

**Tyrone Township
Livingston County, Michigan**

**Financial Report
with Supplemental Information
March 31, 2013**

Tyrone Township

List of Elected Officials

Supervisor

Mike Cunningham

Clerk

Keith Kremer

Treasurer

Marna Bunting-Smith

Trustee

Cam Gonzalez

Trustee

Soren Pedersen

Trustee

Charles Schultz

Trustee

David Walker

Tyrone Township

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Independent Auditor's Report

To the Board of Trustees
Tyrone Township, Livingston County, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

To the Board of Trustees
Tyrone Township, Livingston County, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedules, as identified in the table of contents, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information 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 the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

July 9, 2013

Tyrone Township

Management's Discussion and Analysis

Our discussion and analysis of Tyrone Township, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2013. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2013:

- The Township's total net position is \$13.8 million.
- During the year, the Township's total net position increased \$135,000. Governmental activities realized a \$760,000 increase in net position. Business-type activities realized a decrease of \$625,000 in net position.
- General Fund revenue exceeded expenditures by \$666,000. There was also a transfer out of \$148,000, leaving a fund balance of \$3,039,000.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Tyrone Township

Management's Discussion and Analysis (Continued)

Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior two years:

	Governmental Activities				Percent Change
	2011	2012	2013	Change	
Assets					
Other assets	\$ 3,150,996	\$ 3,972,358	\$ 4,733,862	\$ 761,504	19%
Capital assets	<u>195,208</u>	<u>218,101</u>	<u>198,147</u>	<u>(19,954)</u>	-9%
Total assets	3,346,204	4,190,459	4,932,009	741,550	18%
Liabilities					
Current liabilities	711,045	772,502	787,150	14,648	2%
Long-term liabilities	<u>628,000</u>	<u>571,200</u>	<u>538,400</u>	<u>(32,800)</u>	-6%
Total liabilities	<u>1,339,045</u>	<u>1,343,702</u>	<u>1,325,550</u>	<u>(18,152)</u>	-1%
Net Position					
Net investment in capital assets	195,208	218,101	198,147	(19,954)	-9%
Restricted	686,857	797,232	770,583	(26,649)	-3%
Unrestricted	<u>1,125,094</u>	<u>1,831,424</u>	<u>2,637,729</u>	<u>806,305</u>	44%
Total net position	<u>\$ 2,007,159</u>	<u>\$ 2,846,757</u>	<u>\$ 3,606,459</u>	<u>\$ 759,702</u>	27%

Tyrone Township

Management's Discussion and Analysis (Continued)

	Governmental Activities				Percent
	2011	2012	2013	Change	Change
Revenue					
Program revenue:					
Charges for services	\$ 883,651	\$ 306,323	\$ 352,128	\$ 45,805	15%
Capital grants	53,969	-	-	-	0%
General revenue:					
Property taxes	378,934	355,849	353,238	(2,611)	-1%
Public safety special assessment	-	578,950	582,525	3,575	1%
State-shared revenue	560,212	787,886	727,780	(60,106)	-8%
Investment earnings	22,729	9,456	6,606	(2,850)	-30%
Other revenue	104,103	263,840	209,148	(54,692)	-21%
Total revenue	<u>2,003,598</u>	<u>2,302,304</u>	<u>2,231,425</u>	<u>(70,879)</u>	-3%
Program Expenses					
General government	604,567	631,249	631,128	(121)	0%
Public safety	511,640	615,859	536,224	(79,635)	-13%
Public works	520,383	187,190	225,269	38,079	20%
Health and welfare - Seniors	4,000	4,000	4,000	-	0%
Cultural - Public access program	-	-	52,504	52,504	100%
Interest on long-term debt	15,344	24,408	22,598	(1,810)	-7%
Total expenses	<u>1,655,934</u>	<u>1,462,706</u>	<u>1,471,723</u>	<u>9,017</u>	1%
Change in Net Position	<u>\$ 347,664</u>	<u>\$ 839,598</u>	<u>\$ 759,702</u>	<u>\$ (79,896)</u>	-10%

The governmental net position increased 27 percent from a year ago - increasing from \$2,846,757 to \$3,606,459. Last year's net position increased by 42 percent. The increases are due in part to a public safety special assessment that was approved by the public.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$806,305 for the governmental activities due mainly to the public safety special assessment. This represents an increase of approximately 44 percent. The current level of unrestricted net position for our governmental activities stands at \$2,637,729, or about 179 percent of expenditures.

The Township's total governmental net revenue decreased by \$70,879. The decrease, which represents 3 percent, was primarily due to a decrease in state-shared revenue.

Expenses increased by \$9,017 during the year, primarily as a result of an increase in public education grant disbursements and road project expenditures offset by a decrease in the fire protection costs.

Tyrone Township

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior two years:

	Business-type Activities				Percent Change
	2011	2012	2013	Change	
Assets					
Other assets	\$ 9,419,954	\$ 8,717,076	\$ 6,994,906	\$ (1,722,170)	-20%
Capital assets	<u>15,415,696</u>	<u>14,914,312</u>	<u>14,412,747</u>	<u>(501,565)</u>	-3%
Total assets	24,835,650	23,631,388	21,407,653	(2,223,735)	-9%
Liabilities					
Current liabilities	1,249,019	1,258,496	403,814	(854,682)	-68%
Long-term liabilities	<u>12,257,864</u>	<u>11,513,875</u>	<u>10,769,887</u>	<u>(743,988)</u>	-6%
Total liabilities	<u>13,506,883</u>	<u>12,772,371</u>	<u>11,173,701</u>	<u>(1,598,670)</u>	-13%
Net Position					
Net investment in capital assets	3,623,031	3,387,304	3,600,253	212,949	6%
Restricted	6,774,329	7,136,684	6,908,522	(228,162)	-3%
Unrestricted	<u>931,407</u>	<u>335,029</u>	<u>(274,823)</u>	<u>(609,852)</u>	-182%
Total net position	<u>\$ 11,328,767</u>	<u>\$ 10,859,017</u>	<u>\$ 10,233,952</u>	<u>\$ (625,065)</u>	-6%

	Business-type Activities				Percent Change
	2011	2012	2013	Change	
Operating revenue	\$ 388,310	\$ 444,186	\$ 432,249	\$ (11,937)	-3%
Operating expenses, other than depreciation	222,174	282,836	294,323	11,487	4%
Nonoperating expense	-	-	-	-	0%
Depreciation and amortization	<u>501,384</u>	<u>501,384</u>	<u>501,384</u>	<u>-</u>	0%
Operating loss	(335,248)	(340,034)	(363,458)	(23,424)	-7%
Interest income	12,526	5,376	7,275	1,899	35%
Interest expense	510,511	489,615	449,780	(39,835)	-8%
Nonoperating expenses	3,800	53,709	8,418	(45,291)	-84%
Special assessment chargebacks	-	-	1,037	1,037	100%
Gain on sale of assets	72,300	-	-	-	0%
Capital contributions	<u>559,245</u>	<u>408,232</u>	<u>190,353</u>	<u>(217,879)</u>	-53%
Change in Net Position	<u>\$ (205,488)</u>	<u>\$ (469,750)</u>	<u>\$ (625,065)</u>	<u>\$ (155,315)</u>	33%

Tyrone Township

Management's Discussion and Analysis (Continued)

The Township's business-type activities consist of the Sewer Fund.

The net position of business-type activities decreased 6 percent from a year ago - decreasing from \$10,859,017 to \$10,233,952 due to an operating loss and a decrease in the special assessment interest income in the current fiscal year. Last year's net position decreased by 4 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by \$609,852.

The Township's Funds

Our analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages and public safety assessment. The Township's major funds for 2013 include the General Fund, Public Safety Fund, and Parkin Lane Road Construction Maintenance Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. Over the past year, with a few exceptions, Township departments overall stayed below budget, resulting in total expenditures \$173,000 below budget and actual revenue being \$214,000 greater than budget. This allowed the General Fund's fund balance (excluding other funds that are reclassified to the General Fund due to GASB No. 54) to increase from \$1,591,000 a year ago to \$2,119,000 at March 31, 2013. The increase in fund balance is mainly due to the Public Safety Fund. All public safety expenses are mainly paid by the Public Safety Fund.

Capital Asset and Debt Administration

At the end of 2013, the Township had \$14.6 million invested in a broad range of capital assets, including buildings, equipment, and sewer lines. The Township has \$538,400 in governmental activities debt and \$10,769,887 in business-type activities debt (substantially for sewer improvement bonds).

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Tyrone Township

Statement of Net Position March 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 2,746,076	\$ 415,993	\$ 3,162,069
Investments	423,162	-	423,162
Receivables (Note 4)	631,636	5,472,464	6,104,100
Internal balances	849,664	(849,664)	-
Prepaid expenses and other	83,324	-	83,324
Capital assets (Note 5):			
Assets not subject to depreciation	7,500	-	7,500
Assets subject to depreciation - Net of depreciation	190,647	14,412,747	14,603,394
Cash and equivalents - Restricted	-	1,890,785	1,890,785
Cash held with agent - Restricted	-	5,445	5,445
Bond issuance cost	-	59,883	59,883
Total assets	4,932,009	21,407,653	26,339,662
Liabilities			
Accounts payable	155,530	27,567	183,097
Due to other governmental units	-	200,336	200,336
Refundable deposits, bonds, etc.	-	20,000	20,000
Accrued liabilities and other	16,749	155,911	172,660
Deferred revenue (Note 4)	614,871	-	614,871
Noncurrent liabilities (Note 7):			
Due within one year	32,800	765,000	797,800
Due in more than one year	505,600	10,004,887	10,510,487
Total liabilities	1,325,550	11,173,701	12,499,251
Net Position			
Net investment in capital assets	198,147	3,600,253	3,798,400
Restricted for:			
Debt service	589,483	6,908,522	7,498,005
Public access programming	153,088	-	153,088
Streets and right of way	242	-	242
Various special assessed services	27,770	-	27,770
Unrestricted	2,637,729	(274,823)	2,362,906
Total net position	\$ 3,606,459	\$ 10,233,952	\$ 13,840,411

Tyrone Township

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Capital Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 631,128	\$ 221,658	\$ -
Public safety	536,224	70,028	-
Public works	225,269	60,442	-
Health and welfare - Seniors	4,000	-	-
Cultural - Public access program	52,504	-	-
Interest on long-term debt	22,598	-	-
Total governmental activities	1,471,723	352,128	-
Business-type activities	1,253,905	431,212	190,353
Total primary government	\$ 2,725,628	\$ 783,340	\$ 190,353
General revenue:			
Property taxes			
Public safety special assessment			
State-shared revenue			
Investment income			
Cable franchise fees			
Other miscellaneous income			
Total general revenue			
Change in Net Position			
Net Position - Beginning of year			
Net Position - End of year			

