

**TOWNSHIP OF BURT**  
ALGER COUNTY, MICHIGAN  
FINANCIAL STATEMENTS

Fiscal Year Ended March 31, 2019

## TABLE OF CONTENTS

	Page
Independent Auditor's Report . . . . .	4
<u>FINANCIAL STATEMENTS</u>	
Government Wide Statement of Net Position. . . . .	8
Government Wide Statement of Activities . . . . .	9
Governmental Funds Balance Sheet . . . . .	10
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position. . . . .	11
Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance. . . . .	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities . . . . .	13
Business Type Funds Statement of Net Position. . . . .	14
Business Type Funds Statement of Revenues, Expenses and Changes in Net Position. . . . .	15
Business Type Funds Statement of Cash Flows . . . . .	16
Fiduciary Funds - Statement of Net Position. . . . .	17
Notes to Financial Statements . . . . .	18
<u>REQUIRED SUPPLEMENTAL INFORMATION</u>	
Budgetary Comparison Schedules:	
General Fund . . . . .	36
Fire Protection Fund. . . . .	37
Township Improvement Fund. . . . .	38
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Combining Financial Statements - Non-Major Governmental Funds	
Balance Sheet. . . . .	40
Statement of Revenues, Expenditures and Changes in Fund Balance. . . . .	41

## TABLE OF CONTENTS (CONTINUED)

### OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

Combining Financial Statements - Non-Major Business Type Funds	
Statement of Net Position. . . . .	42
Statement of Revenues, Expenses and Changes in Net Position . . . . .	43
Statement of Cash Flows. . . . .	44
Comparative Financial Statements:	
Water Utility Fund:	
Statement of Net Position . . . . .	45
Statement of Revenues, Expenses and Changes in Net Position. . . . .	46
Statement of Cash Flows. . . . .	47
Schedule of Operating Expenses. . . . .	48
Budgetary Comparison Schedules:	
Harbor Fund. . . . .	49
Medical Facility Fund . . . . .	50
Beach Access Fund. . . . .	51
Bond Covenant Compliance Schedule. . . . .	52
<u>CONTROL AND COMPLIANCE SECTION</u>	

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 <i>Government Auditing Standards</i> . . . . .	54
---	----

# SCOTT R. KENNEY

*Certified Public Accountant*

1374 Commercial Ave., Suite #1  
Crystal Falls, Michigan 49920  
(906) 875-4393 Fax: (906) 875-3879

## INDEPENDENT AUDITOR'S REPORT

The Honorable Supervisor and Board  
Township of Burt  
P.O. Box 430  
Grand Marais, MI 49839

### **Report on the Financial Statements**

I 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 Township of Burt, Alger County, Michigan (Township), as of and for the year ended March 31, 2019, 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 the maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from materials misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 risk 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, I 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.

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my 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 Township of Burt, Alger County, Michigan, as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 41 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Management's Discussion and Analysis*

The Township has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. My opinion on the basic financial statements is not affected by this omitted information.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *Other Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The Other Supplementary Information Section which includes the combining nonmajor governmental fund financial statements, the combining nonmajor business type, comparative individual fund financial statements, budgetary comparison schedules for nonmajor governmental funds and the bond covenant compliance schedule is presented for purposes of additional analysis and not a required part of the financial statements.

The Other Supplementary Information Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 my opinion, the Other Supplementary Information Section is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report letter dated June 5, 2019, on my consideration of the Township's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* in considering the Township's internal control over financial reporting and compliance.

  
Certified Public Accountant

June 5, 2019

FINANCIAL  
STATEMENTS

TOWNSHIP OF BURT  
GOVERNMENT WIDE STATEMENT OF NET POSITION  
March 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 599,664	\$ 600,425	\$ 1,200,089
Receivables - net	53,160	98,892	152,052
Inventory	0	8,444	8,444
Internal balances	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CURRENT ASSETS	\$ 652,824	\$ 707,761	\$ 1,360,585
RESTRICTED ASSETS - Cash and equivalents	\$ 0	\$ 200,604	\$ 200,604
NON-CURRENT ASSETS			
Property and equipment, net of depreciation	\$ 5,173,361	\$ 5,419,058	\$ 10,592,419
Notes receivable	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS	\$ <u>5,173,361</u>	\$ <u>5,419,058</u>	\$ <u>10,592,419</u>
TOTAL ASSETS	\$ 5,826,185	\$ 6,327,423	\$ 12,153,608
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 10,138	\$ 15,959	\$ 26,097
Accrued and other liabilities	8,612	21,137	29,749
Interprogram payables	0	0	0
Current part of non-current liabilities	<u>20,016</u>	<u>84,988</u>	<u>105,004</u>
TOTAL CURRENT LIABILITIES	\$ 38,766	\$ 122,084	\$ 160,850
NON-CURRENT LIABILITIES			
Compensated absences	\$ 3,461	\$ 0	\$ 3,461
Equipment installment agreements	3,110	3,110	6,221
General obligation bond	602,000	0	602,000
Revenue bonds payable	<u>0</u>	<u>2,254,653</u>	<u>2,254,653</u>
TOTAL NON-CURRENT LIABILITIES	\$ <u>608,571</u>	\$ <u>2,257,763</u>	\$ <u>2,866,334</u>
TOTAL LIABILITIES	\$ 647,337	\$ 2,379,847	\$ 3,027,184
NET POSITION			
Investment in capital assets	\$ 4,548,235	\$ 3,076,307	\$ 7,624,542
Restricted for			
Nonspendable	0	8,444	8,444
Road improvements	107,202	0	107,202
Other capital outlay	0	95,025	95,025
Training	0	1,220	1,220
Debt service	0	104,359	104,359
Fire protection - capital outlay	107,517	0	107,517
Harbor operations	84,174	0	84,174
Future beach access costs	7,008	0	7,008
Medical office operations	1,613	0	1,613
Unrestricted	<u>323,099</u>	<u>662,221</u>	<u>985,320</u>
TOTAL NET POSITION	\$ <u><u>5,178,848</u></u>	\$ <u><u>3,947,576</u></u>	\$ <u><u>9,126,424</u></u>

Notes to Financial Statements are an integral part of this statement.



TOWNSHIP OF BURT  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
Year ended March 31, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT BUSINESS-TYPE		TOTAL
					GOVERNMENTAL ACTIVITIES	ACTIVITIES	
Governmental Activities							
Legislative	\$ 10,317	\$ 0	\$ 0	\$ 0	\$ (10,317)	\$	\$ (10,317)
General government	238,167	10,250	7,768	2,550	(217,599)		(217,599)
Public safety	57,211	3,274	736	0	(53,201)		(53,201)
Public works	301,367	2,800	993	0	(297,574)		(297,574)
Parks and recreation	182,069	3,274	0	0	(178,795)		(178,795)
Community development	26,947	0	0	0	(26,947)		(26,947)
Interest and fees on debt	21,449	0	0	0	(21,449)		(21,449)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 837,527</b>	<b>\$ 19,598</b>	<b>\$ 9,497</b>	<b>\$ 2,550</b>	<b>\$ (805,882)</b>	<b>\$</b>	<b>\$ (805,882)</b>
Business-Type Activities							
Ambulance	\$ 106,112	\$ 50,662	\$ 550	\$ 0	\$	\$ (54,900)	\$ (54,900)
Woodland Park	334,940	405,129	50	0	70,239		70,239
Fuel	99,764	91,311	0	0	(8,453)		(8,453)
Water	328,488	246,460	0	0	(82,028)		(82,028)
Non-major business type fund - Marina	41,959	40,274	0	0	(1,685)		(1,685)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 911,263</b>	<b>\$ 833,836</b>	<b>\$ 600</b>	<b>\$ 0</b>	<b>\$ (76,827)</b>	<b>\$</b>	<b>\$ (76,827)</b>
<b>GENERAL REVENUES</b>							
Property taxes					\$ 543,937	\$ 55,175	\$ 599,112
State shared revenues and grants					47,078	220	47,298
Unrestricted investments earnings					3,658	2,389	6,047
Licenses and fees					3,377	0	3,377
Contribution from other governmental unit					0	49,000	49,000
Other					3,782	100	3,882
<b>TRANSFERS</b>					<b>24,835</b>	<b>(24,835)</b>	<b>0</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>	<b>\$</b>	<b>\$ 626,667</b>	<b>\$</b>	<b>\$</b>	<b>\$ 82,049</b>	<b>\$</b>	<b>\$ 708,716</b>
<b>CHANGE IN NET POSITION</b>							
Net position - beginning					\$ (179,215)	\$ 5,222	\$ (173,993)
					5,358,063	3,942,354	9,300,417
<b>NET POSITION - ENDING</b>	<b>\$</b>	<b>\$ 5,178,848</b>	<b>\$</b>	<b>\$</b>	<b>\$ 3,947,576</b>	<b>\$</b>	<b>\$ 9,126,424</b>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
GOVERNMENTAL FUNDS BALANCE SHEET  
COMBINED BALANCE SHEET  
March 31, 2019

