

**Tyrone Township
Livingston County, Michigan**

**Financial Report
with Supplemental Information
March 31, 2014**

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, 2014 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, 2014 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

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, in fiscal year 2014, the Township adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, certain balances are reported as deferred inflows and deferred outflows of resources, rather than as liabilities and assets. Our opinion is not modified with respect to this matter.

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 30, 2014

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, 2014. 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, 2014:

- The Township's total net position is \$14.4 million.
- During the year, the Township's total net position increased by \$520,000. Governmental activities realized a \$1,007,000 increase in net position. Business-type activities realized a decrease of \$487,000 in net position.
- General Fund revenue exceeded expenditures by \$812,000, leaving a fund balance of \$3,852,000.

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
	2012	2013	2014	Change	
Assets					
Other assets	\$ 3,972,358	\$ 4,733,862	\$ 5,641,108	\$ 907,246	19%
Capital assets	218,101	198,147	177,479	(20,668)	-10%
Total assets	4,190,459	4,932,009	5,818,587	886,578	18%
Liabilities					
Current liabilities	772,502	787,150	699,178	(87,972)	-11%
Long-term liabilities	571,200	538,400	505,600	(32,800)	-6%
Total liabilities	1,343,702	1,325,550	1,204,778	(120,772)	-9%
Net Position					
Net investment in capital assets	218,101	198,147	177,479	(20,668)	-10%
Restricted	797,232	770,583	962,049	191,466	25%
Unrestricted	1,831,424	2,637,729	3,474,281	836,552	32%
Total net position	<u>\$ 2,846,757</u>	<u>\$ 3,606,459</u>	<u>\$ 4,613,809</u>	<u>\$ 1,007,350</u>	28%

	Governmental Activities				Percent Change
	2012	2013	2014	Change	
Revenue					
Program revenue:					
Charges for services	\$ 306,323	\$ 353,389	\$ 340,650	\$ (12,739)	-4%
Operating grants	-	-	22,500	22,500	100%
General revenue:					
Property taxes	355,849	353,238	364,380	11,142	3%
Public safety special assessments	578,950	582,525	582,566	41	0%
State-shared revenue	787,886	727,780	740,933	13,153	2%
Investment earnings	9,456	6,606	7,954	1,348	20%
Other revenue	263,840	209,148	190,975	(18,173)	-9%
Total revenue	2,302,304	2,232,686	2,249,958	17,272	1%
Program Expenses					
General government	631,249	632,389	585,656	(46,733)	-7%
Public safety	615,859	536,224	488,105	(48,119)	-9%
Public works	187,190	225,269	117,387	(107,882)	-48%
Health and welfare	4,000	4,000	4,000	-	0%
Cultural - Public Access Program	-	52,504	25,792	(26,712)	-51%
Interest on long-term debt	24,408	22,598	21,668	(930)	-4%
Total expenses	1,462,706	1,472,984	1,242,608	(230,376)	-16%
Change in Net Position	<u>\$ 839,598</u>	<u>\$ 759,702</u>	<u>\$ 1,007,350</u>	<u>\$ 247,648</u>	33%

Tyrone Township

Management's Discussion and Analysis (Continued)

The governmental net position increased 28 percent from a year ago - increasing from \$3,606,459 to \$4,613,809. In comparison, last year's net position increased by 27 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$836,552 for the governmental activities. This represents an increase of approximately 32 percent. The current level of unrestricted net position for our governmental activities stands at \$3,474,281 or about 280 percent of expenditures.

The Township's total governmental revenues increased by \$17,272. The increase, which represents 1 percent, was primarily due to the continuing increase in property taxes and state-shared revenue.

Public works expenses decreased by \$107,882 during the year, primarily as a result of a decrease in funding for road repairs during the fiscal year.

Public safety expenses decreased by \$48,119 during the year, primarily as a result of a new contract with Livingston County for policing services.

Cultural - public access program expenses decreased by \$26,712, primarily as a result of decreased disbursements related to public education grant funds received by the Township during the current year.

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
	2012	2013	2014	Change	
Assets					
Other assets	\$ 8,717,076	\$ 6,994,906	\$ 6,087,259	\$ (907,647)	-13%
Capital assets	14,914,312	14,412,747	13,911,363	(501,384)	-3%
Total assets	23,631,388	21,407,653	19,998,622	(1,409,031)	-7%
Deferred Outflows of Resources	79,392	72,174	422,191	350,017	485%
Liabilities					
Current liabilities	1,258,496	403,814	169,603	(234,211)	-58%
Long-term liabilities	11,593,267	10,842,061	10,504,461	(337,600)	-3%
Total liabilities	12,851,763	11,245,875	10,674,064	(571,811)	-5%
Net Position					
Net investment in capital assets	3,387,304	3,600,253	3,834,521	234,268	7%
Restricted	7,136,684	6,908,522	6,405,410	(503,112)	-7%
Unrestricted	335,029	(274,823)	(493,182)	(218,359)	79%
Total net position	<u>\$ 10,859,017</u>	<u>\$ 10,233,952</u>	<u>\$ 9,746,749</u>	<u>\$ (487,203)</u>	-5%

Tyrone Township

Management's Discussion and Analysis (Continued)

	Business-type Activities				Percent change
	2012	2013	2014	Change	
Operating revenue	\$ 444,186	\$ 432,249	\$ 577,424	\$ 145,175	34%
Operating expenses, other than depreciation	282,836	294,323	409,868	115,545	39%
Depreciation and amortization	<u>501,384</u>	<u>501,384</u>	<u>501,384</u>	<u>-</u>	0%
Operating loss	(340,034)	(363,458)	(333,828)	29,630	8%
Interest income	5,376	7,275	7,589	314	4%
Interest expense	489,615	449,780	355,031	(94,749)	-21%
Debt service charge	-	-	131,352	131,352	100%
Nonoperating expenses	53,709	8,418	-	(8,418)	-100%
Special assessment chargebacks	-	1,037	63,315	62,278	6006%
Capital contributions	<u>408,232</u>	<u>190,353</u>	<u>388,734</u>	<u>198,381</u>	104%
Change in Net Position	<u>\$ (469,750)</u>	<u>\$ (625,065)</u>	<u>\$ (487,203)</u>	<u>\$ 137,862</u>	-22%

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

The net position of business-type activities decreased 5 percent from a year ago - decreasing from \$10,233,952 to \$9,746,749. In comparison, last year's net position decreased by 6 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by \$218,359.

Due to implementation of GASB No. 65 during the year, the Township was required to write off bond issuance costs that were previously being amortized. This caused an increase in debt service charges in the current year.

Operating revenue within business-type activities increased during the current year due to increased sewer rates that were effective January 1.

Operating expenses within business-type activities increased during the current year due to increased sewer treatment fees charged to the Township during the current year.

Tyrone Township

Management's Discussion and Analysis (Continued)

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. The Township's major funds for 2014 include the General Fund, the Public Safety Fund, and the Road Improvement 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 \$143,000 below budget and actual revenue being \$180,000 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 \$2,119,000 a year ago to \$2,615,000 at March 31, 2014. The increase in fund balance is mainly due to the decrease in expenditures related to road projects in the current year.