**Statement of Activities
Year Ended March 31, 2013**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (409,470)	\$ -	\$ (409,470)
(466,196)	-	(466,196)
(164,827)	-	(164,827)
(4,000)	-	(4,000)
(52,504)	-	(52,504)
(22,598)	-	(22,598)
(1,119,595)	-	(1,119,595)
-	(632,340)	(632,340)
(1,119,595)	(632,340)	(1,751,935)
353,238	-	353,238
582,525	-	582,525
727,780	-	727,780
6,606	7,275	13,881
201,317	-	201,317
7,831	-	7,831
1,879,297	7,275	1,886,572
759,702	(625,065)	134,637
2,846,757	10,859,017	13,705,774
\$ 3,606,459	\$ 10,233,952	\$ 13,840,411

Tyrone Township

Governmental Funds Balance Sheet March 31, 2013

	General Fund	Public Safety Fund	Parkin Lane Road Construction Maintenance Fund	Nonmajor Funds	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 1,576,084	\$ 768,702	\$ 166,651	\$ 234,639	\$ 2,746,076
Investments	423,162	-	-	-	423,162
Receivables - Net of allowance	192,032	37,832	370,867	30,905	631,636
Advances to other funds (Note 6)	850,000	-	-	-	850,000
Prepaid expenses	13,964	69,360	-	-	83,324
Total assets	\$ 3,055,242	\$ 875,894	\$ 537,518	\$ 265,544	\$ 4,734,198
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 5,982	\$ 149,215	\$ -	\$ 333	\$ 155,530
Due to other funds (Note 6)	336	-	-	-	336
Accrued and other liabilities	9,644	-	-	-	9,644
Deferred revenue (Note 4)	-	582,725	369,553	49,376	1,001,654
Total liabilities	15,962	731,940	369,553	49,709	1,167,164
Fund Balances					
Nonspendable:					
Prepays	13,964	69,360	-	-	83,324
Long-term advance	850,000	-	-	-	850,000
Restricted:					
Debt service	-	-	167,965	34,735	202,700
Public access programming	-	-	-	153,088	153,088
Waste removal	-	-	-	10,872	10,872
Snow removal	-	-	-	6,977	6,977
Other maintenance	-	-	-	8,531	8,531
Lighting districts	-	-	-	1,390	1,390
Right of way	-	-	-	242	242
Assigned:					
Technology	23,570	-	-	-	23,570
Beautification	2,181	-	-	-	2,181
Public safety	-	74,594	-	-	74,594
Township improvement	447,519	-	-	-	447,519
Building and site	14,006	-	-	-	14,006
Road improvement	433,186	-	-	-	433,186
Unassigned	1,254,854	-	-	-	1,254,854
Total fund balances	3,039,280	143,954	167,965	215,835	3,567,034
Total liabilities and fund balances	\$ 3,055,242	\$ 875,894	\$ 537,518	\$ 265,544	\$ 4,734,198

The Notes to Financial Statements are an
Integral Part of this Statement.

Tyrone Township

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

Fund Balance Reported in Governmental Funds	\$ 3,567,034
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	198,147
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	386,783
Bonds payable are not due and payable in the current period and are not reported in the funds	(538,400)
Accrued interest is not due and payable in the current period and is not reported in the funds	<u>(7,105)</u>
Net Position of Governmental Activities	<u><u>\$ 3,606,459</u></u>

Tyrone Township

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2013

	General Fund	Public Safety Fund	Parkin Lane Road Construction Maintenance Fund	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 353,238	\$ -	\$ -	\$ -	\$ 353,238
Licenses and permits	10,424	-	-	-	10,424
State revenue	727,780	-	-	8,950	736,730
Charges for services	45,407	51,662	-	2,133	99,202
Interest	5,960	-	609	37	6,606
Other revenue:					
Special assessments	-	582,525	64,401	41,732	688,658
Cable franchise fees	143,798	-	-	57,519	201,317
Fees	120,296	-	-	-	120,296
Other miscellaneous income	69,595	-	-	-	69,595
Total revenue	1,476,498	634,187	65,010	110,371	2,286,066
Expenditures - Current					
General government	601,735	-	-	-	601,735
Public safety	8,206	525,885	-	2,133	536,224
Public works	186,309	-	-	38,960	225,269
Health and welfare - Seniors	4,000	-	-	-	4,000
Cultural - Public access program	-	-	-	52,504	52,504
Capital outlay	9,439	-	-	-	9,439
Debt service	-	-	35,890	20,435	56,325
Total expenditures	809,689	525,885	35,890	114,032	1,485,496
Excess of Revenue Over (Under) Expenditures	666,809	108,302	29,120	(3,661)	800,570
Other Financing Sources (Uses)					
Transfers in (Note 6)	-	-	-	148,073	148,073
Transfers out (Note 6)	(148,073)	-	-	-	(148,073)
Total other financing (uses) sources	(148,073)	-	-	148,073	-
Net Change in Fund Balances	518,736	108,302	29,120	144,412	800,570
Fund Balances - Beginning of year	2,520,544	35,652	138,845	71,423	2,766,464
Fund Balances - End of year	\$ 3,039,280	\$ 143,954	\$ 167,965	\$ 215,835	\$ 3,567,034

The Notes to Financial Statements are an
Integral Part of this Statement.

Tyrone Township

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 800,570
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	9,439
Depreciation expense	(29,393)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(54,641)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	32,800
Change in accrued interest payable and other	<u>927</u>
Change in Net Position of Governmental Activities	<u>\$ 759,702</u>

Tyrone Township

Proprietary Funds Statement of Net Position March 31, 2013

	Enterprise Fund - Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 415,993
Receivables - Net of allowance	641,453
Due from other funds (Note 6)	336
Total current assets	<u>1,057,782</u>
Noncurrent assets:	
Special assessment receivables	4,748,165
Tap-in receivables	82,846
Capital assets	14,412,747
Restricted cash	1,890,785
Cash held by agent - Restricted	5,445
Bond issuance cost	59,883
Total noncurrent assets	<u>21,199,871</u>
Total assets	<u>22,257,653</u>
Liabilities	
Current liabilities:	
Accounts payable	27,567
Due to other governmental units	200,336
Refundable deposits, bonds, etc.	20,000
Accrued interest payable	155,911
Current portion of long-term debt (Note 7)	765,000
Total current liabilities	<u>1,168,814</u>
Noncurrent liabilities:	
Advances from other funds (Note 6)	850,000
Unamortized bond premium and loss on refinancing (Note 7)	(60,113)
Long-term debt (Note 7)	10,065,000
Total noncurrent liabilities	<u>10,854,887</u>
Total liabilities	<u>12,023,701</u>
Net Position	
Net investment in capital assets	3,600,253
Restricted - Debt service	6,908,522
Unrestricted (Note 2)	(274,823)
Total net position	<u><u>\$ 10,233,952</u></u>

Tyrone Township

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended March 31, 2013

	Enterprise Fund - Sewer Fund
Operating Revenue	
Charges for services	\$ 427,992
Other miscellaneous revenue	4,257
Total operating revenue	<u>432,249</u>
Operating Expenses	
Cost of sewage operations and maintenance	294,323
Depreciation	501,384
Total operating expenses	<u>795,707</u>
Operating Loss	(363,458)
Nonoperating Revenue (Expenses)	
Investment income	7,275
Interest expense	(449,780)
Other nonoperating expenses	(8,418)
Special assessment chargebacks	(1,037)
Total nonoperating expenses	<u>(451,960)</u>
Loss - Before contributions	(815,418)
Capital Contributions	
Special assessments interest	161,553
Tap-in fees	28,800
Total capital contributions	<u>190,353</u>
Change in Net Position	(625,065)
Net Position - Beginning of year	<u>10,859,017</u>
Net Position - End of year	<u><u>\$ 10,233,952</u></u>

Tyrone Township

Proprietary Funds Statement of Cash Flows Year Ended March 31, 2013

	Enterprise Fund - Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 447,357
Payments to suppliers	(1,132,477)
Internal activity - Payments to other funds	(2,498)
	<hr/>
Net cash used in operating activities	(687,618)
Cash Flows from Noncapital Financing Activities -	
Loans received from other funds	425,000
Cash Flows from Capital and Related Financing Activities	
Special assessment collections	897,491
Tap-in fees	59,308
Purchase of capital assets	181
Principal and interest paid on capital debt	(1,212,725)
Special assessment chargebacks	(1,037)
	<hr/>
Net cash used in capital and related financing activities	(256,782)
Cash Flows from Investing Activities - Interest received	
on investments	7,275
	<hr/>
Net Decrease in Cash and Cash Equivalents	(512,125)
Cash and Cash Equivalents - Beginning of year	2,824,348
	<hr/>
Cash and Cash Equivalents - End of year	\$ 2,312,223
	<hr/>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 415,993
Restricted cash	1,890,785
Cash held with agent - Restricted	5,445
	<hr/>
Total cash and cash equivalents	\$ 2,312,223
	<hr/>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (363,458)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	501,384
Changes in assets and liabilities:	
Receivables	15,108
Due from other funds	(336)
Accounts payable	(838,154)
Due to other funds	(2,162)
	<hr/>
Net cash used in operating activities	\$ (687,618)
	<hr/>

Tyrone Township

Fiduciary Funds Statement of Assets and Liabilities March 31, 2013

	<u>Agency Funds</u>
Assets - Cash and cash equivalents	\$ 8,103
Liabilities	
Due to other governmental units	\$ 3,261
Refundable deposits, bonds, etc.	<u>4,842</u>
Total liabilities	<u>\$ 8,103</u>

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of Tyrone Township (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Tyrone Township:

Reporting Entity

Tyrone Township is governed by an elected seven-member council (board). The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. The Township has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

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

The Public Safety Fund is used to account for the Township's police and fire activities paid with extra voted special assessments.

The Parkin Lane Road Construction Maintenance Fund is used to account for the collection of special assessments levied on affected properties for road construction.

The Township reports the following major proprietary fund:

The Sewer Disposal Fund accounts for the operations of the sewage pumping and collection systems.

Additionally, the Township reports the following fiduciary activities:

The agency funds account for assets held by the Township as an agent for individuals, private organizations, and other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and interest income.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the Township's policy is to first apply restricted resources.

When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Sewer Fund recognizes tap fees as capital contributions. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

The Township levies property taxes on December 1 of each year. These taxes become liens on the property at that date. Township taxes are collected without penalty from December 1 to February 28 each year.

The Township's 2012 tax is levied and collectible on December 1, 2012 and is recognized as revenue in the year ended March 31, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2012 taxable valuation of the Township totaled \$387 million, on which taxes levied consisted of .9067 mills for operating purposes. This resulted in approximately \$353,000 for operating purposes recognized in the General Fund.

