219,721	
Committed	15,700	-	-	-	-	-	-	15,700	
Assigned	80,317	41,773	757	-	-	-	-	122,847	
Total fund balances	98,497	42,743	757	188,300	-	-	31,421	361,718	
Total liabilities and fund balances	\$ 102,177	\$ 45,487	\$ 757	\$ 188,300	\$ -	\$ -	\$ 31,421	\$ 368,142	

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds - Nonmajor
For the year ended March 31, 2013

	Special Revenue Funds							Capital Projects Fund		Total other governmental funds
	Fire Fund	Property Management Fund	Drug Forfeiture Fund	Road Maintenance Fund	Snowmobile Grooming Fund	Improvement Fund	Public Fund	Total other governmental funds		
REVENUES										
Property taxes	5,884	-	-	96,298	-	-	-	-	102,182	
State revenues	11,201	-	-	-	-	-	-	-	11,201	
Local contributions	-	-	-	-	-	-	-	-	-	
Charges for services	6,163	-	-	-	-	-	-	-	6,163	
Rental income	-	92,624	-	-	-	-	-	-	92,624	
Investment earnings	4,700	1,607	-	5,824	-	-	-	1,176	13,307	
Reimbursements	5	-	-	-	-	-	-	-	5	
Other	-	173	-	-	-	-	-	-	173	
Total revenues	27,953	94,404	-	102,122	-	-	1,176	-	225,655	
EXPENDITURES										
Current:										
Public safety	79,569	-	-	-	-	-	-	-	79,569	
Public works	-	-	-	93,837	-	-	-	-	93,837	
Culture and recreation	-	-	-	-	262	-	-	-	262	
Other governmental functions	-	67,953	-	-	-	-	-	-	67,953	
Capital outlay	-	8,478	-	-	-	-	-	-	8,478	
Total expenditures	79,569	76,431	-	93,837	262	-	-	-	250,099	
Excess of revenues over expenditures	(51,616)	17,973	-	8,285	(262)	-	1,176	-	(24,444)	
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of fixed assets	-	-	-	-	800	-	-	-	800	
Transfers in	49,551	-	-	-	-	-	3,334	-	52,885	
Transfers out	-	(93,334)	-	-	(18,745)	-	-	-	(112,079)	
Total other financing sources/(uses)	49,551	(93,334)	-	-	(17,945)	-	3,334	-	(58,394)	
Net change in fund balances	(2,065)	(75,361)	-	8,285	(18,207)	-	4,510	-	(82,838)	
Fund balances at April 1, 2012	100,562	118,104	757	180,015	18,207	-	26,911	-	444,556	
Fund balances at March 31, 2013	98,497	42,743	757	188,300	-	-	31,421	-	361,718	

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Combining Statement of Net Assets
Nonmajor Proprietary Funds
March 31, 2013

	Rubbish Collection Fund	Recreation Center	Parks and Recreation	Chippewa County Fairgrounds	Total
CURRENT ASSETS					
Cash and investments	\$ 14,209	\$ 78,807	\$ 24,039	\$ 9,873	\$ 126,928
Accounts receivable	21,645	953	239	1,216	24,053
Inventory	-	962	-	-	962
Prepaid expenses	-	1,249	-	1,405	2,654
Total current assets	35,854	81,971	24,278	12,494	154,597
NONCURRENT ASSETS					
Capital assets					
Land	-	5,900	12,400	139,500	157,800
Land improvements	-	64,971	82,888	336,838	484,697
Buildings and building improvements	-	212,519	41,036	640,397	893,952
Equipment	-	60,732	-	72,493	133,225
Less: Accumulated depreciation	-	(307,899)	(93,925)	(969,693)	(1,371,517)
Net capital assets	-	36,223	42,399	219,535	298,157
Total assets	\$ 35,854	\$ 118,194	\$ 66,677	\$ 232,029	\$ 452,754
LIABILITIES					
Accounts payable	\$ 11,079	\$ 4,183	\$ 32	\$ 534	\$ 15,828
Accrued expenses	-	2,742	-	1,356	4,098
Compensated absences	-	3,890	-	-	3,890
Total liabilities	11,079	10,815	32	1,890	23,816
NET ASSETS					
Invested in capital assets	-	36,223	42,399	219,535	298,157
Unrestricted	24,775	71,156	24,246	10,604	130,781
Total net assets	24,775	107,379	66,645	230,139	428,938
Total liabilities and net assets	\$ 35,854	\$ 118,194	\$ 66,677	\$ 232,029	\$ 452,754

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the year ended March 31, 2013