Capital Asset and Debt Administration

At the end of 2014, the Township had \$14.1 million invested in a broad range of capital assets, including buildings, equipment, and sewer lines. The Township has \$505,600 in governmental activities debt and \$10,504,461 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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 2)	\$ 3,118,169	\$ 733,096	\$ 3,851,265
Investments	424,096	-	424,096
Receivables (Note 3)	585,607	4,840,003	5,425,610
Internal balances	1,275,564	(1,275,564)	-
Prepaid expenses and other	83,667	-	83,667
Land held for resale	154,005	-	154,005
Capital assets (Note 4):			
Assets not subject to depreciation	7,500	-	7,500
Assets subject to depreciation - Net of depreciation	169,979	13,911,363	14,081,342
Cash and equivalents - Restricted	-	1,784,296	1,784,296
Cash held with agent - Restricted	-	5,428	5,428
Total assets	5,818,587	19,998,622	25,817,209
Deferred Outflows of Resources -			
Deferred charge on refunding	-	422,191	422,191
Liabilities			
Accounts payable	110,106	49,915	160,021
Accrued liabilities and other	16,643	119,688	136,331
Unearned revenue	572,429	-	572,429
Noncurrent liabilities (Note 6):			
Due within one year - Current portion of long-term debt	32,800	-	32,800
Due in more than one year:			
Current portion of long-term debt - Funded by noncurrent assets	-	775,000	775,000
Long-term debt	472,800	9,729,461	10,202,261
Total liabilities	1,204,778	10,674,064	11,878,842
Net Position			
Net investment in capital assets	177,479	3,834,521	4,012,000
Restricted for:			
Public safety	172,023	-	172,023
Debt service	555,687	6,405,410	6,961,097
Public access programming	182,871	-	182,871
Streets and right of way	3,853	-	3,853
Grants	22,500	-	22,500
Various special assessed services	25,115	-	25,115
Unrestricted	3,474,281	(493,182)	2,981,099
Total net position	\$ 4,613,809	\$ 9,746,749	\$ 14,360,558

Tyrone Township

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 585,656	\$ 211,244	\$ -	\$ -
Public safety	488,105	67,065	-	-
Public works	117,387	62,341	22,500	-
Health and welfare - Seniors	4,000	-	-	-
Cultural - Public access program	25,792	-	-	-
Interest on long-term debt	21,668	-	-	-
Total governmental activities	1,242,608	340,650	22,500	-
Business-type activities	1,266,283	382,757	-	388,734
Total primary government	\$ 2,508,891	\$ 723,407	\$ 22,500	\$ 388,734

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, 2014**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (374,412)	\$ -	\$ (374,412)
(421,040)	-	(421,040)
(32,546)	-	(32,546)
(4,000)	-	(4,000)
(25,792)	-	(25,792)
(21,668)	-	(21,668)
(879,458)	-	(879,458)
-	(494,792)	(494,792)
(879,458)	(494,792)	(1,374,250)
364,380	-	364,380
582,566	-	582,566
740,933	-	740,933
7,954	7,589	15,543
184,135	-	184,135
6,840	-	6,840
1,886,808	7,589	1,894,397
1,007,350	(487,203)	520,147
3,606,459	10,233,952	13,840,411
\$ 4,613,809	\$ 9,746,749	\$ 14,360,558

Tyrone Township

Governmental Funds Balance Sheet March 31, 2014

	General Fund	Public Safety Fund	Parkin Lane Road Construction Maintenance Fund	Nonmajor Funds	Total
Assets					
Cash and cash equivalents (Note 2)	\$ 1,826,782	\$ 853,643	\$ 164,274	\$ 273,470	\$ 3,118,169
Investments	424,096	-	-	-	424,096
Receivables - Net of allowance (Note 3)	171,941	30,532	358,564	24,570	585,607
Due from other funds	564	-	-	-	564
Advances to other funds (Note 5)	1,275,000	-	-	-	1,275,000
Prepaid expenses	13,440	70,227	-	-	83,667
Land held for resale	154,005	-	-	-	154,005
Total assets	\$ 3,865,828	\$ 954,402	\$ 522,838	\$ 298,040	\$ 5,641,108
Liabilities					
Accounts payable	\$ 3,781	\$ 106,172	\$ -	\$ 153	\$ 110,106
Accrued and other liabilities	10,286	-	-	-	10,286
Unearned revenue	-	541,730	-	30,699	572,429
Total liabilities	14,067	647,902	-	30,852	692,821
Deferred Inflows of Resources -					
Unavailable revenue (Note 3)	-	-	355,936	8,615	364,551
Fund Balances					
Nonspendable:					
Land held for resale	154,005	-	-	-	154,005
Prepays	13,440	70,227	-	-	83,667
Long-term advance	1,275,000	-	-	-	1,275,000
Restricted:					
Public safety	-	101,796	-	-	101,796
Debt service	-	-	166,902	24,234	191,136
Public access programming	-	-	-	182,871	182,871
Lake Tyrone Grant	-	-	-	22,500	22,500
Waste removal	-	-	-	11,855	11,855
Snow removal	-	-	-	8,164	8,164
Other maintenance	-	-	-	2,946	2,946
Lighting districts	-	-	-	2,150	2,150
Right of way	-	-	-	3,853	3,853
Assigned:					
Technology	35,735	-	-	-	35,735
Beautification	2,181	-	-	-	2,181
Public safety	-	134,477	-	-	134,477
Township improvement	548,097	-	-	-	548,097
Building and site	25,522	-	-	-	25,522
Road improvement	625,069	-	-	-	625,069
Unassigned	1,172,712	-	-	-	1,172,712
Total fund balances	3,851,761	306,500	166,902	258,573	4,583,736
Total liabilities and fund balances	\$ 3,865,828	\$ 954,402	\$ 522,838	\$ 298,040	\$ 5,641,108

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, 2014

Fund Balance Reported in Governmental Funds	\$ 4,583,736
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	177,479
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	364,551
Bonds payable are not due and payable in the current period and are not reported in the funds	(505,600)
Accrued interest is not due and payable in the current period and is not reported in the funds	<u>(6,357)</u>
Net Position of Governmental Activities	<u>\$ 4,613,809</u>

Tyrone Township

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2014

	General Fund	Public Safety Fund	Parkin Lane Road Construction Maintenance Fund	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 364,380	\$ -	\$ -	\$ -	\$ 364,380
Local grants	-	-	-	22,500	22,500
Licenses and permits	11,500	-	-	-	11,500
State revenue	740,933	-	-	9,011	749,944
Charges for services	36,467	73,024	-	2,166	111,657
Interest	7,172	546	213	23	7,954
Other revenue:					
Special assessments	-	582,566	34,164	41,398	658,128
Cable franchise fees	128,560	-	-	55,575	184,135
Fees	131,798	-	-	-	131,798
Other miscellaneous income	43,014	-	-	-	43,014
Total revenue	1,463,824	656,136	34,377	130,673	2,285,010
Expenditures - Current					
General government	557,760	-	-	7,228	564,988
Public safety	5,169	493,590	-	2,166	500,925
Public works	84,414	-	-	32,973	117,387
Health and welfare - Seniors	4,000	-	-	-	4,000
Cultural - Public access program	-	-	-	25,792	25,792
Debt service	-	-	35,440	19,776	55,216
Total expenditures	651,343	493,590	35,440	87,935	1,268,308
Net Change in Fund Balances	812,481	162,546	(1,063)	42,738	1,016,702
Fund Balances - Beginning of year	3,039,280	143,954	167,965	215,835	3,567,034
Fund Balances - End of year	\$ 3,851,761	\$ 306,500	\$ 166,902	\$ 258,573	\$ 4,583,736