Special Assessments

The Township special assesses a flat fee per parcel for public safety (police and fire), lighting, rubbish removal, and snow removal. The assessment is levied and collectible on December 1, 2011 and is recognized as revenue in the year ended March 31, 2013, when the proceeds of the assessment are budgeted to pay for the operation of the special assessment districts.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

Restricted Cash and Cash Equivalents - The Township's Sewer Enterprise Fund has cash in the amount of \$1,890,785 that is restricted for debt service. The balance represents special assessments that have been collected and will be used to pay off the sewer bonds. The Sewer Fund has unspent bond proceeds of \$5,445 on deposit with the Livingston County Water and Waste Services Division for the construction of sewer line improvements. The division will hold these funds on behalf of the Township and expend the proceeds for allowable construction costs.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds;" activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items - 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.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Building	39 years
Building improvements	15 years
Vehicles	5 years
Office equipment	5 years
Furniture and fixtures	7 years
Sewer distribution system	39 years
Software	5 years
Other tools and equipment	3 to 7 years

Long-term Obligations - In the government-wide financial statements and 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 or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board.
- **Assigned:** Intent to spend resources on specific purposes expressed by the board

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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 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 could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall is as follows:

Shortfall at April 1, 2012	\$ (307,090)
Construction permit revenue	9,725
Building department expenditures	<u>20,731</u>
Current year shortfall	<u>(11,006)</u>
Cumulative shortfall at March 31, 2013	<u>\$ (318,096)</u>

Fund Deficits - The Township has accumulated an unrestricted net position deficit for the Sewer Fund of \$274,823. The deficit in the fund was caused by expenditures in excess of revenue.

Tyrone Township

Notes to Financial Statements March 31, 2013

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated several banks for the deposit of its funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$3,861,627 of bank deposits (certificates of deposit and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
MBIA CLASS - Mutual fund	\$ 316,322	Caa	Moody's
JPMorgan Chase - Sweep	90,710	Baa	Moody's

Tyrone Township

Notes to Financial Statements March 31, 2013

Note 4 - Receivables and Deferred Revenue

Receivables as of year end for the Township's General Fund, major funds, and the nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Safety Fund	Parkin Lane Road Construction Maintenance Fund	Nonmajor Funds	Total	Sewer Fund
Receivables:						
Accounts	\$ 30,072	\$ 95,648	\$ -	\$ -	\$ 125,720	\$ -
Special assessments	1,735	-	369,553	30,430	401,718	6,787,803
Noncurrent benefit fees receivable	-	-	-	-	-	82,846
Other receivables	75,367	-	-	12,029	87,396	-
Due from other governmental units	160,225	37,832	1,314	1,646	201,017	96,114
Current portion of tap-in fees	-	-	-	-	-	4,190
Less allowance for uncollectibles	(75,367)	(95,648)	-	-	(171,015)	(150,976)
Net receivables	<u>\$ 192,032</u>	<u>\$ 37,832</u>	<u>\$ 370,867</u>	<u>\$ 44,105</u>	<u>\$ 644,836</u>	<u>\$ 6,819,977</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds		
	Unavailable	Unearned	Total
Special assessments	\$ 386,783	\$ 32,146	\$ 418,929
Public safety special assessment	-	582,725	582,725
Total	<u>\$ 386,783</u>	<u>\$ 614,871</u>	<u>\$ 1,001,654</u>

Tyrone Township

Notes to Financial Statements March 31, 2013

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance April 1, 2012	Additions	Disposals	Balance March 31, 2013	
Governmental Activities					
Capital assets not being depreciated -					
Land	\$ 7,500	\$ -	\$ -	\$ 7,500	
Capital assets being depreciated:					
Buildings	383,360	-	(11,830)	371,530	
Machinery and equipment	168,209	9,439	(80,319)	97,329	
Information technology	44,420	-	-	44,420	
Land improvements	91,039	-	(64,802)	26,237	
Subtotal	687,028	9,439	(156,951)	539,516	
Accumulated depreciation:					
Buildings	225,593	13,581	(11,830)	227,344	
Machinery and equipment	151,368	5,454	(80,319)	76,503	
Information technology	28,266	8,884	-	37,150	
Land improvements	71,200	1,474	(64,802)	7,872	
Subtotal	476,427	29,393	(156,951)	348,869	
Net capital assets being depreciated	210,601	(19,954)	-	190,647	
Net capital assets	<u>\$ 218,101</u>	<u>\$ (19,954)</u>	<u>\$ -</u>	<u>\$ 198,147</u>	
Business-type Activities					
	Balance April 1, 2012	Adjustments	Additions	Disposals	Balance March 31, 2013
Capital assets being depreciated:					
Sewer system	\$ 19,418,713	\$ (181)	\$ -	\$ -	\$ 19,418,532
Machinery and equipment	360,810	-	-	-	360,810
Subtotal	19,779,523	(181)	-	-	19,779,342
Accumulated depreciation:					
Sewer system	4,518,295	-	497,911	-	5,016,206
Machinery and equipment	346,916	-	3,473	-	350,389
Subtotal	4,865,211	-	501,384	-	5,366,595
Net capital assets being depreciated	14,914,312	(181)	(501,384)	-	14,412,747
Net capital assets	<u>\$ 14,914,312</u>	<u>\$ (181)</u>	<u>\$ (501,384)</u>	<u>\$ -</u>	<u>\$ 14,412,747</u>

Tyrone Township

Notes to Financial Statements March 31, 2013

Note 5 - Capital Assets (Continued)

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

Governmental Activities - General government	<u>\$ 29,393</u>
Business-type Activities - Sewer	<u>\$ 501,384</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of March 31, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Sewer Fund	<u>\$ 336</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances from/to Other Funds		
General Fund	Sewer Fund	<u>\$ 850,000</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Advances between the General Fund and Sewer Fund are expected to be repaid in the next 20 years, as the Sewer Fund looks for ways to increase funds while making its bond payments.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Public Education Grant Fund	<u>\$ 148,073</u>

The transfer from the General Fund represents the movement of resources to be used for public education needs that were recognized as revenue in the General Fund in a prior year.

Tyrone Township

Notes to Financial Statements March 31, 2013

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Jayne Hill No. 1 and 2 Road Improvement Project Special Assessment Bonds	3.7%	April 1, 2015	\$ 71,200	\$ -	\$ 17,800	\$ 53,400	\$ 17,800
Parklin Lane Road Special Assessment Bond	3.00%-4.95%	July 1, 2030	500,000	-	15,000	485,000	15,000
Total bonds payable			<u>\$ 571,200</u>	<u>\$ -</u>	<u>\$ 32,800</u>	<u>\$ 538,400</u>	<u>\$ 32,800</u>
Business-type Activities							
Livingston County Sanitary Sewer Improvement Bonds Series 2007	4%	June 30, 2023	\$ 4,085,000	\$ -	\$ 15,000	\$ 4,070,000	\$ 15,000
Unamortized bond premium and loss on refinancing			(66,125)	-	(6,012)	(60,113)	375,000
Livingston County Sanitary Sewer Improvement Bonds Series 2003	3.25%-4.125%	June 30, 2014	1,120,000	-	360,000	760,000	375,000
Livingston County Sanitary Sewer Improvement Bonds Series 2005	3.375%-4.25%	May 1, 2028	6,375,000	-	375,000	6,000,000	-
Total bonds payable			<u>\$ 11,513,875</u>	<u>\$ -</u>	<u>\$ 743,988</u>	<u>\$ 10,769,887</u>	<u>\$ 765,000</u>

Tyrone Township

Notes to Financial Statements March 31, 2013

Note 7 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$472,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending March 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 32,800	\$ 22,301	\$ 55,101	\$ 765,000	\$ 424,475	\$ 1,189,475
2015	32,800	21,181	53,981	775,000	393,903	1,168,903
2016	37,800	19,986	57,786	775,000	362,663	1,137,663
2017	20,000	18,716	38,716	775,000	331,663	1,106,663
2018	20,000	18,116	38,116	790,000	300,363	1,090,363
2019-2023	115,000	79,666	194,666	4,210,000	1,008,075	5,218,075
2024-2028	160,000	56,663	216,663	2,365,000	288,706	2,653,706
2029-2033	120,000	8,910	128,910	375,000	7,969	382,969
Total	\$ 538,400	\$ 245,539	\$ 783,939	\$ 10,830,000	\$ 3,117,817	\$ 13,947,817

Tyrone Township Jayne Hill Farms Subdivision 1 and 2 Road Improvement Special Assessment Bonds - Tyrone Township issued \$178,000 in Special Assessment Bonds. The Jayne Hill Farms Subdivision 1 and 2 Road Improvement Special Assessment Bonds were issued pursuant to Act 188, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district. The bonds are dated August 30, 2005 with interest payable April 1, beginning on April 1, 2006. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate.

Parkin Lane Road Improvement Special Assessment Bonds - Tyrone Township issued \$500,000 in Special Assessment Bonds. The Parkin Lane Road Improvement Special Assessment Bonds were issued pursuant to Act 188, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district. The bonds are dated September 9, 2010 with interest payable December 1, beginning in December 2010. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate.

Note 7 - Long-term Debt (Continued)

Tyrone Township Sewer Bonds - Series 2003 - Tyrone Township, through Livingston County, issued \$7,725,000 in Sanitary Sewer Improvement Bonds. The Livingston County Sanitary Sewer Improvement Bonds Series 2003 (Tyrone Township Sewer Bonds) were issued pursuant to Act 185 and 342, Michigan Public Acts of 1954, as amended. They are primarily payable from collections of special assessments levied against the benefited properties in the district and revenue expected to be generated by future sewer connection fees. The bonds are dated August 27, 2003 with interest payable November 1 and May 1, beginning on November 1, 2003. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate.

Tyrone Township Sewer Bonds - Series 2005 - Tyrone Township, through Livingston County, issued \$8,640,000 in Sanitary Sewer Improvement Bonds. The Livingston County Sanitary Sewer Improvement Bonds Series 2005 (Tyrone Township Sewer Bonds) were issued pursuant to Act 185 and 342, Michigan Public Acts of 1954, as amended. They are primarily payable from revenue expected to be generated by future sewer connection fees. The bonds are dated June 22, 2005 with interest payable November 1 and May 1, beginning on May 1, 2007. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the collection of revenue from the system is not adequate.

Tyrone Township Sewer Bonds - Series 2007 - Tyrone Township, through Livingston County, issued \$4,155,000 in Sanitary Sewer Improvement Refunding Bonds. The Livingston County Sanitary Sewer Improvement Refunding Bonds Series 2007 (Tyrone Township Sewer Bonds) were issued pursuant to Act 185 and 342, Michigan Public Acts of 1954, as amended. The bonds were issued to refund a portion of the Tyrone Township Sewer Bonds - Series 2003. The bond proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the financial statements.

The bonds are primarily payable from collections of special assessments levied against the benefited properties in the district. The bonds are dated December 12, 2007 with interest payable June 30 and December 31, beginning on June 30, 2008. The Township's limited tax full faith and credit are pledged for the payment of the bonds if the special assessments are not adequate.

Act 359, Michigan Public Acts of 1947, as amended, provides that net indebtedness of municipalities cannot exceed 10 percent of the assessed real and personal property in the Township. As of March 31, 2013, Tyrone Township had not incurred any indebtedness which would be limited under Act 359. The Township's existing general long-term debt obligation contracts are specifically exempted from consideration in the 10 percent limit computation.

Note 8 - Risk Management and Contingent Liabilities

The Township is exposed to various risks of loss related to property loss, torts, errors and omission, and employee injuries. The Township has purchased commercial insurance for these claims. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Livingston County (the "County") purchases delinquent tax rolls from the County's local units. In the event that those taxes become uncollectible, the County charges those amounts back to the local units. Therefore, the Township is exposed to potential refunds to Livingston County for the amount of uncollectible taxes and special assessment that were purchased by the County. The County has purchased a significant amount of delinquent special assessments levied by the Sewer Fund over the past few years. As of March 31, 2013, the Township estimates that \$200,336 will have to be repaid back to the County over the next few years and thus a payable has been recorded in the Sewer Fund.