	Rubbish Collection Fund	Recreation Center	Parks and Recreation	Chippewa County Fairgrounds	Total
REVENUES					
Charges for services	\$ 142,472	\$ 19,928	\$ 23,315	\$ 16,136	\$ 201,851
Local revenues	-	53,948	-	-	53,948
Other revenue	130	4,828	-	6,069	11,027
	<u>142,602</u>	<u>78,704</u>	<u>23,315</u>	<u>22,205</u>	<u>266,826</u>
OPERATING EXPENSES					
Wages and fringe benefits	-	76,290	4,256	13,428	93,974
Supplies	1,120	1,373	357	833	3,683
Utilities	-	14,567	5,295	8,319	28,181
Other services and charges	134,625	8,086	3,833	6,736	153,280
Repair and maintenance	-	1,572	3,403	4,861	9,836
Other expenses	-	23,071	-	-	23,071
Depreciation	-	10,992	4,808	19,078	34,878
	<u>135,745</u>	<u>135,951</u>	<u>21,952</u>	<u>53,255</u>	<u>346,903</u>
Total operating expenses					
Operating income/(loss)	6,857	(57,247)	1,363	(31,050)	(80,077)
NONOPERATING REVENUES					
Investment earnings	129	3,712	873	412	5,126
Net income (loss) before transfers	6,986	(53,535)	2,236	(30,638)	(74,951)
TRANSFERS					
Operating transfers in	-	41,715	-	6,395	48,110
Net transfers	-	41,715	-	6,395	48,110
Change in net assets	6,986	(11,820)	2,236	(24,243)	(26,841)
Net assets at April 1, 2012	<u>17,789</u>	<u>\$ 119,199</u>	<u>\$ 64,409</u>	<u>\$ 254,382</u>	<u>455,779</u>
Net assets at March 31, 2013	<u>\$ 24,775</u>	<u>\$ 107,379</u>	<u>\$ 66,645</u>	<u>\$ 230,139</u>	<u>\$ 428,938</u>

The accompanying notes are an integral part of this statement.

Charter Township of Kinross

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year ended March 31, 2013

	Rubbish Collection Fund	Recreation Center	Parks and Recreation	Chippewa County Fairgrounds	Total
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Receipts from customers	\$ 140,706	\$ 78,201	\$ 23,159	\$ 21,075	\$ 263,141
Payments to suppliers	(135,791)	(47,494)	(12,886)	(20,249)	(216,420)
Payments to employees	-	(76,687)	(4,349)	(13,196)	(94,232)
Net cash provided by operating activities	<u>4,915</u>	<u>(45,980)</u>	<u>5,924</u>	<u>(12,370)</u>	<u>(47,511)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	41,715	-	6,395	48,110
Net cash provided by noncapital financing activities	-	41,715	-	6,395	48,110
CASH FLOW FROM INVESTING ACTIVITIES					
Investment earnings	129	3,712	873	412	5,126
Net cash provided by financing activities	129	3,712	873	412	5,126
Net increase/(decrease) in cash and investments	5,044	(553)	6,797	(5,563)	5,725
Cash and investments at April 1, 2012	9,165	79,360	17,242	15,436	121,203
Cash and investments at March 31, 2013	<u>\$ 14,209</u>	<u>\$ 78,807</u>	<u>\$ 24,039</u>	<u>\$ 9,873</u>	<u>\$ 126,928</u>

Reconciliation of operating net income/(loss) to net cash provided by/(used for) operating activities

Operating income (loss)	\$ 6,857	\$ (57,247)	\$ 1,363	\$ (31,050)	\$ (80,077)
Adjustments to reconcile operating income/(loss) to net cash provided by/ (used for) operating activities:					
Depreciation expense	-	10,992	4,808	19,078	34,878
Change in assets and liabilities					
Increase in receivables	(1,896)	(503)	(156)	(1,130)	(3,685)
Increase in prepaid expenses	-	30	-	(34)	(4)
Increase in inventory	-	95	-	-	95
Increase/(decrease) in accounts payable	(46)	1,050	2	534	1,540
Increase/(decrease) in accrued expenses	-	78	(93)	232	217
Increase in compensated absences	-	(475)	-	-	(475)
Net cash provided by operating activities	<u>\$ 4,915</u>	<u>\$ (45,980)</u>	<u>\$ 5,924</u>	<u>\$ (12,370)</u>	<u>\$ (47,511)</u>

The accompanying notes are an integral part of this statement.



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

September 18, 2013

Board of Trustees
Charter Township of Kinross
Kincheloe, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kinross, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Charter Township of Kinross' basic financial statements, and have issued our report thereon dated September 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter Township of Kinross' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Kinross' internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Kinross' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Kinross' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lake Michigan CPA Services, PLLC

Ludington, Michigan
September 16, 2013