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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 1,016,702

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	3,484
Depreciation expense	(24,152)

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	(22,232)
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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
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Change in accrued interest payable and other	<u>748</u>
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Change in Net Position of Governmental Activities **\$ 1,007,350**

Tyrone Township

Proprietary Funds Statement of Net Position March 31, 2014

	Enterprise Fund - Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 733,096
Receivables - Net of allowance (Note 3)	612,775
Total current assets	<u>1,345,871</u>
Noncurrent assets:	
Special assessment receivables	4,164,382
Tap-in receivables	62,846
Capital assets	13,911,363
Restricted cash	1,784,296
Cash held by agent - Restricted	5,428
Total noncurrent assets	<u>19,928,315</u>
Total assets	<u>21,274,186</u>
Deferred Outflows of Resources - Deferred charge on refunding	422,191
Liabilities	
Current liabilities:	
Deposits	49,915
Due to other funds	564
Accrued liabilities and other	119,688
Total current liabilities	<u>170,167</u>
Noncurrent liabilities:	
Advances from other funds (Note 5)	1,275,000
Current portion of long-term debt (Note 6)	775,000
Long-term debt (Note 6)	9,729,461
Total noncurrent liabilities	<u>11,779,461</u>
Total liabilities	<u>11,949,628</u>
Net Position	
Net investment in capital assets	3,834,521
Restricted:	
Debt service	6,405,410
Unrestricted	(493,182)
Total net position	<u>\$ 9,746,749</u>

Tyrone Township

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended March 31, 2014

	Enterprise Fund - Sewer Fund
Operating Revenue	
Charges for services	\$ 525,766
Other miscellaneous revenue	51,658
Total operating revenue	<u>577,424</u>
Operating Expenses	
Cost of sewage operations and maintenance	409,868
Depreciation	501,384
Total operating expenses	<u>911,252</u>
Operating Loss	(333,828)
Nonoperating Revenue (Expenses)	
Investment income	7,589
Interest expense	(355,031)
Debt service charge	(131,352)
Special assessment chargebacks	(63,315)
Total nonoperating expenses	<u>(542,109)</u>
Loss - Before contributions	(875,937)
Capital Contributions	
Special assessments interest	373,984
Tap-in fees	14,750
Total capital contributions	<u>388,734</u>
Change in Net Position	(487,203)
Net Position - Beginning of year	<u>10,233,952</u>
Net Position - End of year	<u><u>\$ 9,746,749</u></u>

Tyrone Township

Proprietary Funds Statement of Cash Flows Year Ended March 31, 2014

	Enterprise Fund - Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 594,021
Receipts from interfund services and reimbursements	336
Payments to suppliers	(607,856)
Internal activity - Payments to other funds	564
Net cash used in operating activities	(12,935)
Cash Flows from Noncapital Financing Activities -	
Loans received from other funds	425,000
Cash Flows from Capital and Related Financing Activities	
Special assessment collections	969,528
Tap-in fees	35,070
Principal and interest paid on capital debt	(1,018,988)
Debt service charge	(131,352)
Special assessment chargebacks	(63,315)
Net cash used in capital and related financing activities	(209,057)
Cash Flows from Investing Activities - Interest received	
on investments	7,589
Net Increase in Cash and Cash Equivalents	210,597
Cash and Cash Equivalents - Beginning of year	2,312,223
Cash and Cash Equivalents - End of year	\$ 2,522,820
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 733,096
Restricted cash	1,784,296
Cash held with agent - Restricted	5,428
Total cash and cash equivalents	\$ 2,522,820
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (333,828)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	501,384
Changes in assets and liabilities:	
Receivables	16,597
Due from other funds	336
Accounts payable	(197,988)
Due to other funds	564
Net cash used in operating activities	\$ (12,935)

Tyrone Township

Fiduciary Funds Statement of Assets and Liabilities March 31, 2014

	<u>Agency Funds</u>
Assets - Cash and cash equivalents	\$ 9,246
Liabilities	
Accounts payable	\$ 906
Due to other governmental units	8,290
Refundable deposits, bonds, etc.	<u>50</u>
Total liabilities	\$ 9,246

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by Tyrone Township, Livingston County, Michigan (the "Township"):

Reporting Entity

Tyrone Township, Livingston County, Michigan is governed by an elected seven-member 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Fund Accounting

The Township accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

Governmental Funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to 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.

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary Funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following fund as a “major” enterprise fund:

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

Fiduciary Funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

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

Interfund Activity - During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Township has spent its resources.

Note I - Summary of Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue 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 inflow".

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied, except for service-type special assessments which are recognized as revenue in the period that the related services are provided.. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Note I - Summary of Significant Accounting Policies (Continued)

For the most part, the effect of interfund activity has been removed from these 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 revenues reported for the various functions concerned.

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.

Specific Balances and Transactions

Cash, Cash Equivalents, 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.

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 fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Land Held for Resale - Land held for resale in governmental funds is valued at the lower of cost or market.

Restricted Cash and Cash Equivalents - The Township's Sewer Enterprise Fund has cash in the amount of \$1,784,296 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 \$5,428 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.

Note I - Summary of Significant Accounting Policies (Continued)

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.

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

<u>Capital Asset Class</u>	<u>Lives</u>
Building	39
Building improvements	15
Vehicles	5
Office equipment	5
Furniture and fixtures	7
Sewer distribution system	39
Software	5
Other tools and equipment	3 to 7 years

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund is generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has a deferred outflow in the Sewer Fund and government-wide statements related to a bond refunding charge that is being amortized.

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has one type of item that qualifies for reporting in this category. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source which is special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

Nonspendable: Amounts that are not in spendable form and 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.

Note I - Summary of Significant Accounting Policies (Continued)

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 board.

Assigned: Intent to spend resources on specific purposes expressed by the board.

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.

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 taxes become delinquent on March 1 and penalties are assessed.

The Township's 2013 tax is levied and collectible on December 1, 2013 and is recognized as revenue in the year ended March 31, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 taxable valuation of the Township totaled \$398 million, on which taxes levied consisted of .9067 mills for operating purposes. This resulted in approximately \$364,000 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, 2013 and is recognized as revenue in the year ended March 31, 2014, when the proceeds of the assessment are budgeted to pay for the operation of the special assessment districts, except for service-type special assessments which recognize revenue in the period the related services are provided.