	GENERAL FUND	FIRE PROTECTION FUND	TOWNSHIP IMPROVEMENT FUND	ROAD IMPROVEMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and equivalents	\$ 160,407	\$ 183,069	\$ 63,131	\$ 100,836	\$ 92,221	\$ 599,664
Taxes receivable	9,652	6,366	12,468	6,366	1,038	35,890
Notes and accounts receivable	0	0	0	0	0	0
Due from other governmental units	17,015	0	0	0	0	17,015
Due from tax collection fund	255	0	0	0	0	255
<b>TOTAL ASSETS</b>	<b>\$ 187,329</b>	<b>\$ 189,435</b>	<b>\$ 75,599</b>	<b>\$ 107,202</b>	<b>\$ 93,259</b>	<b>\$ 652,824</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 3,129	\$ 904	\$ 5,641	\$ 0	\$ 464	\$ 10,138
Accrued payroll expense	5,836	0	2,776	0	0	8,612
Due to other funds	0	0	0	0	0	0
Due to other governmental units	0	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>\$ 8,965</b>	<b>\$ 904</b>	<b>\$ 8,417</b>	<b>\$ 0</b>	<b>\$ 464</b>	<b>\$ 18,750</b>
<b>FUND BALANCES</b>						
Restricted	\$ 0	\$ 0	\$ 0	\$ 107,202	\$ 84,174	\$ 191,376
Committed	0	107,517	0	0	8,621	116,138
Unassigned	178,364	81,014	67,182	0	0	326,560
<b>TOTAL FUND EQUITY</b>	<b>\$ 178,364</b>	<b>\$ 188,531</b>	<b>\$ 67,182</b>	<b>\$ 107,202</b>	<b>\$ 92,795</b>	<b>\$ 634,074</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 187,329</b>	<b>\$ 189,435</b>	<b>\$ 75,599</b>	<b>\$ 107,202</b>	<b>\$ 93,259</b>	<b>\$ 652,824</b>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
RECONCILIATION OF BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF FINANCIAL POSITION  
March 31, 2019

Total fund balance - total governmental funds	\$ 634,074
---	------------

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 are not reported in the funds net of related depreciation	5,173,361
---	-----------

Long term liabilities:

Bonds/loans not due and payable with the current period and not reported in the funds	
Public Works equipment installment contracts	(6,126)
Weston Building bonds	(619,000)
Accumulated employee vacation pay not used in current period	<u>(3,461)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$	<u><u>5,178,848</u></u>
--	-------------------------

TOWNSHIP OF BURT  
ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year ended March 31, 2019

	GENERAL FUND	FIRE PROTECTION FUND	TOWNSHIP IMPROVEMENT FUND	ROAD IMPROVEMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
General property taxes	\$ 196,456	\$ 84,315	\$ 249,418	\$ 0	\$ 13,748	\$ 543,937
State shared revenues and grants	47,078	336	993	0	7,768	56,175
Licenses and fees	3,377	0	0	0	0	3,377
Charges for services	10,250	3,274	2,800	0	3,274	19,598
Interest and rentals	371	1,202	600	0	1,485	3,658
Local grants/contributions	2,550	400	0	0	0	2,950
Other	2,132	883	730	0	37	3,782
<b>TOTAL REVENUES</b>	<b>\$ 262,214</b>	<b>\$ 90,410</b>	<b>\$ 254,541</b>	<b>\$ 0</b>	<b>\$ 26,312</b>	<b>\$ 633,477</b>
<b>EXPENDITURES</b>						
Legislative	\$ 10,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,317
General government	205,102	1,562	3,873	0	4,664	215,201
Public safety	0	54,377	0	0	0	54,377
Public works	0	0	260,476	0	0	260,476
Parks and recreation	0	0	0	0	0	0
Community development	26,947	0	0	0	0	26,947
Insurance	7,214	0	0	0	0	7,214
Debt service	0	0	41,378	0	0	41,378
Capital outlay	6,184	0	0	0	0	6,184
<b>TOTAL EXPENDITURES</b>	<b>\$ 255,764</b>	<b>\$ 55,939</b>	<b>\$ 305,727</b>	<b>\$ 0</b>	<b>\$ 4,664</b>	<b>\$ 622,094</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 6,450</b>	<b>\$ 34,471</b>	<b>\$ (51,186)</b>	<b>\$ 0</b>	<b>\$ 21,648</b>	<b>\$ 11,383</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from other funds	\$ 16,000	\$ 0	\$ 28,633	\$ 107,202	\$ 0	\$ 151,835
Contribution from other governmental units	0	0	0	0	0	0
Sale of fixed assets	0	0	0	0	0	0
Transfer to other funds	0	(17,798)	(108,202)	0	(1,000)	(127,000)
<b>EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES</b>	<b>\$ 22,450</b>	<b>\$ 16,673</b>	<b>\$ (130,755)</b>	<b>\$ 107,202</b>	<b>\$ 20,648</b>	<b>\$ 36,218</b>
Fund balance - beginning	155,914	171,858	197,937	0	72,147	597,856
<b>FUND BALANCE - ENDING</b>	<b>\$ 178,364</b>	<b>\$ 188,531</b>	<b>\$ 67,182</b>	<b>\$ 107,202</b>	<b>\$ 92,795</b>	<b>\$ 634,074</b>

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
Year ended March 31, 2019

Net change in fund balance - total governmental funds	\$ 36,218
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful life and reported as depreciation	
General Government	(15,753)
Public Safety	(2,834)
Public Works	(40,588)
Recreation	(182,069)
Capital Outlay	6,184
Payments on long term debt; these expenditures are reflected as a reduction of liabilities on government-wide statements and an expenditure in the governmental fund statements	
Public Works equipment installment contracts	2,929
Weston Building bonds	17,000
(Increase) decrease in accumulated employee vacation are recorded when earned in the Statement of Activities	
Public Works	<u>(303)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$	<u><u>(179,216)</u></u>

TOWNSHIP OF BURT  
STATEMENT OF NET POSITION  
BUSINESS TYPE FUNDS  
March 31, 2019

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY FUND	NON-MAJOR BUSINESS TYPE FUNDS	TOTAL
<b>ASSETS</b>						
Current Assets:						
Cash and equivalents	\$ 188,592	\$ 107,195	\$ 16,993	\$ 253,238	\$ 34,407	\$ 600,425
Taxes receivable	4,171	0	0	0	0	4,171
Accounts receivable	13,160	0	503	27,466	0	41,129
Due from other governmental units	49,000	0	4,592	0	0	53,592
Inventory	<u>0</u>	<u>0</u>	<u>8,444</u>	<u>0</u>	<u>0</u>	<u>8,444</u>
TOTAL CURRENT ASSETS	\$ 254,923	\$ 107,195	\$ 30,532	\$ 280,704	\$ 34,407	\$ 707,761
Restricted Assets	\$ 4,004	\$ 0	\$ 0	\$ 196,600	\$ 0	\$ 200,604
Property, Plant and Equipment:						
Land, buildings and equipment	\$ 234,278	\$ 1,447,926	\$ 100,000	\$ 6,133,877	\$ 197,343	\$ 8,113,424
Less accumulated depreciation	<u>(228,691)</u>	<u>(624,344)</u>	<u>(95,000)</u>	<u>(1,678,620)</u>	<u>(67,711)</u>	<u>(2,694,366)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ <u>5,587</u>	\$ <u>823,582</u>	\$ <u>5,000</u>	\$ <u>4,455,257</u>	\$ <u>129,632</u>	\$ <u>5,419,058</u>
TOTAL ASSETS	\$ 264,514	\$ 930,777	\$ 35,532	\$ 4,932,561	\$ 164,039	\$ 6,327,423
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	\$ 2,825	\$ 3,492	\$ 5,083	\$ 3,595	\$ 964	\$ 15,959
Salaries, wages and payroll taxes payable	0	2,068	0	3,963	0	6,031
Interest payable	0	933	0	14,173	0	15,106
Current portion of long term debt	<u>0</u>	<u>44,988</u>	<u>0</u>	<u>40,000</u>	<u>0</u>	<u>84,988</u>
TOTAL CURRENT LIABILITIES	\$ 2,825	\$ 51,481	\$ 5,083	\$ 61,731	\$ 964	\$ 122,084
Long Term Liabilities	\$ <u>0</u>	\$ <u>171,763</u>	\$ <u>0</u>	\$ <u>2,086,000</u>	\$ <u>0</u>	\$ <u>2,257,763</u>
TOTAL LIABILITIES	\$ 2,825	\$ 223,244	\$ 5,083	\$ 2,147,731	\$ 964	\$ 2,379,847
<b>NET POSITION</b>						
Net investment in capital assets	\$ 5,587	\$ 606,831	\$ 5,000	\$ 2,329,257	\$ 129,632	\$ 3,076,307
Restricted						
Nonspendable	0	0	8,444	0	0	8,444
Capital outlay	2,784	0	0	92,241	0	95,025
Training	1,220	0	0	0	0	1,220
Debt service	0	0	0	104,359	0	104,359
Unrestricted	<u>252,098</u>	<u>100,702</u>	<u>17,005</u>	<u>258,973</u>	<u>33,443</u>	<u>662,221</u>
TOTAL NET POSITION	\$ <u>261,689</u>	\$ <u>707,533</u>	\$ <u>30,449</u>	\$ <u>2,784,830</u>	\$ <u>163,075</u>	\$ <u>3,947,576</u>

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BUSINESS TYPE FUNDS  
Year ended March 31, 2019

