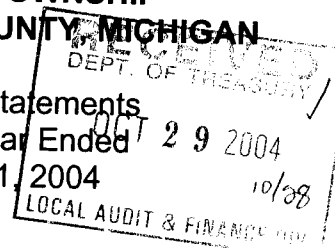


**MULLETT TOWNSHIP  
CHEBOYGAN COUNTY, MICHIGAN**

Financial Statements  
For the Year Ended  
March 31, 2004



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

# Auditing Procedures Report

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

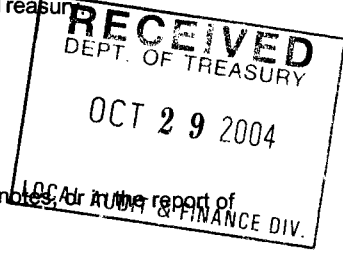
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Mullett Township</b>	County <b>Cheboygan</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>10/20/04</b>	Date Accountant Report Submitted to State: <b>10/27/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.



You must check the applicable box for each item below.

- Yes  No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes  No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes  No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes  No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes  No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes  No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes  No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes  No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes  No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Richard E. Mahlmeister, CPA, PC</b>			
Street Address <b>580 South Nicolet Street</b>		City <b>Mackinaw City</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49701</b>	Date

**MULLETT TOWNSHIP**

**TABLE OF CONTENTS**

**INDEPENDENT AUDITORS' REPORT**

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

INDEPENDENT AUDITORS' REPORT

October 20, 2004

Township Board  
Mullett Township  
Cheboygan County, Michigan

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

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

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

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



Richard E. Mahlmeister, C.P.A.

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**MULLETT TOWNSHIP**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**  
**MARCH 31, 2004**

<b>ASSETS</b>	<b>GOVERNMENTAL FUND TYPES</b>		<b>FIDUCIARY FUND TYPE</b>
	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>TRUST AND AGENCY</b>
Cash and cash equivalents	\$288,013	\$328,482	\$684
Investments	569,953	-	-
Taxes receivable	11,695	8,148	-
Due from other funds	684	-	-
Fixed assets	-	-	-
	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b>\$870,345</b>	<b>\$336,630</b>	<b>\$684</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$684
<b>FUND EQUITY</b>			
Investment in general fixed assets	-	-	-
Fund balances - Unreserved, undesignated	870,345	336,630	-
	870,345	336,630	-
<b><u>TOTAL FUND EQUITY</u></b>	<b>870,345</b>	<b>336,630</b>	<b>-</b>
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<b>\$870,345</b>	<b>\$336,630</b>	<b>\$684</b>

See Accompanying Notes.

ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
GENERAL FIXED ASSETS	
\$ -	\$617,179
-	569,953
-	19,843
-	684
1,129,709	1,129,709
<u>\$1,129,709</u>	<u>\$2,337,368</u>
\$ -	\$684
1,129,709	1,129,709
-	1,206,975
1,129,709	2,336,684
<u>\$1,129,709</u>	<u>\$2,337,368</u>

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

	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Taxes	\$167,599	\$109,408	\$277,007
State shared revenues	88,085	570	88,655
State aid/grants	-	1,337	1,337
Charges for services	-	12,050	12,050
Donations	-	1,686	1,686
Fines and forfeits	-	11,690	11,690
Interest	21,035	4,914	25,949
Other	3,920	118	4,038
<b>TOTAL REVENUES</b>	<b>280,639</b>	<b>141,773</b>	<b>422,412</b>
<b>EXPENDITURES</b>			
Current:			
Legislative	35,189	-	35,189
General government	70,917	-	70,917
Public safety	-	56,769	56,769
Public works	60,733	10,498	71,231
Recreation and culture	19,521	16,614	36,135
Capital Outlay	108,999	66,009	175,008
<b>TOTAL EXPENDITURES</b>	<b>295,359</b>	<b>149,890</b>	<b>445,249</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(14,720)</b>	<b>(8,117)</b>	<b>(22,837)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	3,000	3,000
Operating transfers out	(3,000)	-	(3,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,000)</b>	<b>3,000</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</b>	<b>(17,720)</b>	<b>(5,117)</b>	<b>(22,837)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>888,065</b>	<b>341,747</b>	<b>1,229,812</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$870,345</b>	<b>\$336,630</b>	<b>\$1,206,975</b>

See Accompanying Notes.