Note 2 - 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 \$4,163,896 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	\$ 424,096	B3	Moody's
JPMorgan Chase - Sweep	121,707	Baa	Moody's

Tyrone Township

Notes to Financial Statements March 31, 2014

Note 3 - Receivables and Deferred Inflows of Resources

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

	General Fund	Public Safety Fund	Parkin Lane Road Maintenance	Nonmajor Funds	Total	Sewer Fund
Receivables:						
Accounts	\$ 32,813	\$ -	\$ -	\$ -	\$ 32,813	\$ -
Special assessments	892	-	355,936	8,615	365,443	4,826,871
Noncurrent benefit fees receivable	-	-	-	-	-	62,846
Other receivables	-	-	-	13,125	13,125	103,448
Due from other governmental units	138,236	30,532	2,628	2,830	174,226	48,725
Current portion of tap-in fees	-	-	-	-	-	3,870
Less allowance for uncollectibles	-	-	-	-	-	(205,757)
Net receivables	<u>\$ 171,941</u>	<u>\$ 30,532</u>	<u>\$ 358,564</u>	<u>\$ 24,570</u>	<u>\$ 585,607</u>	<u>\$ 4,840,003</u>

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds
Special assessments - Unavailable	<u>\$ 364,551</u>

Tyrone Township

Notes to Financial Statements March 31, 2014

Note 4 - Capital Assets

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

	Balance April 1, 2013	Additions	Disposals	Balance March 31, 2014	
Governmental Activities					
Capital assets not being depreciated -					
Land	\$ 7,500	\$ -	\$ -	\$ 7,500	
Capital assets being depreciated:					
Buildings	374,089	3,484	-	377,573	
Machinery and equipment	94,770	-	-	94,770	
Information technology	44,420	-	-	44,420	
Land improvements	26,237	-	-	26,237	
Subtotal	539,516	3,484	-	543,000	
Accumulated depreciation:					
Buildings	227,344	13,454	-	240,798	
Machinery and equipment	76,503	5,474	-	81,977	
Information technology	37,150	3,750	-	40,900	
Land improvements	7,872	1,474	-	9,346	
Subtotal	348,869	24,152	-	373,021	
Net capital assets being depreciated	190,647	(20,668)	-	169,979	
Net capital assets	\$ 198,147	\$ (20,668)	\$ -	\$ 177,479	
Business-type Activities					
	Balance April 1, 2013	Adjustments	Additions	Disposals	Balance March 31, 2014
Capital assets being depreciated:					
Sewer system	\$ 19,418,532	\$ -	\$ -	\$ -	\$ 19,418,532
Machinery and equipment	360,810	-	-	-	360,810
Subtotal	19,779,342	-	-	-	19,779,342
Accumulated depreciation:					
Sewer system	5,016,206	-	497,911	-	5,514,117
Machinery and equipment	350,389	-	3,473	-	353,862
Subtotal	5,366,595	-	501,384	-	5,867,979
Net capital assets being depreciated	14,412,747	-	(501,384)	-	13,911,363
Net capital assets	\$ 14,412,747	\$ -	\$ (501,384)	\$ -	\$ 13,911,363

Tyrone Township

Notes to Financial Statements March 31, 2014

Note 4 - Capital Assets (Continued)

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

Governmental Activities - General government	<u>\$ 24,152</u>
Business-type Activities - Sewer	<u>\$ 501,384</u>

Note 5 - 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>\$ 564</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances from/to Other Funds		
General Fund	Sewer Fund	<u>\$ 1,275,000</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.

Note 6 - 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.

Tyrone Township

Notes to Financial Statements March 31, 2014

Note 6 - Long-term Debt (Continued)

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	\$ 53,400	\$ -	\$ 17,800	\$ 35,600	\$ 17,800
Parklin Lane Road Special Assessment Bond	3.00%-4.95%	July 1, 2030	485,000	-	15,000	470,000	15,000
Total bonds payable			<u>\$ 538,400</u>	<u>\$ -</u>	<u>\$ 32,800</u>	<u>\$ 505,600</u>	<u>\$ 32,800</u>

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Livingston County Sanitary Sewer Improvement Bonds Series 2007	4%	June 30, 2023	\$ 4,070,000	\$ -	\$ 15,000	\$ 4,055,000	\$ 15,000
Unamortized bond premium on refinancing Series 2007 bond			12,061	-	1,206	10,855	-
Livingston County Sanitary Sewer Improvement Bonds Series 2003	3.25%-4.125%	June 30, 2014	760,000	-	375,000	385,000	385,000
Livingston County Sanitary Sewer Improvement Bonds Series 2005	3.375%-4.25%	May 1, 2028	6,000,000	-	5,250,000	750,000	375,000
Livingston County Sanitary Sewer Improvement Refunding Bonds, Series 2013	2.0% - 4.0%	May 1, 2028	-	4,945,000	-	4,945,000	-
Unamortized bond premium on refinancing Series 2013 bond			-	384,221	25,615	358,606	-
Total bonds payable			<u>\$ 10,842,061</u>	<u>\$ 5,329,221</u>	<u>\$ 5,666,821</u>	<u>\$ 10,504,461</u>	<u>\$ 775,000</u>

Total interest expense for the year was approximately \$377,000. 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
2015	\$ 32,800	\$ 21,631	\$ 54,431	\$ 775,000	\$ 336,391	\$ 1,111,391
2016	37,800	20,511	58,311	800,000	304,900	1,104,900
2017	20,000	19,316	39,316	805,000	277,100	1,082,100
2018	20,000	18,716	38,716	810,000	252,800	1,062,800
2019	20,000	18,116	38,116	825,000	224,050	1,049,050
2020-2024	125,000	79,666	204,666	4,315,000	657,650	4,972,650
2025-2029	170,000	49,440	219,440	1,805,000	133,725	1,938,725
2030-2031	80,000	8,910	88,910	-	-	-
Total	<u>\$ 505,600</u>	<u>\$ 236,306</u>	<u>\$ 741,906</u>	<u>\$ 10,135,000</u>	<u>\$ 2,186,616</u>	<u>\$ 12,321,616</u>

Note 6 - Long-term Debt (Continued)

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.

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 \$8,710,000 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. The 2005 bonds were refunded in May 2013 with the 2013 Series Sewer Bonds. See below for refunding details.

Note 6 - Long-term Debt (Continued)

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.

Tyrone Township Sewer Bonds - Series 2013 - Tyrone Township, through Livingston County, issued \$4,945,000 in Sanitary Sewer Improvement Refunding Bonds. The Livingston County Sanitary Sewer Improvement Refunding Bonds Series 2013 (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 2005. 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, 2014, 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.

During May 2013, the Township refinanced its Sanitary Sewer Improvement Bonds Series 2005 in the amount of \$4,945,000. The debt has a maturity of 15 years and bears an interest rate of 2 percent through May 2017, 4 percent for 2018, and 3 percent for 2019 through 2028. The proceeds of \$5,313,150 (after payment of \$16,071 in underwriter's discount and a bond premium of \$384,221) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next years by \$478,483, which represents an economic gain of \$421,211.

Tyrone Township

Notes to Financial Statements March 31, 2014

Note 7 - 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, 2014, the Township estimates there is no significant liability related to Livingston County chargebacks.

Note 8 - 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, 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 9 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this statement, the following assets and liabilities have been reclassified, as indicated:

Item	Amount	Prior Reporting Classification/Treatment	New Classification After Adoption of GASB Statement No. 65
Deferred amounts on debt refundings	\$ 422,191	Asset	Deferred outflow of resources
Bond issuance costs	131,352	Asset	Outflow of resources (an expense)
Unavailable revenue	364,551	Liability	Deferred inflow of resources

Note 10 - Subsequent Events

Subsequent to year end, the Township sold land for \$700,000 that it initially purchased during fiscal year 2014 as an investment property.