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY FUND	NON-MAJOR BUSINESS TYPE FUNDS	TOTAL
<b>OPERATING REVENUES</b>						
User charges, net of allowance	\$ 46,998	\$ 402,194	\$ 0	\$ 219,313	\$ 0	\$ 668,505
Memberships	0	1,550	0	0	0	1,550
Fuel sales	0	0	91,311	0	28,761	120,072
Other	<u>3,664</u>	<u>1,385</u>	<u>0</u>	<u>27,147</u>	<u>11,513</u>	<u>43,709</u>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 50,662</b>	<b>\$ 405,129</b>	<b>\$ 91,311</b>	<b>\$ 246,460</b>	<b>\$ 40,274</b>	<b>\$ 833,836</b>
<b>OPERATING EXPENSES</b>						
Recreation						
Salaries and wages	\$ 0	\$ 85,438	\$ 0	\$ 0	\$ 0	\$ 85,438
Payroll taxes	0	18,414	0	0	0	18,414
Employee benefits	0	3,763	0	0	0	3,763
Supplies	0	25,592	0	0	0	25,592
Repairs and maintenance	0	40,318	0	0	0	40,318
Contracted services	0	13,929	0	0	0	13,929
User fees	0	13,096	0	0	0	13,096
Utilities	0	61,436	0	0	0	61,436
Other	0	14,295	0	0	0	14,295
Transmission, distribution, operations and maintenance						
Salaries and wages	61,670	0	0	45,370	5,007	112,047
Payroll taxes	4,718	0	0	3,608	383	8,709
Employee benefits	1,488	0	0	19,487	0	20,975
Fuel purchases for resale	0	0	80,807	0	23,315	104,122
Supplies	5,272	0	0	9,197	723	15,192
Repairs and maintenance	803	0	9,915	35,827	903	47,448
Contracted services	19,138	0	1,282	5,626	1,112	27,158
Utilities	4,061	0	1,896	13,064	1,509	20,530
Other	8,333	0	864	7,340	2,512	19,049
Depreciation	<u>629</u>	<u>54,976</u>	<u>5,000</u>	<u>84,834</u>	<u>6,495</u>	<u>151,934</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 106,112</b>	<b>\$ 331,257</b>	<b>\$ 99,764</b>	<b>\$ 224,353</b>	<b>\$ 41,959</b>	<b>\$ 803,445</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (55,450)</b>	<b>\$ 73,872</b>	<b>\$ (8,453)</b>	<b>\$ 22,107</b>	<b>\$ (1,685)</b>	<b>\$ 30,391</b>
<b>NON-OPERATING INCOME (EXPENSE)</b>						
Property taxes	\$ 55,175	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,175
State grant	220	0	0	0	0	220
Interest	334	97	15	359	31	836
Rent	0	1,553	0	0	0	1,553
Contribution from other governmental units	49,000	0	0	0	0	49,000
Local contributions	550	50	0	0	0	600
Other	0	0	0	0	100	100
Interest and fees expense	0	(3,683)	0	(42,650)	0	(46,333)
Grant amortization	0	0	0	(61,485)	0	(61,485)
<b>NON-OPERATING TRANSFERS</b>						
From other funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000
To other funds	<u>(12,835)</u>	<u>(25,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>0</u>	<u>(39,835)</u>
<b>NET INCOME (LOSS)</b>	<b>\$ 36,994</b>	<b>\$ 46,889</b>	<b>\$ (9,438)</b>	<b>\$ (82,669)</b>	<b>\$ 13,446</b>	<b>\$ 5,222</b>
Net position - beginning	<u>224,695</u>	<u>660,644</u>	<u>39,887</u>	<u>2,867,499</u>	<u>149,629</u>	<u>3,942,354</u>
<b>NET POSITION - ENDING</b>	<b>\$ 261,689</b>	<b>\$ 707,533</b>	<b>\$ 30,449</b>	<b>\$ 2,784,830</b>	<b>\$ 163,075</b>	<b>\$ 3,947,576</b>

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT  
STATEMENT OF CASH FLOWS  
BUSINESS TYPE FUNDS  
Year ended March 31, 2019

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY	NON-MAJOR BUSINESS TYPE FUNDS	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 42,940	\$ 405,129	\$ 89,909	\$ 232,838	\$ 40,274	\$ 811,090
Payments to suppliers	(35,801)	(174,348)	(90,589)	(69,567)	(29,143)	(399,448)
Payments to or on behalf of employees	(67,876)	(106,215)	0	(68,171)	(5,390)	(247,652)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ (60,737)	\$ 124,566	\$ (680)	\$ 95,100	\$ 5,741	\$ 163,990
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfer from (to) other funds	\$ (12,835)	\$ (25,000)	\$ 0	\$ (1,000)	\$ 15,000	\$ (23,835)
Contributions from other governmental units	0	0	0	0	0	0
Local contributions	550	50	0	0	0	600
Property taxes	55,293	0	0	0	0	55,293
Other	0	0	0	0	100	100
Loans made from (repaid to) other funds	(200)	(1,172)	0	1,153	(81)	(300)
<b>TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	\$ 42,808	\$ (26,122)	\$ 0	\$ 153	\$ 15,019	\$ 31,858
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Payments on capital debt	\$ 0	\$ (53,200)	\$ 0	\$ (81,910)	\$ 0	\$ (135,110)
Purchases of capital assets	(4,629)	(322,755)	0	(4,288)	(15,434)	(347,106)
Loan proceeds	0	258,000	0	0	0	258,000
Funding of restricted accounts	25,735	0	0	(5,490)	0	20,245
State grant proceeds	220	0	0	0	0	220
Installment sale proceeds to purchase capital equipment	0	0	0	0	0	0
<b>TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	\$ 21,326	\$ (117,955)	\$ 0	\$ (91,688)	\$ (15,434)	\$ (203,751)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest earned on unrestricted accounts	\$ 334	\$ 97	\$ 15	\$ 359	\$ 31	\$ 836
Rent received	0	1,553	0	0	0	1,553
<b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>	\$ 334	\$ 1,650	\$ 15	\$ 359	\$ 31	\$ 2,389
<b>NET INCREASE (DECREASE) IN CASH</b>	\$ 3,731	\$ (17,861)	\$ (665)	\$ 3,924	\$ 5,357	\$ (5,514)
Cash and equivalents - beginning	184,861	125,056	17,658	249,314	29,050	605,939
<b>CASH AND EQUIVALENTS - ENDING</b>	\$ 188,592	\$ 107,195	\$ 16,993	\$ 253,238	\$ 34,407	\$ 600,425
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (55,450)	\$ 73,872	\$ (9,453)	\$ 22,107	\$ (1,685)	\$ 29,391
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation	629	54,976	5,000	84,834	6,495	151,934
Change in Assets and Liabilities						
Receivables - net	(7,722)	0	277	(13,622)	0	(21,067)
Due from other governmental units	0	0	(1,679)	0	0	(1,679)
Inventory	0	0	191	0	0	191
Accounts payable	1,806	(5,682)	4,984	1,487	931	3,526
Accrued salaries, wages and payroll taxes	0	1,400	0	294	0	1,694
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ (60,737)	\$ 124,566	\$ (680)	\$ 95,100	\$ 5,741	\$ 163,990

Notes to Financial Statements are an integral part of this statement.



TOWNSHIP OF BURT  
 STATEMENT OF NET POSITION  
 FIDUCIARY FUND  
 MARCH 31, 2019

		TAX COLLECTIONS FUND
		<u>          </u>
ASSETS		
Cash and equivalents	\$	255
Due from other funds		<u>0</u>
TOTAL ASSETS	\$	<u><u>255</u></u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Due to other funds	\$	255
Due to other governmental units		0
Due to taxpayer		<u>0</u>
TOTAL LIABILITIES	\$	<u><u>255</u></u>

Notes to Financial Statements are an integral part of this statement.

NOTES  
TO  
FINANCIAL  
STATEMENTS

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Burt, Alger County, Michigan (Township) is governed by an elected five member board of trustees (Board). The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

**REPORTING ENTITY**

The financial reporting entity, as required by generally accepted accounting principles, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations referred to generally as component units for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the electoral officials of the primary government are financially accountable.

The accompanying financial statements present the primary government, as the Township does not have any component units that are required to be presented, either discretely or blended.

Educational services are provided to citizens through the local school district, which is a separate governmental entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide statements (i.e., Statement of Net Position and the Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. All of the Township's activities are considered to be governmental activities or business type activities. For the most part, the effect of interfund activity has been eliminated from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges the services or applicants for 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 proprietary funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Township 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.

**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 fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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 Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for state shared revenues, reimbursement-based grants and interest which use one year. 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, intergovernmental revenue, charges and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 Township.

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 funds principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

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

Fire Protection Fund - used to account to the financial transactions of the fire department.

Township Improvement Fund - used to account for the financial transactions of the public works and properties of the Township.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Road Improvement Fund - For the past several years, the voters of the Township have approved a specific millage to be used for road repairs and improvements. Historically, the Township has accounted for the activity in the Township Improvement Fund. In March, 2019, the Township Board established a new special revenue fund to account for those receipts and the related expenditures. To satisfy the Board directive, the Township, at year-end, transferred the residual cash and related taxes receivable to the newly created fund. The revenue and expenditure activity for the fund will commence in the 2019-2020 fiscal year.

The Township reports the following major proprietary funds:

Ambulance Fund - used to account for the financial transactions of the ambulance corps and operations.

Woodland Park Fund - used to account for the financial transactions of the Township's parks, library and community center.

Fuel Fund - used to account for the financial transactions of the fuel system.

Water Utility Fund - used to account for the financial transactions of the water supply system.

All other funds are considered to be nonmajor. They include:

Harbor Fund - used to account for the financial transactions of the breakwall construction and other harbor maintenance.

Medical Facility Fund - used to account for the financial transactions of the medical clinic which houses rotating medical practitioners.

Beach Access Fund - used to account for the financial transactions to assure access to Lake Superior for Township residents and the general public.

Marina Fund - used to account for the financial transactions of the Marina operations and ongoing maintenance.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGET AND BUDGETARY ACCOUNTING**

Formal budgetary accounting is employed as a management control for all funds of the Township. The budgetary financial statements included in this report include all funds of the Township. For the funds required to adopt a budget, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles.

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

1. The supervisor submits to the Board, a recommended operating budget for the fiscal year commencing April 1. The proposed budget includes expenditures and the means of financing them.
2. Public hearing is held to obtain taxpayers comments.
3. The budget is legally enacted by the Board of Trustees adoption authorizing a General Appropriation Act for the fiscal year.
4. Any revisions to budgeted amounts are approved by the Board of Trustees.
5. Budgeted amounts are as originally adopted, plus amendments made on or before March 31 by the Board.
6. The budget expires on March 31 of the budget year.

**CASH AND POOLED INVESTMENTS**

For the purpose of the statement of cash flows, the Township considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account restricted cash consists of amount set aside in accordance with bond provisions for principal payment in the event of default and/or system improvements.