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

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$150,200	\$167,599	\$17,399
State shared revenues	50,000	88,085	38,085
State aid/grants	-	-	-
Charges for services	-	-	-
Donations	-	-	-
Fines and forfeits	-	-	-
Interest	5,000	21,035	16,035
Other	500	3,920	3,420
<b>TOTAL REVENUES</b>	<b>205,700</b>	<b>280,639</b>	<b>74,939</b>
<b>EXPENDITURES</b>			
Current:			
Legislative	67,580	35,189	32,391
General government	120,900	70,917	49,983
Public safety	-	-	-
Public works	113,700	60,733	52,967
Recreation and culture	22,000	19,521	2,479
Capital Outlay	119,500	108,999	10,501
Contingency	765	-	765
<b>TOTAL EXPENDITURES</b>	<b>444,445</b>	<b>295,359</b>	<b>149,086</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(238,745)</b>	<b>(14,720)</b>	<b>224,025</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	(3,000)	(3,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,000)</b>	<b>(3,000)</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</b>	<b>(241,745)</b>	<b>(17,720)</b>	<b>224,025</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>888,065</b>	<b>888,065</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$646,320</b>	<b>\$870,345</b>	<b>\$224,025</b>

See Accompanying Notes.

**SPECIAL REVENUE FUNDS**

<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
\$96,650	\$109,408	\$12,758
500	570	70
1,200	1,337	137
11,000	12,050	1,050
1,000	1,686	686
12,050	11,690	(360)
3,510	4,914	1,404
-	118	118
<b>125,910</b>	<b>141,773</b>	<b>15,863</b>
-	-	-
-	-	-
68,723	56,769	11,954
12,090	10,498	1,592
24,450	16,614	7,836
175,000	66,009	108,991
-	-	-
<b>280,263</b>	<b>149,890</b>	<b>130,373</b>
<b>(154,353)</b>	<b>(8,117)</b>	<b>146,236</b>
3,000	3,000	-
-	-	-
<b>3,000</b>	<b>3,000</b>	<b>-</b>
<b>(151,353)</b>	<b>(5,117)</b>	<b>146,236</b>
<b>341,747</b>	<b>341,747</b>	<b>-</b>
<b>\$190,394</b>	<b>\$336,630</b>	<b>\$146,236</b>

**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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

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

**THE REPORTING ENTITY**

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

**FUND ACCOUNTING**

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

**GOVERNMENTAL FUNDS**

**General Fund**

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND ACCOUNTING (CONTINUED)**

**Special Revenue Funds**

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

**FIDUCIARY FUND**

**Trust and Agency Fund**

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

**ACCOUNT GROUP**

**General Fixed Assets**

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

**TOTAL COLUMNS ON COMBINED STATEMENTS**

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

**BASIS OF ACCOUNTING**

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

**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF ACCOUNTING (CONTINUED)**

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

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

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

**BUDGETS AND BUDGETARY ACCOUNTING**

Comparisons to budget are presented for General and Special Revenue Funds as required by generally accepted accounting principles. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Township Board.

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

**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ENCUMBRANCES**

The Township does not formally record encumbrances in the accounting records during the year as a normal practice. Material amounts of known commitments are sometimes recognized at the end of an accounting period to properly match the commitments with the applicable appropriation. No such commitments existed at March 31, 2004. Appropriations lapse at year-end and amounts are reappropriated for expenditures to be incurred in the next fiscal year.

**CASH AND CASH EQUIVALENTS**

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

**INVESTMENTS**

Investments are stated at cost and consist of certificates of deposit with original maturity values of longer than three months.

**RECEIVABLES**

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

**FIXED ASSETS**

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

**RESERVES AND DESIGNATIONS**

Reserved fund balances indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods. The Township has no reserves or designations.

**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**VACATION AND SICK LEAVE**

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

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

Cash and cash equivalents	\$617,179
Investments	<u>569,953</u>
	<u>\$1,187,132</u>

The checking account of the Township is in a common bank account. The equity of each fund in the common account is as follows:

General Fund	\$156
Special Revenue – Fire	104
Special Revenue – Library	(54)
Special Revenue – Street lighting	<u>165</u>
	<u>\$371</u>

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$625,085	\$625,085
Uninsured – uncollateralized	<u>562,047</u>	<u>580,818</u>
	<u>\$1,187,132</u>	<u>\$1,205,903</u>

(Continued)

**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)**

Certificates of deposit of \$569,953 with an original maturity of greater than 90 days are recorded in the financial statements as investments. All accounts are in the name of the Township and a specific fund. They are recorded in Township records at cost. Interest is recorded when deposits mature or is credited to the applicable account.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