Note 9 - Commitments

The Township has committed to a multi-year fire suppression, rescue, and emergency medical services agreement with the Charter Township of Fenton, the City of Fenton, and Hartland Township through March 31, 2016 at the following base rates:

- April 1, 2013 through March 31, 2014 at \$1,360 per run
- April 1, 2014 through March 31, 2015 at \$1,377 per run
- April 1, 2015 through March 31, 2016 at \$1,391 per run

Under the terms of the contract, the Township is required to pay for a minimum of 17 runs per year per municipality, which is due at the beginning of each fiscal year.

Note 10 - Upcoming Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Township as of the 2014 fiscal year.

Note 11 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. As a result, “net assets” have now been relabeled as “net position.” In addition, the deferred inflows and outflows from derivatives and service concession arrangements, reported in accordance with GASB No. 53 and GASB No. 60, respectively, are now reported separately from assets or liabilities.

Note 12 - Subsequent Events

Subsequent to March 31, 2013, the Township refinanced the Livingston County Sanitary Sewer Improvement Bonds Series 2003 and Series 2005 into two new bonds amounting to \$4,945,000 and \$2,455,000, respectively.

Required Supplemental Information

Tyrone Township

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 320,850	\$ 320,850	\$ 353,238	\$ 32,388
Licenses and permits	12,000	12,000	10,424	(1,576)
State-shared revenue and grants	647,500	647,500	727,780	80,280
Charges for services	24,020	24,020	45,407	21,387
Investment income	13,000	13,000	3,959	(9,041)
Other revenue:				
Cable franchise fees	75,000	75,000	143,798	68,798
Fees	129,511	129,511	120,296	(9,215)
Other miscellaneous income	34,900	34,900	66,119	31,219
Total revenue	<u>1,256,781</u>	<u>1,256,781</u>	<u>1,471,021</u>	<u>214,240</u>
Expenditures - Current				
General government:				
Township board	117,172	117,172	73,927	43,245
Supervisor	29,525	31,025	27,265	3,760
Cemeteries	17,890	17,890	3,994	13,896
Zoning administrator	26,143	26,143	20,731	5,412
Planning Commission	58,608	58,608	52,791	5,817
Zoning Board of Appeals	8,366	8,366	3,276	5,090
Treasurer	89,914	89,914	82,659	7,255
Assessing	47,260	55,260	49,257	6,003
Board of Review	1,380	2,380	(191)	2,571
Clerk	93,758	93,758	87,143	6,615
Elections	62,531	71,531	67,798	3,733
Buildings and grounds	36,750	36,750	17,677	19,073
Economic development	8,000	8,000	8,000	-
Other	12,300	13,800	12,073	1,727
Insurance, bond, and fringes	129,000	122,000	75,132	46,868
Total general government	<u>738,597</u>	<u>752,597</u>	<u>581,532</u>	<u>171,065</u>
Public safety - Ordinance enforcement	11,982	12,982	8,206	4,776
Public works	17,125	17,125	10,803	6,322
Recreation and culture	4,000	4,000	4,000	-
Capital outlay	-	-	9,439	(9,439)
Total expenditures	<u>771,704</u>	<u>786,704</u>	<u>613,980</u>	<u>172,724</u>
Excess of Revenue Over Expenditures	485,077	470,077	857,041	386,964
Other Financing Uses - Transfers out	<u>(479,650)</u>	<u>(464,650)</u>	<u>(328,723)</u>	<u>135,927</u>
Net Change in Fund Balance	5,427	5,427	528,318	522,891
Fund Balance - Beginning of year	<u>1,590,500</u>	<u>1,590,500</u>	<u>1,590,500</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,595,927</u>	<u>\$ 1,595,927</u>	<u>\$ 2,118,818</u>	<u>\$ 522,891</u>

Tyrone Township

Required Supplemental Information Budgetary Comparison Schedule - Special Revenue Funds Public Safety Fund Year Ended March 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 28,000	\$ 28,000	\$ 51,662	\$ 23,662
Investment income	650	650	-	(650)
Other revenue - Special assessments	<u>582,525</u>	<u>582,525</u>	<u>582,525</u>	<u>-</u>
Total revenue	611,175	611,175	634,187	23,012
Expenditures - Current - Public safety				
Police/Sheriff (county)	156,000	156,000	157,031	(1,031)
Fire and EMS	<u>431,000</u>	<u>431,000</u>	<u>368,854</u>	<u>62,146</u>
Total expenditures	<u>587,000</u>	<u>587,000</u>	<u>525,885</u>	<u>61,115</u>
Excess of Revenue Over Expenditures	24,175	24,175	108,302	84,127
Other Financing Sources - Transfers in	<u>32,200</u>	<u>32,200</u>	<u>-</u>	<u>(32,200)</u>
Net Change in Fund Balance	56,375	56,375	108,302	51,927
Fund Balance - Beginning of year	<u>35,652</u>	<u>35,652</u>	<u>35,652</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 92,027</u></u>	<u><u>\$ 92,027</u></u>	<u><u>\$ 143,954</u></u>	<u><u>\$ 51,927</u></u>

Tyrone Township

Required Supplemental Information Budgetary Comparison Schedule - Special Revenue Funds Parkin Lane Road Construction Maintenance Fund Year Ended March 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 300	\$ 300	\$ 609	\$ 309
Other revenue - Special assessments	36,792	36,792	64,401	27,609
Total revenue	37,092	37,092	65,010	27,918
Expenditures				
Current - Public works	231	231	-	231
Debt service	35,736	35,736	35,890	(154)
Total expenditures	35,967	35,967	35,890	77
Net Change in Fund Balance	1,125	1,125	29,120	27,995
Fund Balance - Beginning of year	138,845	138,845	138,845	-
Fund Balance - End of year	\$ 139,970	\$ 139,970	\$ 167,965	\$ 27,995

Tyrone Township

Note to Required Supplemental Information Year Ended March 31, 2013

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that the Township does not budget for capital assets acquired through purchase with federal grants. All annual appropriations lapse at fiscal year end, except for approved contracts which are appropriated on a contract (grant) length basis.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations). The supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts. However, any revisions that alter the total expenditures of any department must be approved by the Township board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year.

Budgeted amounts are reported on the financial statements as originally adopted and as amended by the Township board.

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

1. Prior to February 1, the supervisor submits to the Township board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and special revenue funds.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution in accordance with Public Act 621 of the State of Michigan.

A reconciliation of the budgetary comparison schedule to the fund-based statement of changes in fund balance is below. This reconciliation illustrates the effects of GASB Statement No. 54 on the General Fund and funds that were previously considered to be special revenue funds and are now included in the General Fund on the fund-based statements.

Tyrone Township

Note to Required Supplemental Information (Continued) Year Ended March 31, 2013

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Transfers</u>	<u>Fund Balance</u>
General Fund				
Amounts per operating statement	\$ 1,476,498	\$ 809,689	\$ 148,073	\$ 3,039,280
Subfund accounts of General Fund:				
Road Improvement Fund budgeted separately from the General Fund	841	174,563	75,000	433,186
Building and Site Fund budgeted separately from the General Fund	-	850	11,000	14,006
Township Improvement Revolving Fund budgeted separately from the General Fund	1,160	-	75,000	447,519
Technology Fund budgeted separately from the General Fund	-	19,353	19,650	23,570
Beautification Fund budgeted separately from the General Fund	<u>3,476</u>	<u>943</u>	<u>-</u>	<u>2,181</u>
Total subfund accounts of the General Fund	<u>5,477</u>	<u>195,709</u>	<u>180,650</u>	<u>920,462</u>
General Fund less subfund accounts of the General Fund = Amounts per budget statement	<u>\$ 1,471,021</u>	<u>\$ 613,980</u>	<u>\$ 328,723</u>	<u>\$ 2,118,818</u>

The Township did not have significant expenditure budget variances.

Other Supplemental Information

Tyrone Township

Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions

Liquor Law Enforcement - To account for funds received by the Township for liquor law enforcement.

Jayne Hill 1 and 2 Road Improvement - To account for the collection of special assessments levied on affected properties for road improvements.

Parkwood/Driftwood Maintenance - To account for the collection of special assessments levied on affected properties for road improvements.

Jayne Hill Lighting - To account for the collection of special assessments levied on affected properties for lighting improvements.

Walnut Drive Lighting - To account for the collection of special assessments levied on affected properties for lighting improvements.

Jayne Hill Waste Removal - To account for the collection of special assessments for waste disposal.

Parkin Snow Removal - To account for the collection of special assessments levied on affected properties for snow removal.

Right of Way - To account for funds transferred from the Township's General Fund for right-of-way projects.

Public Education Grant - To account for funds received by the Township from cable companies and to be disbursed with approval for equipment only for the sole use of public communications.

Great Oaks Drive - To account for the collection of special assessments levied on affected properties for the road maintenance consisting of removal of ice and snow, and the contract for spring and fall road grading and graveling.

Tyrone Township

	Special Revenue Funds					
	Liquor Law Enforcement	Parkwood/ Driftwood Maintenance	Jayne Hill Lighting Assessment	Walnut Drive Lighting Assessment	Jayne Hill Waste Removal	Snow Removal Fund
Assets						
Cash and cash equivalents	\$ -	\$ 7,228	\$ 3,254	\$ 789	\$ 28,572	\$ 13,457
Receivables:						
Special assessments receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Due from other governmental units	-	-	86	-	450	210
Total assets	\$ -	\$ 7,228	\$ 3,340	\$ 789	\$ 29,022	\$ 13,667
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 139	\$ 14	\$ -	\$ 180
Deferred revenue	-	500	2,236	350	18,150	6,510
Total liabilities	-	500	2,375	364	18,150	6,690
Fund Balances - Restricted						
Debt service	-	-	-	-	-	-
Public access programming	-	-	-	-	-	-
Waste removal	-	-	-	-	10,872	-
Snow removal	-	-	-	-	-	6,977
Other maintenance	-	6,728	-	-	-	-
Lighting districts	-	-	965	425	-	-
Right of way	-	-	-	-	-	-
Total fund balances	-	6,728	965	425	10,872	6,977
Total liabilities and fund balances	\$ -	\$ 7,228	\$ 3,340	\$ 789	\$ 29,022	\$ 13,667

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2013**

Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
Public Education Grant	Great Oaks Drive	Jayne Hill I & 2 Road Improvement	Right of Way	
\$ 141,059	\$ 5,521	\$ 34,517	\$ 242	\$ 234,639
-	-	17,230	-	17,230
12,029	-	-	-	12,029
-	682	218	-	1,646
\$ 153,088	\$ 6,203	\$ 51,965	\$ 242	\$ 265,544
\$ -	\$ -	\$ -	\$ -	\$ 333
-	4,400	17,230	-	49,376
-	4,400	17,230	-	49,709
-	-	34,735	-	34,735
153,088	-	-	-	153,088
-	-	-	-	10,872
-	-	-	-	6,977
-	1,803	-	-	8,531
-	-	-	-	1,390
-	-	-	242	242
153,088	1,803	34,735	242	215,835
\$ 153,088	\$ 6,203	\$ 51,965	\$ 242	\$ 265,544