Statutory Authority

State statute authorizes the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH AND POOLED INVESTMENTS (CONTINUED)**

- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

**RECEIVABLES**

All receivables are reported in a gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**DO TO AND DUE FROM OTHER FUNDS**

Interfund receivables and payables arise from interfund transactions that are recorded by all funds affected in the period in which transactions are executed. All funds are expected to be repaid within one year and are classified as short term.

**INVENTORY AND PREPAID ITEMS**

Where each fund's inventory value is material to that fund, the value of the inventory is recorded in the financial records. Where the value is immaterial, the amount is not recorded as an asset on the financial statements. The inventory consists primarily of parts and supplies necessary to accomplish the duties of the funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

**RESTRICTED ASSETS**

Money that is restricted for a designated purpose (i.e. construction, capital improvements, debt service) are segregated from operational cash accounts due to their restriction. In addition, some bonds contain covenants that require the Township to establish and maintain prescribed amounts of resources for making system improvements or future bond payments.

**TOWNSHIP OF BURT**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received. The amount reported for infrastructure includes only assets added since 2003.

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

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure), is computed using the straight-line method over the following estimated useful lives:

Buildings	40 to 50 years	Building Improvements	15 to 30 years
Water	40 years	Other Infrastructure	10 to 40 years
Vehicles	3 to 5 years	Office Equipment	5 to 7 years

**COMPENSATED ABSENCES**

It is the Township's policy to permit employees to accumulate earned but unused vacation benefits. The Township does not have a determinable liability for unpaid accumulated sick leave since the Township has a policy not to pay any portion of the accumulated benefits to employees upon separation from service. All vacation leave pay is accrued when incurred in the proprietary fund financial statements.

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the applicable governmental activities, proceeds from any noncurrent liabilities and payments on those liabilities are recorded as other financing sources and debt services expenditures, respectively.

**GRANTING OF CREDIT**

The Township grants credit to the state of Michigan and various local units of government. The Township also extends credit to its Ambulance Fund patients and enterprise fund customers.



TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not have any items that qualify for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

**NET POSITION AND FUND BALANCE REPORTING**

Governmental funds report fund balance in the following five categories:

- a. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (1) not in an expendable form or (2) legally or contractually required to be maintained intact. Non-spendable fund balance would be equal to inventory, prepaid items, noncurrent financial assets, and the non-spendable portion of endowments.
- b. Restricted - the related assets can only be spent for the specific purposes stipulated by the Charter, external source providers, or as identified in enabling legislation.
- c. Committed - the related assets can only be spent for the specific purpose identified by formal resolution of the governing board.
- d. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
- e. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Business-type funds report net position in the following three categories:

- a. Investment in Capital - The portion of net position that consists of capital assets, net of accumulated depreciation and reduced by liabilities attributable to the acquisition, construction or improvement of those assets.
- b. Restricted Net Position - Net position is restricted when there is constraints placed on their use by external parties or by statute.
- c. Unrestricted Net Position - Net position not meeting either category above are considered unrestricted.

**TOWNSHIP OF BURT**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NET POSITION AND FUND BALANCE FLOW ASSUMPTIONS**

Sometimes the Township is able to fund outlays for a particular purpose from either restricted (e.g., restricted bond or grant proceeds) or unrestricted resources. In order to calculate the amounts to report as restricted - net position/fund balance and unrestricted net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to use restricted resources first, and unrestricted resources as they are needed. Further when components of unrestricted fund balance can be used for the same purpose, committed fund balance is the depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The Board can delegate authority to assign fund balance for a specific purpose to the Township Supervisor.

**PROPERTY TAXES**

Township property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 15, and winter taxes are levied on December 1 that are due without penalty on or before February 15. The winter tax bills include the Township's own property taxes. Real property taxes not collected are turned over to Alger County for collection, which advances the Township 100% of the delinquent real property taxes. Collection of the delinquent personal property taxes remains the responsibility of the Township Treasurer.

In addition to its own taxes, the Township collects taxes for the State of Michigan, Alger County, the local school district and the intermediate school district.

The Township actually assessed 1.9729 mills for General Fund operations, 2.9378 mills for Improvement Fund operations, 0.2447 mills for harbor improvements, 1.5000 mills for fire protection, 1.5000 mills for road improvements and 0.9828 mill for ambulance service. The millage generated net tax collections of \$134,069 in the General Fund, \$84,315 for fire protection, \$13,748 for harbor improvements, \$84,274 for road improvements, \$165,144 in the general Township improvements and \$55,175 for ambulance service.

**RETIREMENT PLANS**

The Township maintains two different retirement plans for its full-time employees. One of the plans requires an employee contribution to participate while the other plan does not.

**INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the audit report, the date of the financial statements were available to be issued.

**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Public Act 275 of 1980**

The Township did not have any funds with a net position deficiency or fund balance deficit at March 31, 2019.

**Public Act 621 of 1978**

Public act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of financial statements, the Township's actual expenditures and appropriations have been shown on a functional basis. The approved budgets for the Township for the budgetary funds were adopted on the functional level.

During the year ended March 31, 2019, the Township incurred expenditures in some of the governmental funds governmental funds that exceeded the appropriated amounts. The variances in the major governmental funds can be found on pages 38 through 41 of this report. The variances in the nonmajor governmental funds can be found on pages 52 through 54 of this report.

**Bond Covenants**

The schedule showing bond covenants can be found on page 55 of this report. The Township is in compliance with the financial bond covenants required under the ordinance.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE C - CASH AND INVESTMENTS**

The Township has designated two banks for the deposit of Township funds. The investments policy adopted by the board in accordance with Public Act 20 of 1943, as amended. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government
Cash & Cash Equivalents	\$ 599,664	\$ 600,425	\$ 255	\$ 1,200,344
Restricted Assets	0	200,604	0	200,604
Total	<u>\$ 599,664</u>	<u>\$ 801,029</u>	<u>\$ 255</u>	<u>\$ 1,400,948</u>

The federal insured bank balance of the Township's deposits is \$ 364,478. There were no items classified as investments during the fiscal year.

**NOTE D - INTERFUND TRANSFERS**

The following interfund transfers were recorded during the year and is reflected in the financial statements.

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General	Fire Protection	\$ 1,000	Administration
General	Harbor	1,000	Administration
General	Township Improvement	1,000	Administration
General	Ambulance	1,000	Administration
General	Woodland Park	10,000	Administration
General	Fuel	1,000	Administration
General	Water	1,000	Administration
Improvement	Fire	16,798	Debt service
Improvement	Ambulance	11,835	Debt service
Road Improvement	Improvement	107,202	Restricted fund balances
Marina	Park	15,000	Maintenance

During a prior fiscal year, the Township completed construction of a building (Weston Building) used to house the Department of Public Works as well as the Ambulance and Fire Departments. All costs related to the financing of the building have been and will continue to be recorded in the Township Improvement Fund. These costs are being allocated to the various departments based on their usable square footage. The percentages used are: Public Works 25%, Ambulance 31% and Fire 44%. The costs are being returned to the improvement fund via interfund transfers.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE E - INTERFUND RECEIVABLES AND PAYABLE**

The March 31, 2019, balances of interfund receivables and payables are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General	Tax	\$ 255

The balance is maintained in the Tax Collection Fund to keep the bank account open and delinquent personal property tax collections from late in the fiscal year.

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the Township for the year ended March 31, 2019 was as follows:

	Beginning	Additions	Disposals	Ending
Governmental Funds				
Assets not depreciated				
Land	\$ 155,105	\$ 0	\$ 0	\$ 155,105
Assets being depreciated				
Land improvements	5,130,244	0	0	5,130,244
Buildings	2,117,447	0	0	2,117,447
Equipment	345,035	6,184	0	351,219
Vehicles	32,198	0	0	32,198
Total at historic cost	\$ 7,780,029	\$ 6,184	\$ 0	\$ 7,786,213
Less accumulated depreciation for:				
Land improvements	\$ 956,507	\$ 171,765	\$ 0	\$ 1,128,272
Buildings	1,103,327	54,450	0	1,157,777
Equipment	279,596	15,009	0	294,605
Vehicles	32,178	20	0	32,198
Total accumulated depreciation	\$ 2,371,608	\$ 241,244	\$ 0	\$ 2,612,852
Governmental Funds-Capital Assets	\$ <u>5,408,421</u>	\$ <u>(235,060)</u>	\$ <u>0</u>	\$ <u>5,173,361</u>

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE F - CAPITAL ASSETS (CONTINUED)**

	Beginning	Additions	Disposals	Ending
Business Type Funds				
Assets not depreciated				
Land	\$ 72,014	\$ 0	\$ 0	\$ 72,014
Ambulance upgrade	0	4,629	0	4,629
Assets being depreciated				
Ambulance	229,649	0	0	229,649
Woodland Park	1,115,171	322,755	0	1,437,926
Fuel	100,000	0	0	100,000
Water utility	6,119,589	4,288	0	6,123,877
Marina	<u>129,895</u>	<u>15,434</u>	<u>0</u>	<u>145,329</u>
Total at historic cost	\$ 7,766,318	\$ 347,106	\$ 0	\$ 8,113,424
Less accumulated depreciation for:				
Ambulance	\$ 228,062	\$ 629	\$ 0	\$ 228,691
Woodland Park	569,368	54,976	0	624,344
Fuel	90,000	5,000	0	95,000
Water utility	1,532,301	146,319	0	1,678,620
Marina	<u>61,216</u>	<u>6,495</u>	<u>0</u>	<u>67,711</u>
Total accumulated depreciation	\$ <u>2,480,947</u>	\$ <u>213,419</u>	\$ <u>0</u>	\$ <u>2,694,366</u>
Business Type Funds-Capital Assets	\$ <u><u>5,285,371</u></u>	\$ <u><u>133,687</u></u>	\$ <u><u>0</u></u>	\$ <u><u>5,419,058</u></u>

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

Governmental Activities	
General Government	\$ 15,753
Public Safety	2,834
Public Works	40,588
Recreation	<u>182,069</u>
Total Governmental Activities	<u>\$ 241,244</u>
Business-Type Activities	
Ambulance	\$ 629
Woodland Park	54,976
Fuel	5,000
Water utility	146,319
Marina	<u>6,495</u>
Total Business Type Activities	<u>\$ 213,419</u>

**TOWNSHIP OF BURT**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE G - GENERAL LONG TERM DEBT**

**General Obligation Bond - Weston Building**

\$712,000 - On May 17, 2012, the Township entered into a contract for the construction and equipping of a new building that will be utilized by the Township's Departments of Public Works, Ambulance and Fire Protection with a total projected cost of \$912,000. The project will be financed with a combination grant/general obligation bond from the Rural Development Agency of the United States Department of Agriculture of \$200,000 and \$712,000, respectively. The project was undertaken during the current year but not completed at the end of the fiscal year.