Required Supplemental Information

Tyrone Township

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Property taxes	\$ 323,000	\$ 323,000	\$ 364,380	\$ 41,380
Licenses and permits	12,000	12,000	11,500	(500)
State-shared revenue and grants	620,000	620,000	740,933	120,933
Charges for services	37,550	37,550	36,467	(1,083)
Investment income	2,000	2,000	5,740	3,740
Other revenue:				
Cable franchise fees	95,000	95,000	128,560	33,560
Fees	138,000	138,000	131,798	(6,202)
Other miscellaneous income	54,000	54,000	42,071	(11,929)
Total revenue	<u>1,281,550</u>	<u>1,281,550</u>	<u>1,461,449</u>	<u>179,899</u>
Expenditures - Current				
General government:				
Township board	95,146	95,146	71,029	24,117
Supervisor	32,495	32,495	28,167	4,328
Cemeteries	7,600	7,600	5,860	1,740
Zoning administrator	25,002	25,002	17,817	7,185
Planning Commission	48,016	48,016	38,627	9,389
Zoning Board of Appeals	7,886	7,886	6,078	1,808
Treasurer	90,470	90,470	84,658	5,812
Assessing	51,345	51,345	46,537	4,808
Board of Review	1,820	1,820	1,172	648
Clerk	94,847	94,847	88,513	6,334
Elections	54,010	54,010	30,121	23,889
Buildings and grounds	34,320	34,320	27,803	6,517
Economic development	8,000	8,000	8,000	-
Other	14,500	14,500	10,688	3,812
Insurance, bond, and fringes	101,392	101,392	72,293	29,099
Total general government	<u>666,849</u>	<u>666,849</u>	<u>537,363</u>	<u>129,486</u>
Public safety - Ordinance enforcement	11,551	11,551	5,169	6,382
Public works	17,500	17,500	10,499	7,001
Recreation and culture	4,000	4,000	4,000	-
Total expenditures	<u>699,900</u>	<u>699,900</u>	<u>557,031</u>	<u>142,869</u>
Excess of Revenue Over Expenditures	581,650	581,650	904,418	322,768
Other Financing Uses - Transfers out	<u>(533,078)</u>	<u>(833,078)</u>	<u>(408,078)</u>	<u>425,000</u>
Net Change in Fund Balance	48,572	(251,428)	496,340	747,768
Fund Balance - Beginning of year	<u>2,118,818</u>	<u>2,118,818</u>	<u>2,118,818</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,167,390</u>	<u>\$ 1,867,390</u>	<u>\$ 2,615,158</u>	<u>\$ 747,768</u>

Tyrone Township

Required Supplemental Information Budgetary Comparison Schedule - Special Revenue Funds Public Safety Fund Year Ended March 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 30,000	\$ 30,000	\$ 73,024	\$ 43,024
Investment income	-	-	546	546
Other revenue - Special assessments	<u>579,450</u>	<u>579,450</u>	<u>582,566</u>	<u>3,116</u>
Total revenue	609,450	609,450	656,136	46,686
Expenditures - Current - Public safety				
Police/Sheriff (county)	155,400	155,400	67,203	88,197
Fire and EMS	<u>433,200</u>	<u>433,200</u>	<u>426,387</u>	<u>6,813</u>
Total expenditures	<u>588,600</u>	<u>588,600</u>	<u>493,590</u>	<u>95,010</u>
Net Change in Fund Balance	20,850	20,850	162,546	141,696
Fund Balance - Beginning of year	<u>143,954</u>	<u>143,954</u>	<u>143,954</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 164,804</u></u>	<u><u>\$ 164,804</u></u>	<u><u>\$ 306,500</u></u>	<u><u>\$ 141,696</u></u>

Tyrone Township

Required Supplemental Information Budgetary Comparison Schedule - Special Revenue Funds Parkin Lane Road Construction Maintenance Fund Year Ended March 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Investment income	\$ 200	\$ 200	\$ 213	\$ 13
Other revenue - Special assessments	<u>35,478</u>	<u>35,478</u>	<u>34,164</u>	<u>(1,314)</u>
Total revenue	35,678	35,678	34,377	(1,301)
Expenditures - Debt service	<u>35,440</u>	<u>35,440</u>	<u>35,440</u>	<u>-</u>
Net Change in Fund Balance	238	238	(1,063)	(1,301)
Fund Balance - Beginning of year	<u>167,965</u>	<u>167,965</u>	<u>167,965</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 168,203</u>	<u>\$ 168,203</u>	<u>\$ 166,902</u>	<u>\$ (1,301)</u>

Tyrone Township

Note to Required Supplemental Information Year Ended March 31, 2014

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. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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 shown 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, 2014

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Transfers</u>	<u>Fund Balance</u>
General Fund				
Amounts per operating statement	\$ 1,463,824	\$ 651,343	\$ -	\$ 3,851,761
Subfund accounts of General Fund:				
Road Improvement Fund budgeted separately from the General Fund	855	72,972	264,000	625,069
Building and Site Fund budgeted separately from the General Fund	-	3,484	15,000	25,522
Township Improvement Revolving Fund budgeted separately from the General Fund	577	-	100,000	548,097
Technology Fund budgeted separately from the General Fund	-	16,913	29,078	35,734
Beautification Fund budgeted separately from the General Fund	943	943	-	2,181
Total subfund accounts of the General Fund	<u>2,375</u>	<u>94,312</u>	<u>408,078</u>	<u>1,236,603</u>
General Fund less subfund accounts of the General Fund = Amounts per budget statement	<u>\$ 1,461,449</u>	<u>\$ 557,031</u>	<u>\$ (408,078)</u>	<u>\$ 2,615,158</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. This was the last year of activity related to this assessment.

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 and Maintenance - 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.

Lake Tyrone Grant Fund - To account for an environmental stewardship grant received from Enbridge by the Township for Lake Tyrone cleanup.

Tyrone Township

	Special Revenue Funds					
	Liquor Law Enforcement	Jayne Hill 1 and 2 Road Improvement	Parkwood/ Driftwood Maintenance	Jayne Hill Lighting Assessment	Walnut Drive Lighting Assessment	Jayne Hill Waste Removal
Assets						
Cash and cash equivalents	\$ -	\$ 23,603	\$ -	\$ 3,679	\$ 871	\$ 28,472
Receivables:						
Special assessments receivable	-	8,615	-	-	-	-
Other receivables	-	-	-	-	-	-
Due from other governmental units	-	631	-	213	-	1,352
Total assets	\$ -	\$ 32,849	\$ -	\$ 3,892	\$ 871	\$ 29,824
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 139	\$ 14	\$ -
Unearned revenue	-	-	-	2,210	250	17,969
Total liabilities	-	-	-	2,349	264	17,969
Deferred Inflows of Resources -						
Unavailable revenue	-	8,615	-	-	-	-
Fund Balances - Restricted						
Debt service	-	24,234	-	-	-	-
Public access programming	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Waste Removal	-	-	-	-	-	11,855
Snow removal	-	-	-	-	-	-
Other maintenance	-	-	-	-	-	-
Lighting districts	-	-	-	1,543	607	-
Right of way	-	-	-	-	-	-
Total fund balances	-	24,234	-	1,543	607	11,855
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 32,849	\$ -	\$ 3,892	\$ 871	\$ 29,824