Tyrone Township

	Special Revenue Funds					
	Liquor Law Enforcement	Parkwood/ Driftwood Maintenance	Jayne Hill Lighting Assessment	Walnut Drive Lighting Assessment	Jayne Hill Waste Removal	Snow Removal Fund
Revenue						
State revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	2,133	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue:						
Special assessments	-	500	2,340	350	18,150	3,875
Cable franchise fees	-	-	-	-	-	-
Total revenue	<u>2,133</u>	<u>500</u>	<u>2,340</u>	<u>350</u>	<u>18,150</u>	<u>3,875</u>
Expenditures - Current						
Public safety - Combined public safety department	2,133	-	-	-	-	-
Public works:						
Street construction	-	-	-	-	-	-
Routine maintenance	-	-	-	-	-	-
Winter maintenance	-	-	-	-	-	3,733
Rubbish disposal	-	-	-	-	16,673	-
Street lighting	-	-	1,660	169	-	-
Public access program	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	<u>2,133</u>	<u>-</u>	<u>1,660</u>	<u>169</u>	<u>16,673</u>	<u>3,733</u>
Excess of Revenue Over (Under) Expenditures	-	500	680	181	1,477	142
Other Financing Sources -						
Transfers in	-	-	-	-	-	-
Net Change in Fund Balances	-	500	680	181	1,477	142
Fund Balances - Beginning of year	-	6,228	285	244	9,395	6,835
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 6,728</u>	<u>\$ 965</u>	<u>\$ 425</u>	<u>\$ 10,872</u>	<u>\$ 6,977</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended March 31, 2013

Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
Public Education Grant	Great Oaks Drive	Jayne Hill I & 2 Road Improvement	Right of Way	
\$ -	\$ -	\$ -	\$ 8,950	\$ 8,950
-	-	-	-	2,133
-	-	37	-	37
-	5,728	10,789	-	41,732
57,519	-	-	-	57,519
57,519	5,728	10,826	8,950	110,371
-	-	-	-	2,133
-	3,385	-	-	3,385
-	-	-	12,800	12,800
-	540	-	-	4,273
-	-	-	-	16,673
-	-	-	-	1,829
52,504	-	-	-	52,504
-	-	17,800	-	17,800
-	-	2,635	-	2,635
52,504	3,925	20,435	12,800	114,032
5,015	1,803	(9,609)	(3,850)	(3,661)
148,073	-	-	-	148,073
153,088	1,803	(9,609)	(3,850)	144,412
-	-	44,344	4,092	71,423
\$ 153,088	\$ 1,803	\$ 34,735	\$ 242	\$ 215,835

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Liquor Law Enforcement Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Charges for services	\$ 2,200	\$ 2,200	\$ 2,133	\$ (67)
Expenditures - Current - Public safety - Combined public safety department	<u>2,200</u>	<u>2,200</u>	<u>2,133</u>	<u>67</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Jayne Hill 1 & 2 Road Improvement Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ -	\$ -	\$ 37	\$ 37
Other revenue - Special assessments	11,013	11,013	10,789	(224)
Total revenue	11,013	11,013	10,826	(187)
Expenditures - Current - Debt service				
Principal	17,800	17,800	17,800	-
Interest on long-term debt	2,634	2,634	2,635	(1)
Total expenditures	20,434	20,434	20,435	(1)
Net Change in Fund Balance	(9,421)	(9,421)	(9,609)	(188)
Fund Balance - Beginning of year	44,344	44,344	44,344	-
Fund Balance - End of year	<u>\$ 34,923</u>	<u>\$ 34,923</u>	<u>\$ 34,735</u>	<u>\$ (188)</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Parkwood/Driftwood Maintenance Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue	\$ 500	\$ 500	\$ 500	\$ -
Expenditures	-	-	-	-
Net Change in Fund Balance	500	500	500	-
Fund Balance - Beginning of year	6,228	6,228	6,228	-
Fund Balance - End of year	<u>\$ 6,728</u>	<u>\$ 6,728</u>	<u>\$ 6,728</u>	<u>\$ -</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Jayne Hill Lighting Assessment Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 2,295	\$ 2,295	\$ 2,340	\$ 45
Expenditures - Current - Public works - Street lighting	<u>1,852</u>	<u>1,852</u>	<u>1,660</u>	<u>192</u>
Net Change in Fund Balance	443	443	680	237
Fund Balance - Beginning of year	<u>285</u>	<u>285</u>	<u>285</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 728</u></u>	<u><u>\$ 728</u></u>	<u><u>\$ 965</u></u>	<u><u>\$ 237</u></u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Walnut Drive Lighting Assessment Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 350	\$ 350	\$ 350	\$ -
Expenditures - Current - Public works - Street lighting	200	200	169	31
Net Change in Fund Balance	150	150	181	31
Fund Balance - Beginning of year	244	244	244	-
Fund Balance - End of year	\$ 394	\$ 394	\$ 425	\$ 31

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Jayne Hill Waste Removal Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 18,000	\$ 18,000	\$ 18,150	\$ 150
Expenditures - Current - Public works - Rubbish disposal	17,500	17,500	16,673	827
Net Change in Fund Balance	500	500	1,477	977
Fund Balance - Beginning of year	9,395	9,395	9,395	-
Fund Balance - End of year	<u>\$ 9,895</u>	<u>\$ 9,895</u>	<u>\$ 10,872</u>	<u>\$ 977</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Snow Removal Fund Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 10,075	\$ 10,075	\$ 3,875	\$ (6,200)
Expenditures - Current - Public works	<u>7,500</u>	<u>7,500</u>	<u>3,733</u>	<u>3,767</u>
Net Change in Fund Balance	2,575	2,575	142	(2,433)
Fund Balance - Beginning of year	<u>6,835</u>	<u>6,835</u>	<u>6,835</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 9,410</u></u>	<u><u>\$ 9,410</u></u>	<u><u>\$ 6,977</u></u>	<u><u>\$ (2,433)</u></u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Right of Way Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - State-shared revenue and grants	\$ 8,500	\$ 8,500	\$ 8,950	\$ 450
Expenditures - Current - Public works	<u>12,000</u>	<u>12,000</u>	<u>12,800</u>	<u>(800)</u>
Net Change in Fund Balance	(3,500)	(3,500)	(3,850)	(350)
Fund Balance - Beginning of year	<u>4,092</u>	<u>4,092</u>	<u>4,092</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 592</u></u>	<u><u>\$ 592</u></u>	<u><u>\$ 242</u></u>	<u><u>\$ (350)</u></u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Public Education Grant Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue	\$ -	\$ 44,000	\$ 57,519	\$ 13,519
Expenditures - Current - Recreation and culture	-	52,504	52,504	-
Excess of Revenue (Under) Over Expenditures	-	(8,504)	5,015	13,519
Other Financing Sources - Transfers in	-	-	148,073	148,073
Net Change in Fund Balance	-	(8,504)	153,088	161,592
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ (8,504)</u>	<u>\$ 153,088</u>	<u>\$ 161,592</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Great Oaks Drive Budgetary Comparison Year Ended March 31, 2013

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 10,128	\$ 5,728	\$ 5,728	\$ -
Expenditures - Current - Public works	5,600	5,600	3,925	1,675
Net Change in Fund Balance	4,528	128	1,803	1,675
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ 4,528</u>	<u>\$ 128</u>	<u>\$ 1,803</u>	<u>\$ 1,675</u>

July 9, 2013

To the Board of Trustees
Tyrone Township

We have audited the financial statements of Tyrone Township (the "Township") as of and for the year ended March 31, 2013 and have issued our report thereon dated July 9, 2013. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and Informational Items

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board of trustees of Tyrone Township.

Section II contains updated legislative and informational items that we believe will be of interest to you.

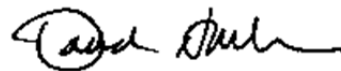
We would like to take this opportunity to thank the Township's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the Township's staff and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Tadd Harburn, CPA



Chrystal Simpson, CPA

Section I - Communications Required Under AU 260

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 14, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Tyrone Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 17, 2013.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Tyrone Township are described in Note 1 to the financial statements.

As described in Note 11, the Township changed accounting policies related to the adoption of GASB Statement No. 63. The new statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement impacts the format and reporting of the balance sheet at the government-wide level and also at the fund level. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 estimate affecting the financial statements was the useful life of capital assets and estimate of liability for potential chargebacks related to property taxes.

Useful lives of capital assets are based upon management's estimate of their lives. The estimate of the liability for potential future chargebacks is based on management's estimate of the amount to be paid out based on past history and discussions with the County. We evaluated the key factors and assumptions used to develop the estimate of useful lives for capital assets and the liability for potential property tax chargebacks in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us 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. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

To the Board of Trustees
Tyrone Township

July 9, 2013

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 9, 2013.

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 Township’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Legislative and Informational Items

Revenue Sharing

The State's FY 2013/2014 budget agreement has been reached and has put in place new requirements for CIP (County Incentive Program) and EVIP (Economic Vitality Incentive Program) compliance in the coming year. As you will note below, there are changes to each of the three categories with the most dramatic change to the newly titled category 3: Unfunded Accrued Liability Plan. The agreement also provides for a 4.8 percent increase for CIP and EVIP. Below are the new requirements in effect for the upcoming year:

Category 1 - Accountability and Transparency - Due date 10/1/13

- Produce a citizens guide, including recognition of unfunded liabilities
- Produce a performance dashboard
- Publish a detail debt service listing which includes, at minimum, the following:
 - Issuance date, issuance amount, type of debt instrument
 - Listing of all revenues pledged to finance debt service by debt instrument
 - Listing of the annual payment amounts
- Publish a projected budget report - Include current and succeeding year and assumptions used
- *NOTE: All four of the above items must be made available in the city, village, township, or county clerk's office or posted on their website. In addition, all items shall be submitted to the State Department of Treasury.*

Category 2 - Consolidation of Services - Due date 2/1/14

- Produce a consolidation plan and make it readily available in the city, village, township, or county clerk's office or posted on their website
- If first time, include any previous service cooperation, collaboration, consolidation, innovation, or privatization and associated cost savings
- Must include an update on all previous initiatives addressing:
 - Was it implemented?
 - If not, what were the barriers?
 - Estimated timeline of steps to complete
- Plan shall include one or more new proposals to increase the level of cooperation, collaboration, consolidation, innovation or privatization within jurisdiction, or with others. The timeline to complete and potential savings are also required.
- If no new initiatives identified, must address why it is not feasible to enter into any new consolidation efforts
- If second time, report on progress of prior plan, including barriers

Category 3 - Unfunded Accrued Liability Plan (UALP) - Due date 6/1/14

If the most recent audited financial report includes unfunded accrued liabilities for employee pensions or other postemployment benefits, a plan to lower all unfunded accrued liabilities must be completed with the following elements:

- Listing of all previous actions taken to reduce unfunded accrued liabilities. This should include an estimated cost savings.
- Detailed plan of how the previous actions will continue to be implemented and maintained
- A list of additional actions that could be taken
- In the event that no actions have been taken to reduce the liabilities, an explanation as to why they should be provided as long as there are potential actions that could be taken
- Actuarial assumption changes and issuance of debt do not qualify as an action to reduce UALP
- The requirements of Category 3 shall be readily available in the city, village, township, or county clerk's office or posted on their website.
- If there are no unfunded accrued liabilities, the unit must certify to the Department of Treasury by the deadline and explain why none exist.