The bond was issued for \$712,000 and bears interest at the rate of 3.375% per annum. The bond requires annual principal payments on May 1 of each year as scheduled below. Interest is payable semiannually on November 1 and May 1 of each year.

The cumulative debt service schedule is below:

Payable Fiscal Year	May 1		November 1	
	Interest	Principal	Interest	Total
2019-2020	\$ 10,446	\$ 17,000	\$ 10,158	\$ 37,604
2020-2021	10,158	18,000	9,855	38,013
2021-2022	9,855	18,000	9,552	37,407
2022-2023	9,551	19,000	9,231	37,782
2023-2028	42,711	105,000	40,939	188,650
2028-2033	33,244	124,000	31,151	188,395
2033-2038	22,106	145,000	19,659	186,765
2038-2043	9,011	173,000	6,092	188,103
<b>TOTALS</b>	<b>\$ 147,082</b>	<b>\$ 619,000</b>	<b>\$ 136,637</b>	<b>\$ 902,719</b>

**Public Works Equipment Debt**

\$29,615 - During a prior year, the Township entered into an installment purchase contract to acquire a "bucket truck" for use in Public Works and Woodland Park. The financing was issued for \$29,615 and is split 50/50 between the Township Improvement Fund (Public Works) and the Woodland Park Fund. The debt bears interest at the rate of 3.00%. The contract calls for annual payments of \$6,399.07 due November 17 of each year. There are prepayment penalty provisions during the first three years in varying amounts. The payments will be split equally between the Township Improvement Fund and Woodland Park Fund.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE G - GENERAL LONG TERM DEBT (CONTINUED)**

**Public Works Equipment Debt (continued)**

The cumulative debt service schedule for the Township Improvement Fund is below:

Payable Fiscal Year	November 17		Total
	Interest	Principal	
2019-2020	\$ 184	\$ 3,016	\$ 3,200
2020-2021	92	3,110	3,202
TOTALS	\$ <u>276</u>	\$ <u>6,126</u>	\$ <u>6,402</u>

**Summary of General Long Term Debt**

	Beginning	New Debt	Payments	Ending	Current Part
Weston Building Bond	\$ 636,000	\$ 0	\$ 17,000	\$ 619,000	\$ 17,000
Bucket Truck Contract	9,054	0	2,928	6,126	3,016
TOTALS	\$ <u>645,054</u>	\$ <u>0</u>	\$ <u>19,928</u>	\$ <u>625,126</u>	\$ <u>20,016</u>

**NOTE H - PROPRIETARY FUND DEBT**

**2012 Water Supply System Revenue Bond**

\$2,350,000 - A Water System Revenue Bond was issued for \$2,350,000 dated June 26, 2012. The bond requires annual principal payments as scheduled below and bears interest at the rate of 2.0% per annum. Interest is payable semiannually on March 1 and September 1 of each year.

The Bond is subject to redemption prior to maturity at the option of the Township, either in whole or in part; on any interest payment date, at par plus accrued interest.



TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE H - PROPRIETARY FUND DEBT (CONTINUED)**

**2012 Water Supply System Revenue Bond**

The cumulative debt service schedule is below:

Payable Fiscal Year	June 1		December 1	
	Interest	Principal	Interest	Total
2019-2020	\$ 21,260	\$ 40,000	\$ 20,860	\$ 82,120
2020-2021	20,860	41,000	20,450	82,310
2021-2022	20,450	42,000	20,030	82,480
2022-2023	20,030	44,000	19,590	83,620
2023-2024	19,590	45,000	19,140	83,730
2024-2029	91,000	235,000	88,590	414,590
2029-2034	78,340	266,000	75,620	419,960
2034-2039	64,020	301,000	60,930	425,950
2039-2044	47,810	340,000	44,330	432,140
2044-2048	29,500	385,000	25,550	440,050
2048-2053	8,790	432,000	5,300	446,090
TOTALS	\$ 421,650	\$ 2,171,000	\$ 400,390	\$ 2,993,040

The bond ordinance requires that the Township fund specific accounts designated for bond interest and redemption payments, a bond redemption reserve and an amount for system repair, replacement and/or improvements.

**Bucket Truck Installment Purchase Contract**

\$29,615 - During a prior year, the Township entered into an installment purchase contract to acquire a “bucket truck” for use in Public Works and Woodland Park. The financing was issued for \$29,615 and is split 50/50 between the Township Improvement Fund (Public Works) and the Woodland Park Fund. The debt bears interest at the rate of 3.00%. The contract calls for annual payments of \$6,399.07 due November 17 of each year. There are prepayment penalty provision during the first three year in varying amounts.

The cumulative debt service schedule for the Woodland Park Fund is below:

Payable Fiscal Year	November 17		Total
	Interest	Principal	
2019-2020	\$ 184	\$ 3,016	\$ 3,200
2020-2021	92	3,110	3,202
TOTALS	\$ <u>276</u>	\$ <u>6,126</u>	\$ <u>6,402</u>

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE H - PROPRIETARY FUND DEBT (CONTINUED)**

**Woodland Park Improvement Loan**

\$400,000 - In January, 2018, the electors of Burt Township approving borrowing up to \$400,000 for the purpose of construction and improvements at Woodland Park (Park). The debt will be repaid with proceeds from Park operations with the capital improvements to commence after the completion of 2018-2019 camping season. The Township entered into an agreement with Peoples State Bank to finance to approved obligation. The Township took two draws on the note during the fiscal year totaling \$258,000. The debt bears interest at the rate of 3.75% per annum. The contract calls for annual payments of \$50,000 (principal and interest) due February 28 of each year beginning in 2019.

The cumulative debt service schedule for the Woodland Park Fund is below:

Payable Fiscal Year	February 28		Total
	Interest	Principal	
2019-2020	\$ 8,028	\$ 41,972	\$ 50,000
2020-2021	6,342	43,658	50,000
2021-2022	4,687	45,313	50,000
2022-2023	2,988	47,012	50,000
2023-2024	1,225	32,670	33,895
TOTALS	\$ <u>23,270</u>	\$ <u>210,625</u>	\$ <u>233,895</u>

**Summary of Proprietary Fund Debt**

	<u>Beginning</u>	<u>New Debt</u>	<u>Payments</u>	<u>Ending</u>	<u>Current Part</u>
Water Supply System Bond I	\$ 2,165,000	\$ 0	\$ 39,000	\$ 2,126,000	\$ 40,000
Bucket Truck Contract	9,054	0	2,928	6,126	3,016
Woodland Park Improvements	0	258,000	47,375	210,625	41,972
TOTALS	\$ <u>2,174,054</u>	\$ <u>258,000</u>	\$ <u>89,303</u>	\$ <u>2,342,751</u>	\$ <u>84,988</u>

**NOTE I - COMPENSATED ABSENCES**

The Township grants full-time employees paid time off for vacation and sickness.

Sick leave is earned at the rate of one day for each month worked, up to a maximum of 960 hours. Sick leave is paid at the employees then current hourly rate. No provision has been made in the financial statements for recording the possible liability related to sick leave, and there is no certainty that the benefits will ever be paid. The total value of the sick benefit earned as of March 31, 2019, was \$35,335.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE I - COMPENSATED ABSENCES (CONTINUED)**

Vacation time is earned at varying rates based upon a number of years of employment at the Township. Vacation time is paid at the employees then current hourly rate. A provision has been made in the government wide financial statements for \$2,363 for earned benefits as of March 31, 2019.

**NOTE J - DEFINED CONTRIBUTION PENSION PLAN**

The Township provides pension benefits to its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to join the plan on January 1 of each year. As established by the Township Board, the Township makes a contribution to the plan according to each employee's gross payroll. The contributions by the Township for the year were \$5,098.

At the financial statement date, the Township had all full time employees except for a newly hired person, participating in the Pension Plan.

**NOTE K - DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to substantially all full-time employees and permits employees to defer a portion of their salary into future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the Plan and all income attributable to those amounts are, until paid and made available to the employee or other beneficiary, to be held in trust for the exclusive benefit of plan participants and their beneficiaries.

Investments are managed by the Plans' trustees under one of several investment options, or a combination thereof. The choice of investment option(s) is made by the participant. The Plan trustee is Municipal Retirement Systems.

As the Township does not have an established trust agreement with the Plan trustee, does not provide investment advice and does not administer the Plan, the Township has not established a fiduciary relationship with the Plan. Therefore, the Plan assets are not included in the financial statements of the Township.

The Township's required and actual contribution to the plan during the year was \$6,863.

TOWNSHIP OF BURT  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE L - NEW ACCOUNTING STANDARDS**

For the year ended March 31, 2019, the Township implemented the following new pronouncement:

No new Governmental Accounting Standards Board Statements that were issued with effective dates for periods covered by the audit were required to be implemented by the Township. Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and will be effective for the Township's 2020 fiscal year-end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Townships with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

**NOTE M - CONTINGENCIES/COMMITMENT**

No material contingencies/commitments were noted that are required to be separately disclosed in these financial statements

**NOTE N - RECLASSIFICATION**

Certain reclassifications have been made in the 2018 comparative totals to conform to classifications used in 2019.