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2014**

Special Revenue Funds					Total Nonmajor Governmental Funds
Parkin Snow Removal and Maintenance Fund	Right of Way	Public Education Grant	Great Oaks Drive	Lake Tyrone Grant	
\$ 14,254	\$ 3,853	\$ 169,746	\$ 6,492	\$ 22,500	\$ 273,470
-	-	-	-	-	8,615
-	-	13,125	-	-	13,125
420	-	-	214	-	2,830
\$ 14,674	\$ 3,853	\$ 182,871	\$ 6,706	\$ 22,500	\$ 298,040
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153
6,510	-	-	3,760	-	30,699
6,510	-	-	3,760	-	30,852
-	-	-	-	-	8,615
-	-	-	-	-	24,234
-	-	182,871	-	-	182,871
-	-	-	-	22,500	22,500
-	-	-	-	-	11,855
8,164	-	-	-	-	8,164
-	-	-	2,946	-	2,946
-	-	-	-	-	2,150
-	3,853	-	-	-	3,853
8,164	3,853	182,871	2,946	22,500	258,573
\$ 14,674	\$ 3,853	\$ 182,871	\$ 6,706	\$ 22,500	\$ 298,040

Tyrone Township

	Special Revenue Funds					
	Liquor Law Enforcement	Jayne Hill 1 and 2 Road Improvement	Parkwood/ Driftwood Maintenance	Jayne Hill Lighting Assessment	Walnut Drive Lighting Assessment	Jayne Hill Waste Removal
Revenue						
Local grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State revenue	-	-	-	-	-	-
Charges for services	2,166	-	-	-	-	-
Investment income	-	23	-	-	-	-
Other revenue:						
Special assessments	-	9,252	500	2,236	350	18,150
Cable franchise fees	-	-	-	-	-	-
Total revenue	<u>2,166</u>	<u>9,275</u>	<u>500</u>	<u>2,236</u>	<u>350</u>	<u>18,150</u>
Expenditures - Current						
General government	-	-	7,228	-	-	-
Public safety - Combined public safety department	2,166	-	-	-	-	-
Public works:						
Street construction	-	-	-	-	-	-
Routine maintenance	-	-	-	-	-	-
Winter maintenance	-	-	-	-	-	-
Rubbish disposal	-	-	-	-	-	17,167
Street lighting	-	-	-	1,658	168	-
Public access program	-	-	-	-	-	-
Debt service:						
Principal	-	17,800	-	-	-	-
Interest on long-term debt	-	1,976	-	-	-	-
Total expenditures	<u>2,166</u>	<u>19,776</u>	<u>7,228</u>	<u>1,658</u>	<u>168</u>	<u>17,167</u>
Net Change in Fund Balances	-	(10,501)	(6,728)	578	182	983
Fund Balances - Beginning of year	-	34,735	6,728	965	425	10,872
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 24,234</u>	<u>\$ -</u>	<u>\$ 1,543</u>	<u>\$ 607</u>	<u>\$ 11,855</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended March 31, 2014

Special Revenue Funds					Total Nonmajor Governmental Funds
Parkin Snow Removal and Maintenance Fund	Right of Way	Public Education Grant	Great Oaks Drive	Lake Tyrone Grant	
\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ 22,500
-	9,011	-	-	-	9,011
-	-	-	-	-	2,166
-	-	-	-	-	23
6,510	-	-	4,400	-	41,398
-	-	55,575	-	-	55,575
6,510	9,011	55,575	4,400	22,500	130,673
-	-	-	-	-	7,228
-	-	-	-	-	2,166
-	-	-	2,200	-	2,200
-	5,400	-	-	-	5,400
5,323	-	-	1,057	-	6,380
-	-	-	-	-	17,167
-	-	-	-	-	1,826
-	-	25,792	-	-	25,792
-	-	-	-	-	17,800
-	-	-	-	-	1,976
5,323	5,400	25,792	3,257	-	87,935
1,187	3,611	29,783	1,143	22,500	42,738
6,977	242	153,088	1,803	-	215,835
\$ 8,164	\$ 3,853	\$ 182,871	\$ 2,946	\$ 22,500	\$ 258,573

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Liquor Law Enforcement Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Charges for services	\$ 2,000	\$ 2,000	\$ 2,166	\$ 166
Expenditures - Current - Public safety - Combined public safety department	<u>2,000</u>	<u>2,000</u>	<u>2,166</u>	<u>(166)</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 and 2 Road Improvement Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ -	\$ -	\$ 23	\$ 23
Other revenue - Special assessments	10,005	10,005	9,252	(753)
Total revenue	10,005	10,005	9,275	(730)
Expenditures - Current - Debt service				
Principal	17,800	17,800	17,800	-
Interest on long-term debt	2,634	2,634	1,976	658
Total expenditures	20,434	20,434	19,776	658
Net Change in Fund Balance	(10,429)	(10,429)	(10,501)	(72)
Fund Balance - Beginning of year	34,735	34,735	34,735	-
Fund Balance - End of year	<u>\$ 24,306</u>	<u>\$ 24,306</u>	<u>\$ 24,234</u>	<u>\$ (72)</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Parkwood/Driftwood Maintenance Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue	\$ 500	\$ 500	\$ 500	\$ -
Expenditures - Current - General government	-	-	7,228	(7,228)
Net Change in Fund Balance	500	500	(6,728)	(7,228)
Fund Balance - Beginning of year	6,728	6,728	6,728	-
Fund Balance - End of year	<u>\$ 7,228</u>	<u>\$ 7,228</u>	<u>\$ -</u>	<u>\$ (7,228)</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Jayne Hill Lighting Assessment Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 2,236	\$ 2,236	\$ 2,236	\$ -
Expenditures - Current - Public works - Street lighting	2,000	2,000	1,658	342
Net Change in Fund Balance	236	236	578	342
Fund Balance - Beginning of year	965	965	965	-
Fund Balance - End of year	<u>\$ 1,201</u>	<u>\$ 1,201</u>	<u>\$ 1,543</u>	<u>\$ 342</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Walnut Drive Lighting Assessment Budgetary Comparison Year Ended March 31, 2014

	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	<u>200</u>	<u>200</u>	<u>168</u>	<u>32</u>
Net Change in Fund Balance	150	150	182	32
Fund Balance - Beginning of year	<u>425</u>	<u>425</u>	<u>425</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 575</u></u>	<u><u>\$ 575</u></u>	<u><u>\$ 607</u></u>	<u><u>\$ 32</u></u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Jayne Hill Waste Removal Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 18,150	\$ 18,150	\$ 18,150	\$ -
Expenditures - Current - Public works - Rubbish disposal	<u>18,000</u>	<u>18,000</u>	<u>17,167</u>	<u>833</u>
Net Change in Fund Balance	150	150	983	833
Fund Balance - Beginning of year	<u>10,872</u>	<u>10,872</u>	<u>10,872</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 11,022</u></u>	<u><u>\$ 11,022</u></u>	<u><u>\$ 11,855</u></u>	<u><u>\$ 833</u></u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Parkin Snow Removal and Maintenance Fund Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 6,510	\$ 6,510	\$ 6,510	\$ -
Expenditures - Current - Public works	5,500	5,500	5,323	177
Net Change in Fund Balance	1,010	1,010	1,187	177
Fund Balance - Beginning of year	6,977	6,977	6,977	-
Fund Balance - End of year	<u>\$ 7,987</u>	<u>\$ 7,987</u>	<u>\$ 8,164</u>	<u>\$ 177</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Right of Way Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - State-shared revenue and grants	\$ 8,500	\$ 8,500	\$ 9,011	\$ 511
Expenditures - Current - Public works	8,000	8,000	5,400	2,600
Net Change in Fund Balance	500	500	3,611	3,111
Fund Balance - Beginning of year	242	242	242	-
Fund Balance - End of year	<u>\$ 742</u>	<u>\$ 742</u>	<u>\$ 3,853</u>	<u>\$ 3,111</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Public Education Grant Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue	\$ 25,000	\$ 25,000	\$ 55,575	\$ 30,575
Expenditures - Current - Recreation and culture	-	31,000	25,792	5,208
Net Change in Fund Balance	25,000	(6,000)	29,783	35,783
Fund Balance - Beginning of year	153,088	153,088	153,088	-
Fund Balance - End of year	<u>\$ 178,088</u>	<u>\$ 147,088</u>	<u>\$ 182,871</u>	<u>\$ 35,783</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Great Oaks Drive Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 4,400	\$ 4,400	\$ 4,400	\$ -
Expenditures - Current - Public works	3,100	3,100	3,257	(157)
Net Change in Fund Balance	1,300	1,300	1,143	(157)
Fund Balance - Beginning of year	1,803	1,803	1,803	-
Fund Balance - End of year	<u>\$ 3,103</u>	<u>\$ 3,103</u>	<u>\$ 2,946</u>	<u>\$ (157)</u>