Payment Timing has Changed (well, sort of!)

For all except counties, the way that payments are distributed has changed. In 2011-2012, a portion of the payment for each of the three categories was paid on each of the six payment dates throughout the year. Now, there are only two payment dates for each of the three categories, such that each local unit will not receive payment associated with each category until the due date, and then the payment will be split between the following two months. The following is an example:

	Prior Methodology			New Methodology		
	Category			Category		
	1	2	3	1	2	3
October 31, 2012	\$10,000	\$10,000	\$10,000	\$30,000		
December 31, 2012	10,000	10,000	10,000	30,000		
February 28, 2013	10,000	10,000	10,000		\$30,000	
April 30, 2013	10,000	10,000	10,000		30,000	
June 30, 2013	10,000	10,000	10,000			\$30,000
August 31, 2013	10,000	10,000	10,000			30,000
Total	60,000	60,000	60,000	60,000	60,000	60,000

If a local unit fails to meet the initial certification timeline, there is still an opportunity to get the second of the two payments if the unit certified prior to the first month of the second distribution. For example, if you miss the 10/1/2012 deadline, a certification prior to 12/1/2012 will allow you to receive the second normally scheduled payment, but not the first.

Personal Property Tax

The personal property tax was repealed by the passing of several bills during the legislature's lame duck session in December. This repeal is contingent upon a statewide vote in August 2014 to allow for a shifting of the use tax to a reimbursement fund. Key provisions of the act phase out the industrial portion of the tax over a nine-year period beginning in 2016. Also, businesses with less than \$40,000 taxable value in industrial and commercial personal property in any jurisdiction would no longer pay the tax. For the July 2013 and December 2013 levies, it will be business as usual and communities will continue to levy as they normally have. However, for the July 2014 levy, this will change. Communities will not be able to levy businesses with less than \$40,000 taxable value in industrial and commercial personal property. If during the statewide vote in August 2014, the proposed personal property tax legislation fails, for future levies the less than \$40,000 taxable value will no longer be in effect. If this is the case, the communities will not be able to recover the amounts that were not levied in the July 2014 levy for the taxable values less than \$40,000 for industrial and commercial personal property - this will just be lost.

As for the impact on local communities, in short, those local governments that would lose at least 2.3 percent of their property tax base as a result of the changes would be eligible to be reimbursed at 80 percent of the revenue the personal property tax currently provides. This reimbursement would come from the Metropolitan Area Authority, a newly created entity led by five members appointed by the governor. This authority would be responsible for distributing the use tax collections as well as monies generated from expiring tax credits.

In addition, local governments would have the option to assess a special assessment on industrial property (referred to as essential services assessments). This assessment would not require local voter approval and would reimburse police, fire, ambulance services, and jail operations to ensure they receive 100 percent of the funding that they now get from the personal property tax.

When working through upcoming budgets and longer-term projections, please keep these items in mind. The final act has not yet been published by the State.

The Michigan Municipal League has developed a tool to aid communities in calculating the potential impact of the personal property tax cuts:

<http://www.mml.org/advocacy/inside208/post/PPT-calculation-spreadsheet-available.aspx>

Retro-pay Prohibition

Public Act 54 of 2011, which was signed by the governor on June 7, 2011, prohibits retroactive pay on an expired contract and calls for employees working under an expired agreement to bear the cost of any increased healthcare costs until a new contract is in effect. During that period, the public employer is authorized to make payroll deductions necessary to pay the increased cost of maintaining those benefits.

Recently, the House Local Government Committee held a second hearing on a new bill introduced this past summer that would amend PA 54 of 2012, the law prohibiting retroactive wage increases, to exempt police officers and firefighters. This proposed legislation did not pass during the lame duck session in December and will most likely be reintroduced in 2013.

Emergency Manager

Public Act 4 of 2011, which is known as the “emergency manager bill,” was repealed by voters in the November 2012 election. In response to the repeal, the legislature passed a replacement to this bill, PA 436, the Local Financial Stability and Choice Act. This new legislation gives distressed communities the following four options:

1. Enter into a consent agreement
2. Mediation with the State
3. Emergency manager
4. Chapter 9 bankruptcy

Another key change is that under this new act, the State will be responsible to pay the salary and other related costs of the emergency manager and not the distressed community. In the now obsolete PA 4, this cost was covered by the State. The act took effect in March 2013.

Deficit Elimination Plans

The Michigan Department of Treasury issued numbered letter 2012-1 in February 2012, which clarifies when a deficit elimination plan is required and how to quantify the deficit requiring elimination. In addition, it also charges local units with the responsibility to file deficit elimination plans concurrent with the submission of the audit report to the Department of Treasury. Local units should no longer be waiting for a letter from the State to file their plans. The plans are now due on or before the filing of your financial statement. Failure to file a plan can result in withholding of 25 percent of the EVIP revenue-sharing payments.

The plans should typically result in elimination of the deficit within one year but should never exceed five years. These plans should also have acceptable evidence to support the plan. The letter defines “acceptable evidence” as certified board/council resolutions approving the funding and the journal entry showing that the transfer was made in the general ledger. If a community is in a second year of a multi-year plan, in order to not have to revisit your plan you must be ahead on the plan at the end of the second year. Additionally, if there is a projected multi-year budget, this too must be approved by the council/board and submitted. Plans and support can be emailed to Treas_MunicipalFinance@michigan.gov or mailed to the Michigan Department of Treasury.

The letter defines a fund deficit, since the law lacks any reference to generally accepted accounting terminology. It states that for governmental funds (not proprietary funds, fiduciary funds, or discretely presented component units) “a plan is necessary to eliminate any “unrestricted fund balance” deficits. Unrestricted fund balance is the sum of the committed, assigned, and unassigned balances.” Determining whether a deficit exists is more challenging for proprietary funds, fiduciary funds, and discretely presented component units and local units will be expected to apply the test that is explained in the letter. We highly recommend that local units review the letter at the following link to ensure that they comply with the requirements: http://www.michigan.gov/treasury/0,1607,7-121-1751_2194_2196---,00.html#2012.

Pension Obligation Bonds and Other Postemployment Benefits Obligation Bonds

Michigan Public Act 329 of 2012 was passed on October 17, 2012 with immediate effect. The act allows communities who meet certain criteria to issue bonds to fund all or a portion of their unfunded pension and other postemployment benefits (OPEB) liabilities. The bonds are called pension obligation bonds or other postemployment benefits obligation bonds and are collectively referred to as “benefit bonds.”

These bonds are subject to federal taxation but are tax exempt by the State of Michigan and must be issued prior to December 31, 2014. The bonds are issued by ordinance or resolution and do not require a vote of the people.

Municipalities must meet all of the following key requirements (the act also states additional requirements) in order to be eligible to issue benefit bonds:

- Prior to issuance, the municipality must obtain approval from the State Department of Treasury. In addition, the municipality must publish a notice of intent to issue the security.
- Be assigned a credit rating of AA rating or higher by one of the nationally recognized rating agencies (Standards & Poor’s, Moody’s, or Fitch)
- The issued security shall be rated investment grade by a nationally recognized rating agency.
- The property taxes necessary to meet the debt service obligation may not exceed the limit authorized by law.
- Have a legal capacity to issue the obligation as these bonds are not exempt from legal debt limitations
- Relative to the pension plan, have partial or complete cessation of accruals to a defined benefit plan or closed the defined benefit plan to new or certain existing employee groups and implemented a defined contribution plan (this requirement does not apply to the retiree health care or OPEB plan)

- The municipality shall covenant with bond holders and the State that it will not, after the issuance of Benefit Bonds and while the bonds are outstanding, rescind any action taken for the cessation of accruals to a defined benefit plan or complete closure of defined benefit plans for new and existing employees.

Michigan's Public Pension Systems - Impact of PA 347 of 2012

In December 2012, Governor Rick Snyder signed Public Act 347 of 2012 into law. This legislation makes some significant changes that will impact all public retirement systems in Michigan. Amending Public Act 314 of 1965, these new rules are meant to provide greater flexibility to these systems as to how funds are invested while at the same time imposing additional requirements aimed at transparency and accountability. These changes, which went into effect in March 2013, are summarized below:

Changes to Allowable Investment Vehicles

Generally, rather than making it more restrictive, the new rules raise the maximums for several investment categories, such as real estate and global equities. As an example, the limitations within the "basket clause" are increasing by 10 percentage points, with most plans now allowed to invest between 15 percent and 20 percent within this section, depending upon plan size. Monitoring under these new limitations will continue to be important. Toward this end, plans will need to ensure their investment consultants, advisors, and managers are "on board" with the changes.

Spending Limitations

This act would limit the amount of spending on professional training, education, and travel. Under the legislation, the retirement system's board of trustees would be required to adopt an annual budget for professional training and education, including travel. This budget will be capped at the lesser of \$150,000 or an amount equal to \$12,000 multiplied by the number of board members, with professional training, education, and travel costs not to exceed \$30,000 for any one board member.

Additional Documentation and Reporting Requirements

Additional transparency reporting requirements for retirement systems, investment fiduciaries, and investment service providers are being imposed by this new public act. First, the legislation would require the publication by the plan of a summary annual report (SAR). Although similar reporting requirements exist in the old legislation, this act requires more detailed reporting than what we are used to.

The SAR would include several additional disclosures, including the following: names of investment service providers, the system's itemized budget (including professional training, education, and travel), disclosure of the system's investment returns, and numerous pieces of information from the system's most recent annual actuarial valuation report. The system is required to make its SAR available to plan participants and citizens via posting to its website if the system has a website or, alternatively, would require the plan sponsor to post it to their website.

In addition, investment service providers are now required to give the investment fiduciary a complete written disclosure of all fees or other compensation associated with its relationship with the retirement system. This disclosure would be required both before providing any investment services as well as on an annual ongoing basis. Finally, financial records of the system must be retained for a minimum six-year period.

Michigan Qualifying Statement Revisions and Changes to Filing Process

Bulletin 6 was recently issued by the State Department of Treasury and is effective beginning May 1, 2013. The bulletin details out the revisions made to the form, changes in the electronic filing process, and provides information on the new process to submit a reconsideration request.

The qualifying statement is now Form 5047. The new form and link to the online filing are available at www.michigan.gov/municipalfinance. You can also find Bulletin 6 by following this same link.

Several minor changes have been made to the form including the following: additional question asking for the municipality's six-digit municode, information buttons to provide added instruction, and elimination of the requirement to include SEV and population. In addition, changes were made to help ease the completion of the form such as the elimination of certain questions which were duplicative of information that the Department of Treasury already had at its disposal (i.e., audit filing date) as well as separating out compound questions to ease the process of responding to them.