**NOTE O - RISK MANAGEMENT**

The Township of Burt, Alger County, Michigan, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 155,914	\$ 155,914	\$ 155,914	\$ 0
Resources (Inflows)				
Property taxes	196,000	198,000	196,456	(1,544)
State shared revenues and grants	41,500	41,700	47,078	5,378
Contributions from other governmental units	0	0	0	0
Licenses and fees	1,000	3,000	3,377	377
Charges for services	10,100	10,300	10,250	(50)
Interest and rentals	50	50	371	321
Local contributions/donations	0	0	2,550	2,550
Other	0	33,500	2,132	(31,368)
Transfer from other funds	16,000	16,000	16,000	0
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 420,564	\$ 458,464	\$ 434,128	\$ (24,336)
Charges to Appropriations (Outflows)				
Legislative				
Board	\$ 10,800	\$ 10,800	\$ 10,317	\$ 483
General Government				
Supervisor	29,650	29,650	29,253	397
Clerk	32,350	32,050	32,436	(386)
Audit	3,000	3,000	3,262	(262)
Board of review	3,400	3,400	881	2,519
Treasurer	30,550	29,750	27,879	1,871
Assessor	32,650	33,650	30,601	3,049
Elections	4,350	5,150	4,544	606
Buildings and other property	13,000	14,000	19,189	(5,189)
Legal services	1,000	1,000	792	208
Administration	51,600	87,800	56,265	31,535
Public Safety				
Coast Guard Auxiliary	5,000	0	0	0
Community development				
Planning and zoning	6,300	6,300	4,521	1,779
Historical society	500	500	500	0
Other	17,500	27,500	21,926	5,574
Insurance	0	0	7,214	(7,214)
Capital outlay	0	6,000	6,184	(184)
Transfers to other funds	0	0	0	0
TOTAL CHARGES TO APPROPRIATIONS	\$ 241,650	\$ 290,550	\$ 255,764	\$ 34,786
BUDGETARY FUND BALANCE--ENDING	\$ 178,914	\$ 167,914	\$ 178,364	\$ 10,450

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
FIRE PROTECTION FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 171,858	\$ 171,858	\$ 171,858	\$ 0
Resources (Inflows)				
Property taxes	87,000	87,000	84,315	(2,685)
State grant	0	0	336	336
Local grants/donations	0	0	400	400
Charges for services	3,500	3,500	3,274	(226)
Interest earned	500	500	1,202	702
Other	0	0	883	883
Sale of fixed assets	0	0	0	0
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 262,858	\$ 262,858	\$ 262,268	\$ (590)
Charges to Appropriations (Outflows)				
General government - audit	\$ 1,300	\$ 1,300	\$ 1,562	\$ (262)
Public safety - fire	54,400	64,750	54,377	10,373
Capital outlay	7,950	7,950	0	7,950
Transfers to other funds	<u>27,350</u>	<u>17,000</u>	<u>17,798</u>	<u>(798)</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>91,000</u>	\$ <u>91,000</u>	\$ <u>73,737</u>	\$ <u>17,263</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>171,858</u></u>	\$ <u><u>171,858</u></u>	\$ <u><u>188,531</u></u>	\$ <u><u>16,673</u></u>

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
TOWNSHIP IMPROVEMENT FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 197,937	\$ 197,937	\$ 197,937	\$ 0
Resources (Inflows)				
Property taxes - unrestricted	180,000	180,000	165,144	(14,856)
Property taxes - roads	75,000	75,000	84,274	9,274
State grants	0	0	993	993
Charges for services	1,000	1,000	2,800	1,800
Interest and rentals	400	400	600	200
Local grants/donations	0	0	0	0
Other	0	0	730	730
Transfer from other funds	<u>0</u>	<u>0</u>	<u>28,633</u>	<u>28,633</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 454,337	\$ 454,337	\$ 481,111	\$ 26,774
Charges to Appropriations (Outflows)				
General Government				
Audit	\$ 1,850	\$ 2,100	\$ 2,112	\$ (12)
Airport	1,025	1,525	1,117	408
Cemetery	1,500	1,500	644	856
Buildings and grounds	200	200	0	200
Other	0	0	0	0
Public Works				
General	131,175	134,875	137,701	(2,826)
Street lighting	13,000	10,000	11,640	(1,640)
Road improvements	120,000	112,000	111,135	865
Debt service	11,000	12,500	41,378	(28,878)
Capital outlay	3,500	0	0	0
Transfers to other funds	<u>0</u>	<u>0</u>	<u>108,202</u>	<u>(108,202)</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>283,250</u>	\$ <u>274,700</u>	\$ <u>413,929</u>	\$ <u>(139,229)</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>171,087</u></u>	\$ <u><u>179,637</u></u>	\$ <u><u>67,182</u></u>	\$ <u><u>(112,455)</u></u>



TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
ROAD IMPROVEMENT FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Resources (Inflows)				
Property taxes	0	0	0	0
State grants	0	0	0	0
Charges for services	0	0	0	0
Interest and rentals	0	0	0	0
Local grants/donations	0	0	0	0
Other	0	0	0	0
Transfer from other funds	<u>0</u>	<u>0</u>	<u>107,202</u>	<u>107,202</u>
AMOUNTS AVAILABLE FOR APPROPRIATION \$	\$ 0	\$ 0	\$ 107,202	\$ 107,202
Charges to Appropriations (Outflows)				
Public Works				
Road improvements	\$ 0	\$ 0	\$ 0	\$ 0
Capital outlay	0	0	0	0
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS \$	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
BUDGETARY FUND BALANCE--ENDING \$	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>107,202</u></u>	<u><u>107,202</u></u>

OTHER  
SUPPLEMENTARY  
INFORMATION

TOWNSHIP OF BURT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
March 31, 2019

	HARBOR FUND	MEDICAL FACILITY FUND	BEACH ACCESS FUND	TOTAL
ASSETS				
Cash and equivalents	\$ 74,424	\$ 10,789	\$ 7,008	\$ 92,221
Taxes receivable	1,038	0	0	1,038
Due from other funds	0	0	0	0
Due from other governmental units	0	0	0	0
TOTAL ASSETS	\$ 75,462	\$ 10,789	\$ 7,008	\$ 93,259
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 0	\$ 464	\$ 0	\$ 464
Due to other funds	0	0	0	0
Accrued wages	0	0	0	0
TOTAL LIABILITIES	\$ 0	\$ 464	\$ 0	\$ 464
FUND EQUITY				
Fund balance:				
Restricted	\$ 75,462	\$ 8,712	\$ 0	\$ 84,174
Committed	0	1,613	7,008	8,621
Assigned	0	0	0	0
Unassigned	0	0	0	0
TOTAL FUND BALANCE	\$ 75,462	\$ 10,325	\$ 7,008	\$ 92,795
TOTAL LIABILITIES AND FUND EQUITY	\$ 75,462	\$ 10,789	\$ 7,008	\$ 93,259

TOWNSHIP OF BURT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
Year ended March 31, 2019

	HARBOR FUND	MEDICAL FACILITY FUND	BEACH ACCESS FUND	TOTAL
REVENUES				
Property taxes	\$ 13,748	\$ 0	\$ 0	\$ 13,748
State grants	55	7,713	0	7,768
Local grants/contributions	0	0	0	0
User fees	3,274	0	0	3,274
Rent	0	1,400	0	1,400
Other	0	37	0	37
TOTAL REVENUES	\$ 17,077	\$ 9,150	\$ 0	\$ 26,227
EXPENDITURES				
Salaries and wages	\$ 0	\$ 0	\$ 0	\$ 0
Payroll taxes	0	0	0	0
Employee benefits	0	0	0	0
Professional fees	0	759	0	759
Insurance	0	503	0	503
Repairs and maintenance	0	198	0	198
Utilities	0	3,204	0	3,204
Other	0	0	0	0
Capital outlay	0	0	0	0
TOTAL EXPENDITURES	\$ 0	\$ 4,664	\$ 0	\$ 4,664
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 17,077	\$ 4,486	\$ 0	\$ 21,563
OTHER FINANCING SOURCES (USES)				
Interest earned	\$ 68	\$ 10	\$ 7	\$ 85
Transfer from other funds	0	0	0	0
Transfer to other funds	(1,000)	0	0	(1,000)
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	\$ 16,145	\$ 4,496	\$ 7	\$ 20,648
Fund balance - beginning	59,317	5,829	7,001	72,147
	\$ 75,462	\$ 10,325	\$ 7,008	\$ 92,795

TOWNSHIP OF BURT  
COMBINING STATEMENT OF NET POSITION  
NON-MAJOR BUSINESS TYPE FUNDS  
March 31, 2019

	MARINA FUND	TOTAL
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 34,407	\$ 34,407
Accounts receivable	0	0
Due from other funds	0	0
Due from other governmental units	0	0
Inventory	0	0
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	\$ 34,407	\$ 34,407
PROPERTY, PLANT AND EQUIPMENT		
Land	\$ 52,014	\$ 52,014
Plant, lines and equipment	145,329	145,329
Less accumulated depreciation	(67,711)	(67,711)
	<hr/>	<hr/>
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 129,632	\$ 129,632
TOTAL ASSETS	\$ 164,039	\$ 164,039
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 964	\$ 964
Salaries and wages payable	0	0
Due to other funds	0	0
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	\$ 964	\$ 964
NET POSITION		
Investment in capital assets	\$ 129,632	\$ 129,632
Restricted	0	0
Unrestricted	33,443	33,443
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 163,075	\$ 163,075

TOWNSHIP OF BURT  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NON-MAJOR BUSINESS TYPE FUNDS  
Year ended March 31, 2019