Tyrone Township

Other Supplemental Information Nonmajor Governmental Fund - Lake Tyrone Grant Budgetary Comparison Year Ended March 31, 2014

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Local grants	\$ -	\$ 22,500	\$ 22,500	\$ -
Net Change in Fund Balance	-	22,500	22,500	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ -</u>

July 30, 2014

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, 2014 and have issued our report thereon dated July 30, 2014. 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 contains 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 board of trustees and management of Tyrone Township and is not intended to be and should not be used by anyone other than these specified parties.

To the Board of Trustees
Tyrone Township

July 30, 2014

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

A handwritten signature in black ink, appearing to read "Tadd Harburn".

Tadd Harburn, CPA
Partner

A handwritten signature in black ink, appearing to read "Pamela J. Hill".

Pam Hill, CPA
Partner

A handwritten signature in black ink, appearing to read "Chrystal Simpson".

Chrystal Simpson, CPA
Manager

**Section I - Required Communications with Those Charged with Governance
Communications Required Under AU 260**

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 14, 2014, 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 19, 2014.

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 I to the financial statements.

As described in Note 9, the Township changed accounting policies related to GASB Statement No. 65. 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.

Useful lives of capital assets are based upon management's estimate of their lives. We evaluated the key factors and assumptions used to develop the estimate of useful lives for capital assets in determining that it is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 30, 2014.

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 of Michigan's 2014-2015 budget eliminates the Economic Vitality Incentive Program (EVIP) for cities, villages, and townships. EVIP created the need for communities to meet certain requirements to obtain what had been the statutory portion of state-shared revenue.

The statutory revenue sharing will now be called "City, Village, and Township Revenue Sharing (CVTRS)." The total appropriation for revenue sharing is \$23 million less than originally proposed. The decrease is a result of the May revenue estimation conference, which showed declines in the State's projected revenue. Year to year, there is still an overall increase to the appropriation for this portion of revenue sharing.

There will be an increase of \$13 million to the City, Village, and Township Revenue Sharing. Key provisions of the new revenue sharing formula are as follows:

1. The CVTRS for cities, villages, and townships that are currently receiving EVIP will be as follows:
 - a. For those with a population greater than 7,500 - the greater of a payment that is equal to the prior year (fiscal year 2013-2014) payment plus 3.05 percent or a total payment equal to \$2.64659 per capita. The State estimates that only about 15 local units will receive more using the per capita formula; all others will see a 3.05 percent increase.
 - b. Communities with populations less than 7,500 will simply receive a payment equal to an increase of 3.05 percent over their 2013-2014 EVIP payment.
2. An additional appropriation of \$5.8 million will be available for one-time funding to cities, villages, and townships that are newly eligible. These communities will receive a per capita payment of \$2.64659. It is important to note that while 101 new communities will start getting an EVIP equivalent under this new plan, some communities with populations of less than 7,500 will still see nothing under this component.

Constitutional Revenue Sharing - Communities will also see an increase of 2.4 percent in their constitutional revenue-sharing payment.

County Incentive Program - Counties still have to participate in the County Incentive Program (CIP), which is basically the EVIP. The good news is that an additional \$65.4 million was appropriated for counties. As a result, it is expected that counties will receive full funding when CIP payments (20 percent) and county revenue sharing (80 percent) are combined.

In addition to the dollars above, \$8 million has been set aside to help financially distressed cities. The funds will be applied for and disbursed through a grant-type program by the Department of Treasury.

The question is when will these payments be made? It appears that they will be distributed on the last business day of October, December, February, April, June, and August - 1/6th of the total payment is distributed on each date. This is the same distribution schedule currently being used for bi-monthly distributions.

The State has published the estimated payments for each community for 2014-2015 at the following link: [State Shared Revenue 2014-2015 estimates](#)

We have not seen a formal listing of the new communities that will be eligible under the CVTRS program that were not eligible under EVIP. However, they can be identified in the State's document as they will have \$0 as the payment in the "estimated FY 2013-2014 payment" column of the above document and will have an amount in the "estimated FY 2014-2015 payment" column.

It is important to note that the CVTRS program will still require communities to complete the accountability and transparency documents including the following:

- A citizen's guide of its most recent local finances (including recognition of its unfunded liabilities)
- A performance dashboard
- A debt service report containing a detailed listing of its debt service requirements including at a minimum:
 - The issuance date
 - Issuance amount
 - Type of debt instrument
 - Listing of all revenues pledged to finance debt service by instrument
 - Listing of the annual payment amounts
- Projected budget report, including at a minimum:
 - Current fiscal year
 - Projection for the immediately following fiscal year
 - Revenues and expenditures as well as an explanation of assumptions

These documents are to be made available for public viewings either in the municipality's clerk's office or posted for public internet access. In addition, all of the above documents must be submitted to the Department of Treasury. The accountability and transparency requirements apply to ALL eligible cities, villages, townships, and counties. The Department of Treasury will post and distribute to all eligible local units the detailed guidance by October 1.

The dashboard will now be due December 1 (which is a change from the October 1 deadline under EVIP). Therefore, the October payment will be made to all eligible local units (under EVIP, local units were only eligible if they certified by October 1). Under CVTRS, if a local unit does not certify by December 1, they will forfeit the December payment. By certifying by the first day of any payment month subsequent to December, a local unit can qualify for that month's payment.

Personal Property Tax

Significant personal property tax legislation has recently passed. Key provisions of the new acts include:

1. In August 2014, Michigan voters will be asked to approve a shift in use tax dollars to create a replacement fund. If rejected, the eligible manufacturing exemption described below will not occur, and the \$40,000 Small Taxpayer Exemption under PA 48 of 2012 would be effective for just the 2014 tax year (personal property tax would be levied again in 2015 for these small businesses).
2. The much-talked-about local Essential Services Assessment (ESA) would be replaced with a State-assessed ESA, which is actually a tax but is being referred to as an assessment simply so that it is recognized as the substitute for the local ESA.
3. The new bills increase the reimbursement to local units for lost personal property tax revenue to an amount stated as 100 percent replacement.