**NOTE 3: GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<b>Balance</b>			<b>Balance</b>
	<b>April 1, 2003</b>	<b>(Deletions)</b>	<b>(Deletions)</b>	<b>March 31, 2004</b>
Land	\$ 32,476	\$ -	\$ -	\$ 32,476
Buildings	150,803	-	-	150,803
Improvements	67,223	106,875	-	174,098
Equipment	704,199	68,133	-	772,332
	<u>\$954,701</u>	<u>\$175,008</u>	<u>\$ -</u>	<u>\$1,129,709</u>

**NOTE 4: PROPERTY TAX**

Property tax revenues for the year ended March 31, 2004, reflected in the accompanying financial statements include property taxes levied December 31, 2003. These taxes are due by February 15, 2004, and are added to the County tax rolls after February 29, 2004. The Township will receive 100% payment for the delinquent Township tax by June, 2004.

(Continued)



**MULLETT TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**

**NOTE 4: PROPERTY TAX (CONTINUED)**

The taxable value of the Township totaled \$74,303,956, before Board of Review adjustments, on which ad valorem taxes consisted of 1.8769 mills for the Township's operating purposes, 1.4211 mills for fire protection and .1 mill for street lighting, raising \$139,660 for operating, \$105,651 for fire protection and \$3,757 for roads.

**NOTE 5: COMMITMENT**

The Township has committed to a road project of approximately \$49,000. The Township has also committed to a remaining purchase price of a new fire truck in the amount of approximately \$177,000.

**NOTE 6: CONTINGENT LIABILITIES**

The Township is contingently liable for the costs of monitoring and remediation of environmental issues arising from the closure of a solid-waste landfill located within the township.

**NOTE 7: RISK MANAGEMENT**

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

The plan has a maximum liability for property of \$572,000, general liability of \$3,000,000, wrongful acts of \$2,000,000, automobile of \$1,000,000, crime of \$10,000, inland marine liability of \$113,200 and bonding for public officials errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits.

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

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**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS**

**GENERAL FUND**

**MULLETT TOWNSHIP  
GENERAL FUND  
SCHEDULE OF DETAILED REVENUES  
FOR THE YEAR ENDED MARCH 31, 2004**

<b>TAXES</b>	
Current property taxes	\$139,660
Property tax administration fee	26,111
Payment in lieu of taxes	1,828
<b>TOTAL TAXES</b>	<u>167,599</u>
<b>STATE SHARED REVENUES</b>	<u>88,085</u>
<b>INTEREST INCOME</b>	<u>21,035</u>
<b>OTHER</b>	
Rents	635
Refunds and other	3,285
<b>TOTAL OTHER</b>	<u>3,920</u>
<b>TOTAL REVENUE</b>	<u><u>\$280,639</u></u>

**MULLETT TOWNSHIP  
GENERAL FUND  
SCHEDULE OF DETAILED EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2004**

**LEGISLATIVE**

**Township Board:**

Salaries	\$5,360
Fringe benefits	8,518
Office supplies	4,868
Contracted services	400
Communication	1,323
Transportation	767
Printing and publishing	1,351
Insurance	10,048
Education and training	950
Memberships and dues	1,304
Other	300

**TOTAL LEGISLATIVE**

35,189

**GENERAL GOVERNMENT**

**Township Supervisor:**

Salaries	12,552
Transportation	1,273

13,825

**Elections:**

Supplies	23
----------	----

**Assessor:**

Salaries	12,000
Contracted services	300

12,300

**Clerk:**

Salaries	10,336
Transportation	44

10,380

**Board of Review:**

Salaries	3,375
Supplies	56
Transportation	32
Printing and publishing	72

3,535

(Continued)

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

**GENERAL GOVERNMENT: (Cont'd)**

<b>Treasurer:</b>	
<b>Salaries</b>	\$15,464
<b>Contracted services</b>	1,849
<b>Transportation</b>	1,239
	<hr/>
	18,552
	<hr/>
<b>Township Halls :</b>	
<b>Salaries</b>	780
<b>Repairs</b>	1,035
<b>Utilities</b>	2,833
	<hr/>
	4,648
	<hr/>
<b>Township Properties :</b>	
<b>Utilities</b>	254
	<hr/>
<b>Cemetery:</b>	
<b>Contracted service</b>	7,400
	<hr/>
<b>TOTAL GENERAL GOVERNMENT</b>	70,917
	<hr/>

(Continued)