The more significant change, however, is with the electronic filing process. Starting May 1, 2013, there is only one way in which a qualifying statement can be submitted, as follows:

1. The form is now a PDF that can be downloaded and saved. The form is fillable allowing preparers to type in responses and save the form with answers intact.
2. The PDF will be uploaded via the Department of Treasury website. The upload page is: www.michigan.gov/municipalfinance. Once you are on the webpage, choose the online Qualifying Statement link.
3. The State has a set naming convention that should be used for each uploaded file. The file should be named as follows: municipality's six-digit municode + fiscal year + the words "QStmt" (example: 7830402012QStmt). Please note, the system will only accept one qualifying statement per fiscal year per municipality.

To the Board of Trustees
Tyrone Township

July 9, 2013

4. Municipalities will not be able to use the same username and password that they used for filings prior to May 1, 2013. The State has directed each municipality to call the Local Audit and Finance Division at (517) 373-3227 to obtain a new username and password.

The bulletin also allows the qualifying statement to be filed by an individual other than the chief administrative officer (CAO) as long as the CAO is made aware and takes full responsibility for the filing. The filer will be asked to indicate whether they are the CAO or the designee at the time the qualifying statement is filed.

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■ Tyrone Township

Audit Presentation to the Board of Trustees

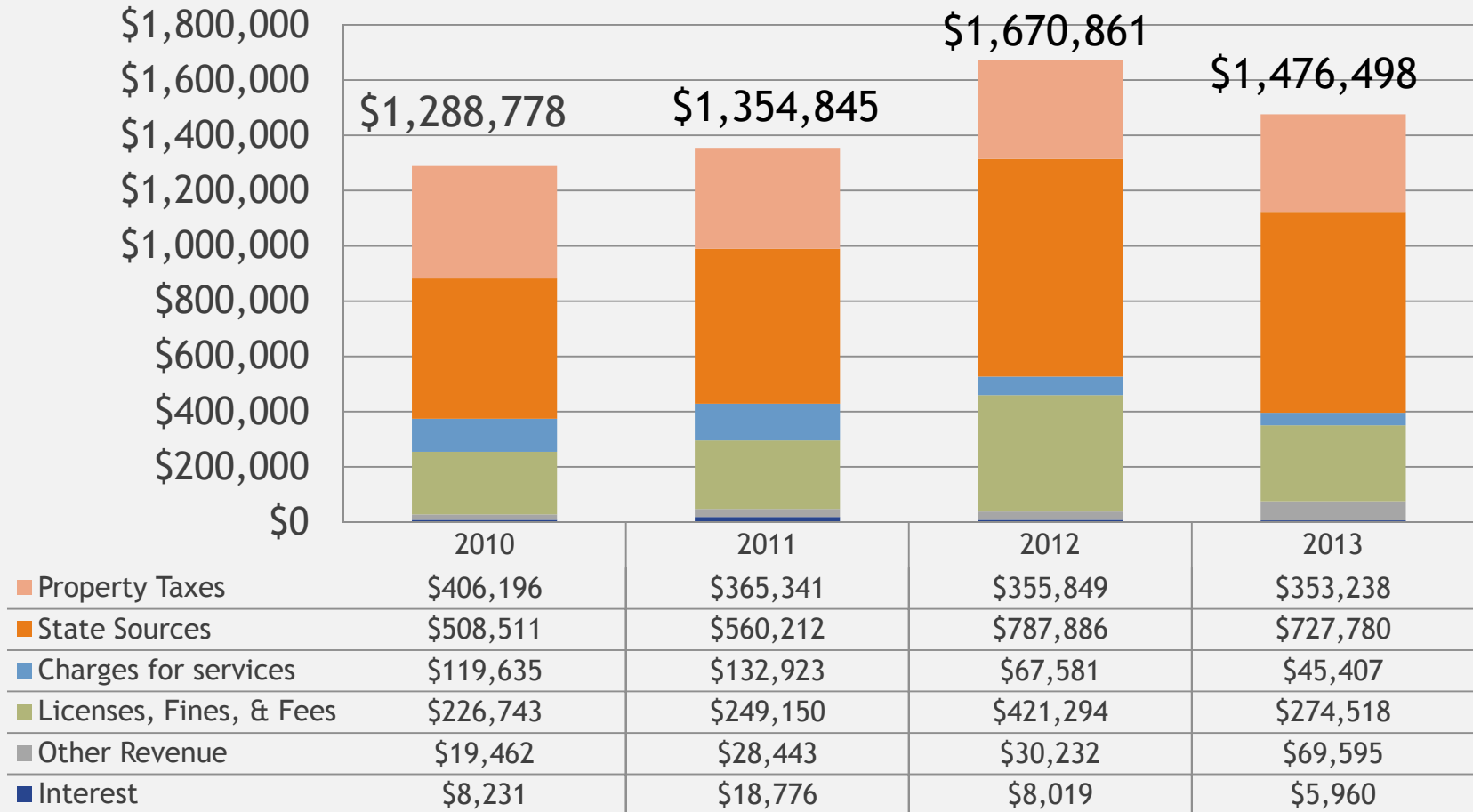
FOR YEAR ENDED MARCH 31, 2013

Presented by:
Tadd Harburn, CPA
Chrystal Simpson, CPA

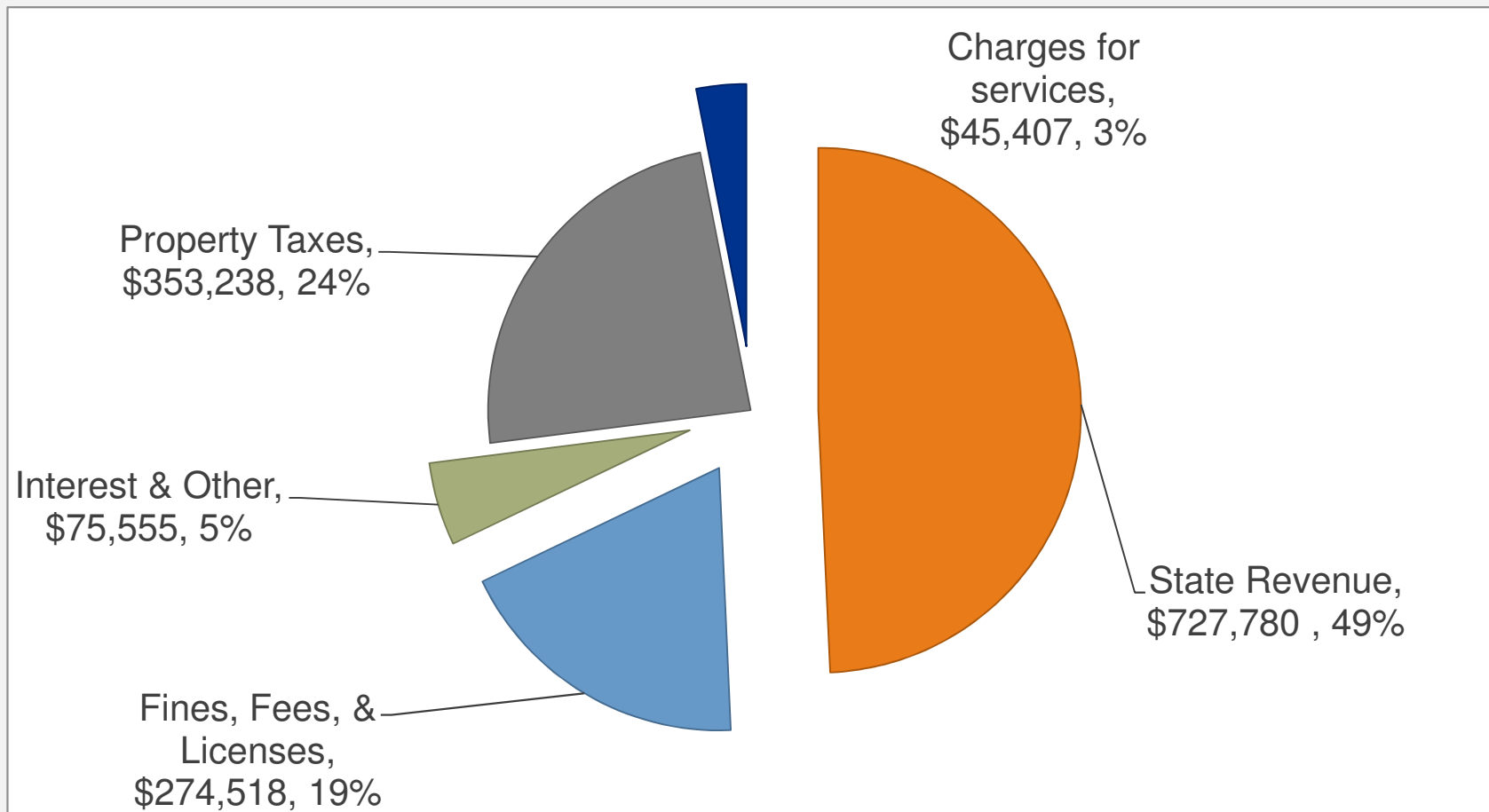
Tyrone Township Audit for FYE March 31, 2013

- ☐ Unqualified (“Clean”) Opinion
- ☐ Accounting records improved over 2012
 - ☐ No adjustments proposed as part of audit process

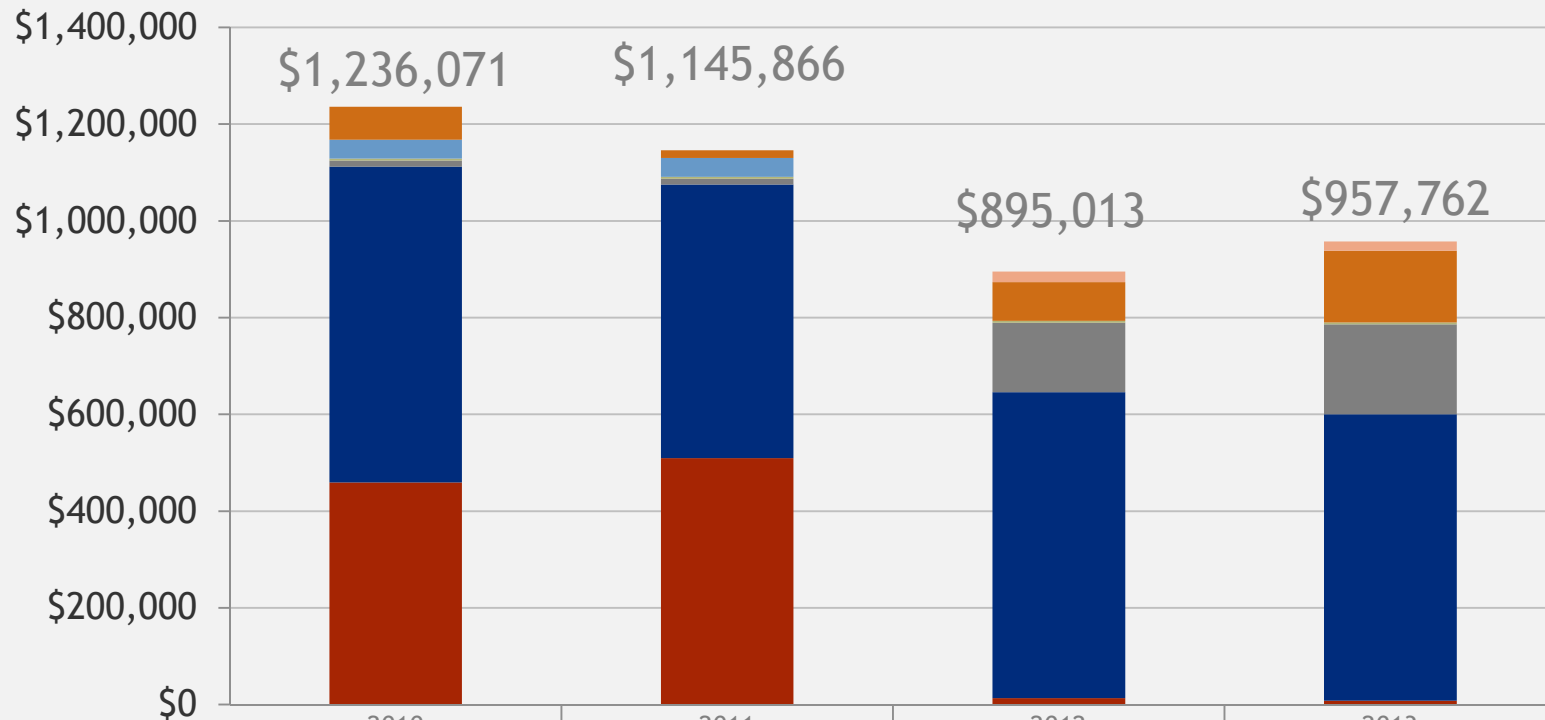
Tyrone Township General Fund Revenue Years Ended March 31