	<u>MARINA FUND</u>	<u>TOTAL</u>
OPERATING REVENUES		
Fuel sales	\$ 28,761	\$ 28,761
Other	<u>11,513</u>	<u>11,513</u>
TOTAL OPERATING REVENUES	\$ 40,274	\$ 40,274
OPERATING EXPENSES		
Transmission, distribution and maintenance		
Salaries and wages	\$ 5,007	\$ 5,007
Payroll taxes	383	383
Supplies	723	723
Fuel purchases	23,315	23,315
Purchased services	1,112	1,112
Repairs and maintenance	903	903
Utilities	1,509	1,509
Other	2,512	2,512
Depreciation	<u>6,495</u>	<u>6,495</u>
TOTAL OPERATING EXPENSES	\$ <u>41,959</u>	\$ <u>41,959</u>
OPERATING INCOME	\$ (1,685)	\$ (1,685)
NON-OPERATING REVENUES AND TRANSFERS		
Interest	\$ 31	\$ 31
Other	100	100
Transfers from other funds	15,000	15,000
Transfers to other funds - administrative support	<u>0</u>	<u>0</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ <u>15,131</u>	\$ <u>15,131</u>
NET INCOME	\$ 13,446	\$ 13,446
Net position - Beginning of period	<u>149,629</u>	<u>149,629</u>
NET POSITION - END OF PERIOD	\$ <u><u>163,075</u></u>	\$ <u><u>163,075</u></u>

TOWNSHIP OF BURT  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR BUSINESS TYPE FUNDS  
Year ended March 31, 2019

	<u>MARINA FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 40,274	\$ 40,274
Payments to suppliers	(29,143)	(29,143)
Payments to or on behalf of employees	<u>(5,390)</u>	<u>(5,390)</u>
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	\$ 5,741	\$ 5,741
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from (to) other funds	\$ 15,000	\$ 15,000
Loans made from (repaid to) other funds	(81)	(81)
Other	<u>100</u>	<u>100</u>
TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	\$ 15,019	\$ 15,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	\$ (15,434)	\$ (15,434)
Payments on long term debt and related interest	0	0
Proceeds from sale of fixed assets	<u>0</u>	<u>0</u>
TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (15,434)	\$ (15,434)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ <u>31</u>	\$ <u>31</u>
NET INCREASE (DECREASE) IN CASH	\$ 5,357	\$ 5,357
Cash and equivalents - beginning	<u>29,050</u>	<u>29,050</u>
CASH AND EQUIVALENTS - ENDING	<u><u>34,407</u></u>	<u><u>34,407</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,685)	\$ (1,685)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	6,495	6,495
Change in Assets and Liabilities		
Accounts payable	931	931
Accrued payroll	<u>0</u>	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>5,741</u></u>	<u><u>5,741</u></u>

TOWNSHIP OF BURT  
WATER UTILITY FUND  
STATEMENT OF NET POSITION  
March 31, 2019 and 2018

		<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and equivalents	\$	253,238	\$ 249,314
Accounts receivable		27,466	13,844
Due from other funds		<u>0</u>	<u>1,486</u>
<b>TOTAL CURRENT ASSETS</b>	<b>\$</b>	<b>280,704</b>	<b>\$ 264,644</b>
<b>RESTRICTED ASSETS</b>			
Repair, replacement and improvements	\$	92,241	\$ 96,820
Debt service		<u>104,359</u>	<u>94,290</u>
<b>TOTAL RESTRICTED ASSETS</b>	<b>\$</b>	<b>196,600</b>	<b>\$ 191,110</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Land	\$	10,000	\$ 10,000
Plant, lines and equipment		6,123,877	6,119,589
Less accumulated depreciation		<u>(1,678,620)</u>	<u>(1,532,301)</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$</b>	<b>4,455,257</b>	<b>\$ 4,597,288</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>4,932,561</b>	<b>\$ 5,053,042</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$	3,595	\$ 2,108
Salaries and wages payable		3,963	3,669
Due to other funds		0	333
Accrued interest		14,173	14,433
Current part of long term liabilities		<u>40,000</u>	<u>39,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$</b>	<b>61,731</b>	<b>\$ 59,543</b>
<b>LONG TERM LIABILITIES - Bonds payable (less current part above</b>	<b>\$</b>	<b><u>2,086,000</u></b>	<b>\$ <u>2,126,000</u></b>
<b>TOTAL LIABILITIES</b>		<b>2,147,731</b>	<b>2,185,543</b>
<b>NET POSITION</b>			
Investment in capital assets	\$	2,329,257	\$ 2,432,288
Restricted			
Capital outlay		92,241	96,820
Debt service		104,359	94,290
Unrestricted		<u>258,973</u>	<u>244,101</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>2,784,830</u></b>	<b><u>2,867,499</u></b>



TOWNSHIP OF BURT  
WATER UTILITY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
User charges	\$ 219,313	\$ 219,130
Hydrant rentals	10,350	10,350
Other	<u>16,797</u>	<u>3,566</u>
TOTAL OPERATING REVENUES	\$ 246,460	\$ 233,046
OPERATING EXPENSES		
Transmission, distribution and maintenance	\$ 139,519	\$ 96,424
Depreciation	<u>84,834</u>	<u>79,341</u>
TOTAL OPERATING EXPENSES	\$ <u>224,353</u>	\$ <u>175,765</u>
OPERATING INCOME	\$ 22,107	\$ 57,281
NON-OPERATING INCOME (EXPENSE)		
Interest income	\$ 359	\$ 114
State grant	0	0
Interest expense	(42,650)	(43,430)
Amortization of federal grant	(61,485)	(61,485)
NON-OPERATING TRANSFERS		
Transfers to other funds - administrative support	<u>(1,000)</u>	<u>(10,200)</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ <u>(104,776)</u>	\$ <u>(115,001)</u>
NET INCOME	\$ (82,669)	\$ (57,720)
Net position - Beginning of period	<u>2,867,499</u>	<u>2,925,219</u>
NET POSITION - END OF PERIOD	\$ <u><u>2,784,830</u></u>	\$ <u><u>2,867,499</u></u>

TOWNSHIP OF BURT  
STATEMENT OF CASH FLOWS  
WATER UTILITY FUND  
Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 232,838	\$ 234,498
Payments to suppliers	(69,567)	(36,455)
Payments to or on behalf of employees	<u>(68,171)</u>	<u>(58,494)</u>
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	\$ 95,100	\$ 139,549
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from (to) other funds	\$ (1,000)	\$ (10,200)
Loans made from (repaid to) other funds, net	<u>1,153</u>	<u>(1,264)</u>
TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	\$ 153	\$ (11,464)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	\$ (4,288)	\$ (54,517)
Payments on long term debt and related interest	(81,910)	(82,690)
State grant proceeds	0	0
(Funding of) Use of restricted asset accounts	<u>(5,490)</u>	<u>(26,063)</u>
TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (91,688)	\$ (163,270)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ <u>359</u>	\$ <u>114</u>
NET INCREASE (DECREASE) IN CASH	\$ 3,924	\$ (35,071)
Cash and equivalents - beginning	<u>249,314</u>	<u>284,385</u>
CASH AND EQUIVALENTS - ENDING	<u><u>\$ 253,238</u></u>	<u><u>\$ 249,314</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 22,107	\$ 57,281
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	84,834	79,341
Change in Assets and Liabilities		
Receivables - net	(13,622)	1,452
Accounts payable	1,487	582
Accrued salaries and wages	<u>294</u>	<u>893</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 95,100</u></u>	<u><u>\$ 139,549</u></u>

TOWNSHIP OF BURT  
WATER UTILITY FUND  
SCHEDULE OF OPERATING EXPENSES  
Years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Transmission, Distribution & Maintenance:		
Salaries and wages	\$ 45,370	\$ 40,958
Payroll taxes	3,608	3,065
Employee benefits	19,487	15,364
Supplies	9,197	5,489
Purchases services	5,626	5,891
Repairs and maintenance	35,827	8,051
Utilities	13,064	11,993
Other	<u>7,340</u>	<u>5,613</u>
Total Transmission, Distribution & Maintenance	\$ 139,519	\$ 96,424
Depreciation	\$ <u>84,834</u>	\$ <u>79,341</u>
TOTAL OPERATING EXPENSE	\$ <u><u>224,353</u></u>	\$ <u><u>175,765</u></u>

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
HARBOR FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 59,317	\$ 59,317	\$ 59,317	\$ 0
Resources (Inflows)				
Property taxes	13,700	13,700	13,748	48
State grants	0	0	55	55
Charges for services	3,000	3,000	3,274	274
Local grants/contributions	0	0	0	0
Interest	0	0	68	68
Transfer from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 76,017	\$ 76,017	\$ 76,462	\$ 445
Charges to Appropriations (Outflows)				
General government	\$ 4,500	\$ 14,500	\$ 0	\$ 14,500
Recreation	1,000	0	0	0
Capital outlay	0	0	0	0
Transfer to other funds	<u>10,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>15,500</u>	\$ <u>15,500</u>	\$ <u>1,000</u>	\$ <u>14,500</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>60,517</u></u>	\$ <u><u>60,517</u></u>	\$ <u><u>75,462</u></u>	\$ <u><u>14,945</u></u>

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
MEDICAL FACILITY FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 5,829	\$ 5,829	\$ 5,829	\$ 0
Resources (Inflows)				
State grants	0	0	7,713	7,713
Rent	0	0	1,400	1,400
Interest	0	0	10	10
Other	0	0	37	37
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 5,829	\$ 5,829	\$ 14,989	\$ 9,160
Charges to Appropriations (Outflows)				
General government	\$ 5,250	\$ 5,250	\$ 4,664	\$ 586
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>5,250</u>	\$ <u>5,250</u>	\$ <u>4,664</u>	\$ <u>586</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>579</u></u>	\$ <u><u>579</u></u>	\$ <u><u>10,325</u></u>	\$ <u><u>9,746</u></u>