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

<b>PUBLIC WORKS</b>		
Highways and streets:		
Salaries		\$230
Contracted services		52,025
		<hr/> 52,255
Sanitation:		
Salaries		250
Contracted service		3,380
Repairs		3,548
		<hr/> 7,178
Other public works - pest control:		
Contracted services		1,300
		<hr/> 60,733
<b>RECREATION AND CULTURE</b>		
Parks:		
Salaries		7,240
Repairs		12,281
		<hr/> 19,521
<b>TOTAL CURRENT EXPENDITURES</b>		<hr/> 186,360
<b>CAPITAL OUTLAY</b>		<hr/> 108,999
<b>TOTAL EXPENDITURES</b>		<hr/> 295,359
<b>OTHER FINANCING USES</b>		
Operating transfers to other funds		3,000
		<hr/> 3,000
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>		<hr/> <hr/> \$298,359

**SPECIAL REVENUE FUNDS**



**MULLETT TOWNSHIP  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004**

<b>ASSETS</b>	<b>FIRE FUND</b>	<b>LIBRARY FUND</b>	<b>LIQUOR FUND</b>	<b>STREET LIGHTING FUND</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$209,888	\$88,651	\$512	\$29,431
Taxes receivable	7,820	-	-	328
<b>TOTAL ASSETS</b>	<b>\$217,708</b>	<b>\$88,651</b>	<b>\$512</b>	<b>\$29,759</b>
 <b>FUND BALANCES</b>	 <b>\$217,708</b>	 <b>\$88,651</b>	 <b>\$512</b>	 <b>\$29,759</b>

TOTAL

\$328,482

8,148

\$336,630

\$336,630

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

	FIRE FUND	LIBRARY FUND	LIQUOR FUND	STREET LIGHTING FUND
<b>REVENUES:</b>				
Taxes	\$105,651	\$ -	\$ -	\$3,757
State shared revenues	-	-	570	-
Grants	-	1,337	-	-
Charges for services	12,050	-	-	-
Donations	-	1,686	-	-
Fines and forfeits	-	11,690	-	-
Interest	3,714	892	6	302
Other	118	-	-	-
<b>TOTAL REVENUES</b>	<b>121,533</b>	<b>15,605</b>	<b>576</b>	<b>4,059</b>
<b>EXPENDITURES:</b>				
Public safety	55,975	-	794	-
Public works	-	-	-	10,498
Recreation and culture	-	16,614	-	-
Capital outlay	64,421	1,588	-	-
<b>TOTAL EXPENDITURES</b>	<b>120,396</b>	<b>18,202</b>	<b>794</b>	<b>10,498</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,137</b>	<b>(2,597)</b>	<b>(218)</b>	<b>(6,439)</b>
<b>OTHER FINANCING USES</b>				
Operating transfers from other funds	-	3,000	-	-
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</b>	<b>1,137</b>	<b>403</b>	<b>(218)</b>	<b>(6,439)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>216,571</b>	<b>88,248</b>	<b>730</b>	<b>36,198</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$217,708</b>	<b>\$88,651</b>	<b>\$512</b>	<b>\$29,759</b>

TOTAL

\$109,408

570

1,337

12,050

1,686

11,690

4,914

118

---

141,773

56,769

10,498

16,614

---

66,009

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149,890

(8,117)

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3,000

(5,117)

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341,747

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\$336,630

**TRUST AND AGENCY FUND**

**MULLETT TOWNSHIP**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**TRUST AND AGENCY FUND - TAX COLLECTION FUND**  
**FOR THE YEAR ENDED MARCH 31, 2002**

	BALANCE APRIL 1, 2003	ADDITIONS	DELETIONS	BALANCE MARCH 31, 2004
<b>ASSETS:</b>				
Cash	\$ -	\$2,064,750	\$2,064,066	\$684
<b>LIABILITIES:</b>				
Due to other funds	\$ -	\$267,688	\$267,004	\$684
Due to state	-	355,237	355,237	-
Due to County	-	400,525	400,525	-
Due to Schools	-	919,063	919,063	-
Due to Intermediate School District	-	122,237	122,237	-
	\$ -	\$2,064,750	\$2,064,066	\$ -

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

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

October 20, 2004

Township Board  
Mullett Township  
Cheboygan County, Michigan

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

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated October 20, 2004 on the financial statements of ***Mullett Township***.

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

Sincerely,



Richard E. Mahlmeister, C.P.A.

### **SEGREGATION OF DUTIES**

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

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

### **UPCOMING FINANCIAL REPORTING CHANGES**

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

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