Tyrone Township General Fund Revenue Fiscal Year Ended March 31, 2013

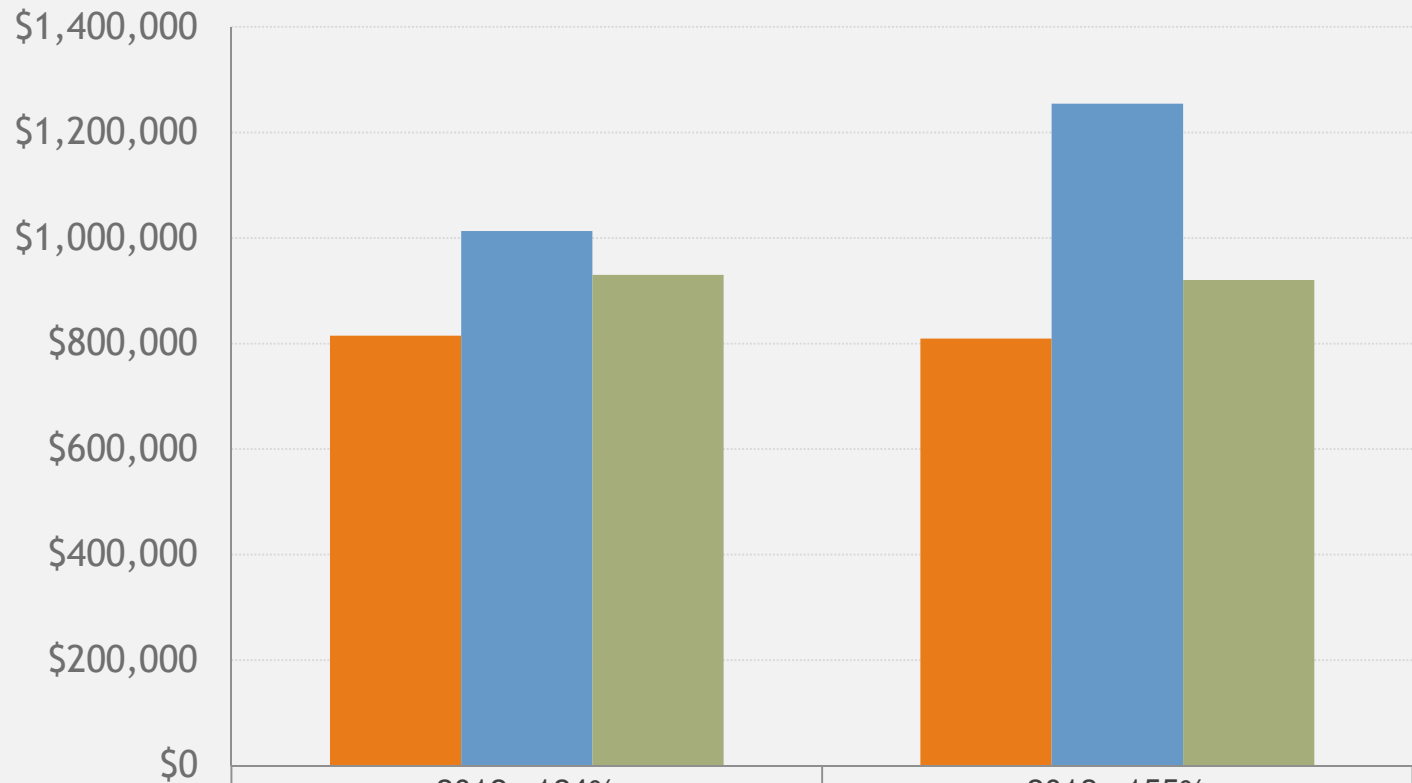


Tyrone Township General Fund Expenditures (including transfers out) Years Ended March 31



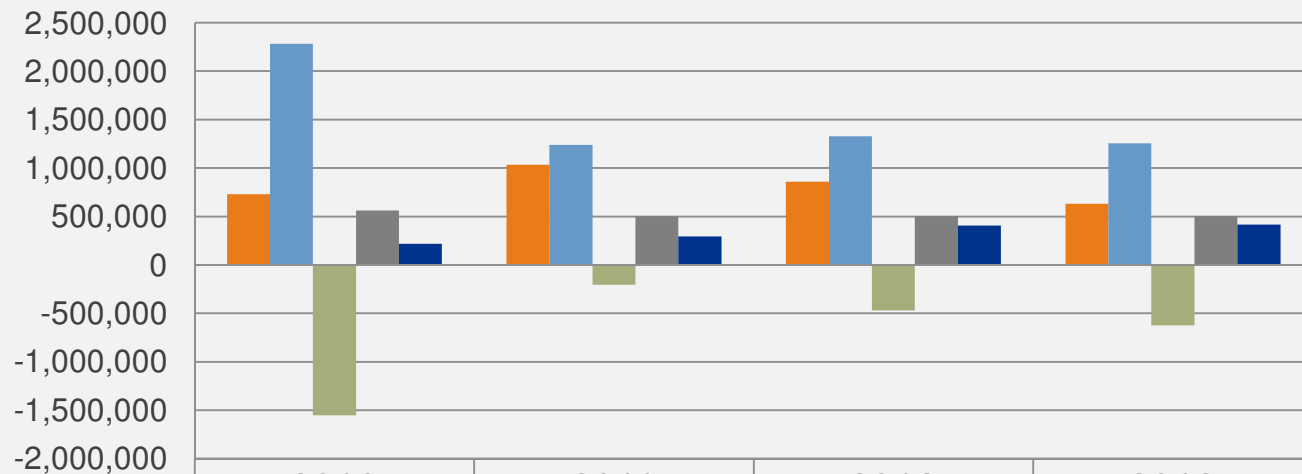
	2010	2011	2012	2013
Capital Outlay	\$0	\$0	\$21,445	\$19,353
Transfers to Other Funds	\$67,900	\$15,850	\$80,000	\$148,073
Debt Service	\$39,000	\$39,000	\$0	\$0
Health and Welfare	\$4,035	\$4,000	\$4,000	\$4,000
Public Works	\$13,021	\$11,939	\$143,674	\$186,309
General Government	\$652,815	\$565,353	\$632,697	\$591,821
Public Safety	\$459,300	\$509,744	\$13,197	\$8,206

Tyrone Township General Fund—Fund Balance Years Ended March 31



	2012 - 124%	2013 - 155%
Annual Expenditures	\$815,013	\$809,689
Unassigned FB	\$1,012,972	\$1,254,854
Assigned FB (Roads and other)	\$930,396	\$920,462

Tyrone Township Sewer Fund (in dollars) Years Ended March 31



	2010	2011	2012	2013
■ Revenue	730,454	1,032,381	857,794	629,877
■ Expenses	2,282,059	1,237,869	1,327,544	1,254,942
■ Change in net assets	(1,551,605)	(205,488)	(469,750)	(625,065)
■ Depreciation	561,455	501,384	501,384	501,384
■ Operating Cash	218,677	294,833	406,955	415,993

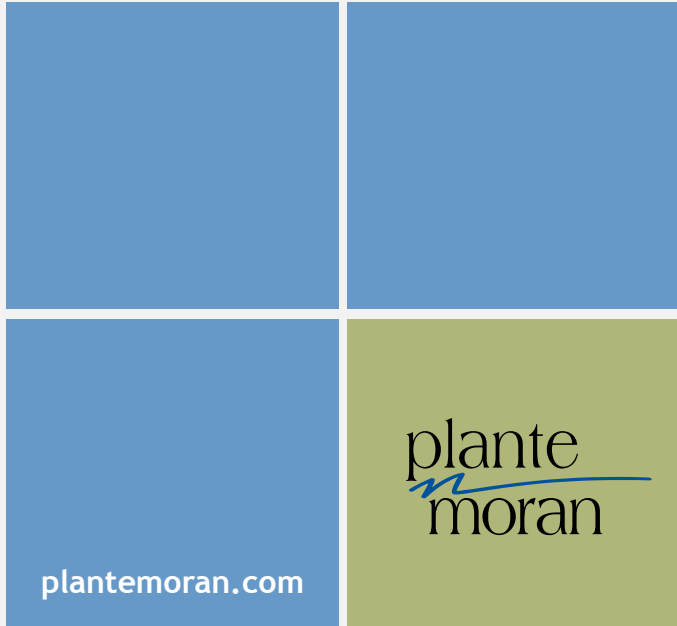
Tyrone Township Sewer Fund (in dollars) Years Ended March 31



	<u>2012</u>	<u>2013</u>
Debt Principal Outstanding	11,580,000	10,830,000
Resources to pay debt:		
Restricted Cash	2,377,668	1,890,785
S/A Receivable	5,763,038	5,218,073
SAR Delinquent	233,847	150,976
Advance from General Fund	<u>(425,000)</u>	<u>(850,000)</u>
GAP	3,630,447	4,420,166

Tyrone Township Steps the Township Has Taken

- ☰ Township does not offer post employment benefits, therefore no legacy cost in the future
- ☰ Billing For Services moved in-house
 - ☰ Sewer billings
 - ☰ Fire runs
- ☰ Police special millage was initiated by the Board and approved by the residents as a successful way to allow General Fund resources to be available to help address the Sewer Fund financing issue. We encourage continuing the use of the current finance plan (or some other alternative would be needed to address funding gap)



■ THANK YOU