TOWNSHIP OF BURT  
BUDGETARY COMPARISON SCHEDULE  
BEACH ACCESS FUND  
Year ended March 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 7,001	\$ 7,001	\$ 7,001	\$ 0
Resources (Inflows)				
Interest earned	0	0	7	7
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 7,001	\$ 7,001	\$ 7,008	\$ 7
Charges to Appropriations (Outflows)				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Parks and recreation	0	0	0	0
Capital outlay	0	0	0	0
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>7,001</u></u>	\$ <u><u>7,001</u></u>	\$ <u><u>7,008</u></u>	\$ <u><u>7</u></u>

TOWNSHIP OF BURT  
BOND ORDINANCE COMPLIANCE  
March 31, 2019

	BEGINNING BALANCE	TRANSFERS IN	INTEREST EARNED	EXPENDITURES	ENDING BALANCE	CUMULATIVE REQUIRED BALANCE	ANNUAL TRANSFER IN REQUIREMENT
BOND INTEREST AND REDEMPTION	42,573.85	82,465.00	46.65	81,910.00	43,175.50	40,630.00	82,465.00
BOND RESERVE	51,715.86	9,400.00	67.31	0.00	61,183.17	61,100.00	9,400.00
REPAIR, REPLACEMENT AND IMPROVEMENT	96,820.12	16,833.00	125.58	21,538.00	92,240.70	87,876.50	16,833.00
	191,109.83	108,698.00	239.54	103,448.00	196,599.37	189,606.50	108,698.00

WATER FUND:

THE BOND ORDINANCES REQUIRE FUNDING OF THE FOLLOWING ACCOUNTS:

BOND INTEREST AND REDEMPTION IS TO BE FUNDED AT 1/2 OF THE NEXT INTEREST PAYMENT DUE AND 1/4 OF THE NEXT PRINCIPAL PAYMENT  
BOND RESERVE IS TO BE FUNDED AT \$2,350 PER QUARTER UP TO A MAXIMUM OF \$94,000  
REPAIR, REPLACEMENT AND IMPROVEMENT IS TO BE FUNDED AT \$6,558.25 PER QUARTER LESS THE BOND RESERVE DEPOSIT, IF ANY

**FUNDING REQUIREMENTS DESCRIBED ABOVE ARE IN COMPLIANCE**

CONTROL  
AND  
COMPLIANCE  
SECTION



# SCOTT R. KENNEY

*Certified Public Accountant*

1374 Commercial Ave., Suite #1  
Crystal Falls, Michigan 49920  
(906) 875-4393 Fax: (906) 875-3879

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

The Honorable Supervisor and Board  
Township of Burt, Alger Count  
P.O. Box 430  
Grand Marais, MI 49839

I have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Burt Township, Alger County, Michigan (Township), as of March 31, 2019, and the related notes to the financial statements which collectively comprise the Township's basic financial statements and have issued my report thereon dated June 5, 2019.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit of the financial statements, I considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, I do not express an opinion on the effectiveness of the Township's 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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness but important enough to merit attention by those charged with governance. I consider the deficiencies labeled as Material Weakness in the accompanying letter of comments and recommendations to be a material weakness and the item labeled as a Significant Deficiency in the accompanying letter of comments and recommendation to be a significant deficiency.

My 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **TOWNSHIP'S RESPONSE TO FINDINGS**

The Township's response to the findings identified in my audit is described in the accompanying letter of comments and recommendations. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

## **PURPOSE OF THE REPORT**

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



Certified Public Accountant

June 5, 2019

# SCOTT R. KENNEY

*Certified Public Accountant*

1374 Commercial Ave., Suite #1  
Crystal Falls, Michigan 49920  
(906) 875-4393 Fax: (906) 875-3879

June 5, 2019

The Honorable Supervisor and Board  
Township of Burt  
P.O. Box 430  
Grand Marais, MI 49839

I have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan (Township), for the year ended March 31, 2019. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States; as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated June 5, 2019. Professional standards also require that I communicate to you the following information related to my audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2019. I noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township's financial statements were:

**Management' estimate of the useful lives and depreciation rates of capital assets is based on past practice and experience. We evaluated the key factors and assumptions used to develop the accounting estimate s in determining that they are reasonable in relation to the financial statements taken as a whole.**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

**The disclosure of compensated absences information in Note I to the financial statements is based on information accumulated by the Township accounting staff.**

**The disclosure of long-term debt principal and interest requirements to maturity are based on scheduled payments as per bond agreements.**

**The financial statement disclosures are neutral, consistent, and clear.**

**One material weakness and one significant deficiency were reported in my “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*”.**

#### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management and in completing the audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor’s report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested and been provided certain representations from management that are included in the management representation letter dated June 5, 2019

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all relevant facts. To my knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to my retention as the Township’s auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

### *Other Matters*

I applied certain limited procedures to the supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or any other form of assurance on the RSI.

I was engaged to report on the Other Supplementary Information, which accompany the financial statements but are not RSI. With respect to the Other Supplementary Information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the Other Supplementary Information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### *Control Deficiencies*

During my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency that are neither significant deficiencies nor material weaknesses. A summary of these control deficiencies are described in the letter of comments and recommendations that accompanies this letter.

*Restrictions on Use of this Report*

This information is intended solely for the use of the Township Board and management of the Township and is not intended to be and should not be used by anyone other than those specified parties.

  
Certified Public Accountant

# SCOTT R. KENNEY

*Certified Public Accountant*

1374 Commercial Ave., Suite #1  
Crystal Falls, Michigan 49920  
(906) 875-4393 Fax: (906) 875-3879

June 5, 2019

The Honorable Supervisor and Board  
Township of Burt  
P.O. Box 430  
Grand Marais, MI 49839

In conjunction with the audit of the general purpose financial statements of the Township of Burt, Alger County, Michigan (Township) as of and for the year ended March 31, 2019, I have reviewed the Township's accounting policies and procedures and systems of internal control. My audit was conducted primarily to enable me to formulate an opinion on the Township's financial statements and accordingly, would not disclose all weaknesses in the system which may exist. My review disclosed certain areas in which I believe more effective internal control or increased efficiency may be achieved. This letter is intended to summarize my findings and present my overall conclusions and recommendations. It has been prepared solely for the information of the Township Board and management and should not be presented or quoted to anyone outside of the Township because of the possibility of misunderstanding by other persons who may not be aware of the objectives and limitations of internal controls and my study and evaluation thereof. Statement on Audit Standard Number 122 (SAS 122) requires that I inform the Township of all significant control deficiencies and those control deficiencies be split into one of two types. The two types of control deficiencies are "significant deficiencies" and "material weaknesses". A significant deficiency is defined as a control deficiency that has more than a remote likelihood that the entity's ability to initiate, authorize, record, process or report financial data in compliance with accounting principles generally accepted in the United States of America will be adversely affected and that such affect will be more than inconsequential. A material weakness is defined as a significant deficiency(ies) that could have a material affect on the financial statements. The first two items in Other Matters for Consideration are repeated from the prior year. No other comments below are repeated from the prior year.

## **MATERIAL NON-COMPLIANCE**

None identified.

## **MATERIAL WEAKNESS**

**OBSERVATION** - During the audit period, the Township changed the procedures for billing ambulance services to a new billing provider. There was a substantial lag in; (1) billing the services provided timely, (2) bill the services properly and (3) implementing approved rate changes.

This lag resulted in a substantial delay in getting payment for the services provided and, on a related note, a substantial increase in accounts receivable.

**RECOMMENDATION** - I recommend that the Township implement the following:

- A. The Ambulance Director will supply run numbers, dates of service, and whether the run will be charged (patient transport) or no charge (patient not transported) to the administrative office weekly.
- B. The administrative staff will create a zero charge bill from the information provided by the Ambulance Director.
- C. When Accumed (the billing company) sends the billing information to the Township, the administrative staff will update the invoice with the appropriate charges.

**MANAGEMENT'S RESPONSE** - The Township will implement the audit recommendation on the following schedule:

- A. All runs not recorded as of August 1, 2019 will be recorded on the Township system. Further, the Ambulance Director has been directed to provide a listing of all runs on a weekly basis beginning in July 2019.
- B.. The recommended procedure will be communicated and implemented to facilitate the implementation schedule.

## **SIGNIFICANT DEFICIENCY**

**OBSERVATION** - All fires that are responded to by the Township's Fire Department are to receive an invoice for the services provided in accordance with the Township policy. While there was payroll for fire response during the year, there were no charges for responding to fires during the fiscal year.

**RECOMMENDATION** - I recommend that the Township instruct the fire chief to send the appropriate information to the administrative office following a fire to facilitate the charging for those services.

**MANAGEMENT'S RESPONSE** - The Supervisor will instruct the fire chief to get the appropriate information to the office for billing.



## **OTHER MATTERS FOR CONSIDERATION**

**OBSERVATION** - The Water Fund incurred both a net loss and negative cash flow during the year. The Water Fund bond ordinance states that the rates in the Water Fund will be maintained at a level to be self sustaining.

**RECOMMENDATION** - I recommend that the Township increase the rates in the Water Fund to generate a profit and positive cash flow.

**MANAGEMENT'S RESPONSE** - The Water rates will be examined and adjusted as soon as possible.

**OBSERVATION** - In March, 2019, the Township approved the implementation of a Road Improvement Fund for the purpose of tracking the specific millage for road improvements and the related expenditures. The beginning balances were reclassified into the fund at the beginning of the current fiscal year.

**RECOMMENDATION** - Establish the necessary accounts to properly account for the assets, liabilities, fund balance, revenues and expenditures in the newly established fund.

**MANAGEMENT'S RESPONSE** - The operation of the fund has begun in the 2019-2020 fiscal year.

I would like to thank the Township Board for allowing me to conduct the audit of the financial statements and I would especially like to thank Sheri, Lori, Tara, Heather and the department heads for their assistance during the audit.

If the Township would like my assistance in implementing any of the above recommendations, I am willing to help in any way that I can.

Certified Public Accountant