Two key provisions under the previous personal property tax reform legislation (PA 408 of 2012) remain. Businesses will benefit from the following provisions:

1. Under PA 408 of 2012, businesses with less than \$40,000 of combined industrial and commercial personal property TV (\$80,000 true cash value) would not have to file PPT returns or pay any personal property tax. This provision remains unchanged in these new bills. This exemption begins with the 2014 tax year (December 31, 2013 assessments).
2. "Eligible manufacturing" property would be exempt from PPT. This would be phased in beginning in 2016 (December 31, 2015 assessment date), with the following provisions:
 - a. Any property purchased subsequent to December 31, 2012 would be exempt immediately effective in 2016.
 - b. Property purchased prior to December 31, 2012 would be reduced to zero by its 10th year of existence (should take nine years).

Determining the Amount of Community Loss:

Communities will first need to calculate their losses. Losses are classified as either debt loss or non-debt loss, as follows:

- **Debt Loss** - Debt loss is defined as the amount of ad valorem and dedicated taxes that go toward debt that are lost as a result of the personal property tax exemption. During FY 2014-2015 and 2015-2016, revenue distributed by the newly created Local Community Stabilization Authority (LCSA) would equal either a community's debt loss or, in the case of a TIF, the small taxpayer loss. Through the 2015-2016 fiscal year, the losses are limited to the impact of the \$40,000 small business exemption. When the phase-out of eligible manufacturing property would begin to occur when tax bills go out in 2016, the debt loss (and corresponding reimbursement) will increase.

- **Non-debt Loss** - Non-debt loss is calculated using the lowest rate of each individual millage levied in the period between 2012 and the year immediately preceding the current year. This will exclude debt millage. The department will compute the loss by comparing the current year taxable value of commercial and industrial property to the taxable value that existed at December 31, 2012 (2013 tax year). In 2016, cities will be reimbursed for non-debt loss for 2014 and 2015 related to the small taxpayer exemption loss. This is for cities only. For 2014 and 2015, townships will be getting reimbursed for the debt loss related to the small business exemption, but not the other losses created by the small business exemption. Starting in 2016, all municipalities are reimbursed for non-debt loss.

Reimbursement Mechanisms:

Beginning in 2015-2016, the LCSA would reimburse local units. Reimbursements to communities for the losses come from two funding sources:

- **Use Tax Shift** - A portion of use tax will shift to the LCSA.
- **Essential Services Reimbursement** - Beginning in 2015-2016, the LCSA would receive a portion of the use tax as well as the full Essential Services Assessments in which to reimburse local units. This assessment is set at a prescribed millage rate based on the acquisition cost of property (depreciation will no longer apply). The rate is set at 2.4 mills for a property's first five years; then 1.25 mills for the next five years; then 0.9 mills thereafter. Essential services are defined as ambulance, fire, and police services as well as jail operations. This includes the cost of related pension funding.

The losses described by the bill are to be paid in order of this priority: school debt; Intermediate School District losses; school operations; government essential services; debt and TIFA forgone increases; and all other reimbursements (defined below). In theory, if there is not enough money available, the lower priority items may not be fully reimbursed. However, that department has indicated that they expect the fund to have enough to cover all reimbursements.

All Other Reimbursements - These reimbursements come from the use tax and would also begin in 2015-2016 and initially be proportional to each local unit's share of total "qualified losses", taking into account the losses of all municipalities. Over time, the reimbursement will shift to be based on each entity's share of eligible manufacturing personal property (based on the amount used in the ESA calculation above). Beginning in FY 2017-2018, 5 percent of the revenue would be distributed proportionally based on each local unit's share of eligible manufacturing personal property. The 5 percent portion would increase in 5 percent increments in each subsequent year. By FY 2036-2037, all revenue in the last category of reimbursements would be distributed based on the local unit's share of eligible manufacturing personal property. In short, in the beginning, the reimbursement is closely tied to the amount of lost personal property taxes, but over time, the community's reimbursement will be tied to the level of eligible manufacturing personal property.

Deficit Elimination Plans

In May 2014, the Michigan Department of Treasury issued another Numbered Letter addressing deficit elimination plans. This Numbered Letter, 2014-1, supersedes the prior Numbered Letter which the State issued in 2012. This new guidance clarifies when a deficit elimination plan is required and identifies when an entity would need to formulate a deficit elimination plan.

Key changes within this new guidance are:

- For governmental funds other than the General Fund, if the “deferred inflows of resources minus taxes and special assessments receivable” is greater than the “unrestricted fund balance”, no deficit elimination plan is necessary. Otherwise, for modified accrual funds, a deficit is still identified as having an unrestricted fund balance deficit, where unrestricted fund balance includes the sum of committed, assigned, and unassigned balances.
- For proprietary, fiduciary, and discretely presented component units:
 - A deficit would not exist if the deferred inflows of resources minus taxes and special assessments receivable are greater than either the unrestricted net position or total net position deficit balance.
 - A deficit would also not exist if current assets less current liabilities is a positive figure. For purposes of this calculation, current liabilities should not include the current portion of long-term obligations.

This new Numbered Letter does not change the timing of filing the deficit elimination plan. Local units are responsible to file deficit elimination plans concurrent with the submission of the audit report to the Department of Treasury. Local units should not wait for a letter from the State to file their plans. The plans are 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. As stated in Numbered Letter 2012-1, “local units with multiple year plans that do not meet their subsequent year deficit projections must submit a revised plan that adheres to the time frame that was originally certified, not to exceed five years.” 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.

Amendments to Public Act 152 of 2011 (Healthcare Limitations)

On December 11, 2013, legislation was passed (formerly SB 541-545) in an effort to clarify PA 152 of 2011. These amendments are effective immediately. SB 542 and 543 have perhaps the most direct financial impact on communities.

SB 542: This bill modified the current law which allows employers to opt between a percentage-based cap or a dollar-limit (hard cap) on employee health insurance premiums. The bill increases the dollar-cap for individual and spouse coverage from the current limit under PA 152 of \$11,000 to \$13,455. This applies for all medical plan coverage years beginning in calendar year 2013 according to the current language. The \$13,455 cap is increased annually for any changes in medical CPI on an annual basis. Please keep in mind that if your coverage year began after January 1, 2013, this could have resulted in an unanticipated additional cost of \$2,455 per employee. Several communities have questioned this aspect but it does not appear to have been addressed in the bill.

Currently, PA 152 excludes elected officials from the number of employees in the dollar cap formula. This would no longer be the case; they would become part of that calculation.

SB 543: This bill applies only to those public employers that adopt the 80/20 percentage-based option. It clarifies that all public employers (excluding the State) have to have support of a 2/3 vote by the governing body prior to the start of each medical benefit plan coverage year. If this does not occur, the public employer would then have to follow the hard cap requirement.

Potential Change in Audited Financial Statement Due Date

Senate Bill 949 of 2014 was recently introduced. Among other things, the bill changes the due date for audits.

- The audit deadline would be moved to 150 days from 180 days (effective for fiscal years ending after June 30, 2014).
- If the deadline cannot be met, the State can move in and either perform or contract for and charge the local unit for the audit services.
- There would be a requirement that budgets conform to the Uniform Chart of Accounts.
- The biennial audit exception for units under 4,000 population would be removed.
- Very specific language is added to say a unit cannot adopt or operate under a deficit budget, nor incur an operating deficit. If a unit is operating under a deficit, the State is to be notified. In that situation, a deficit elimination plan is due to the State within 90 days. Failure to comply will allow the State to withhold state funds as is necessary to gain compliance.

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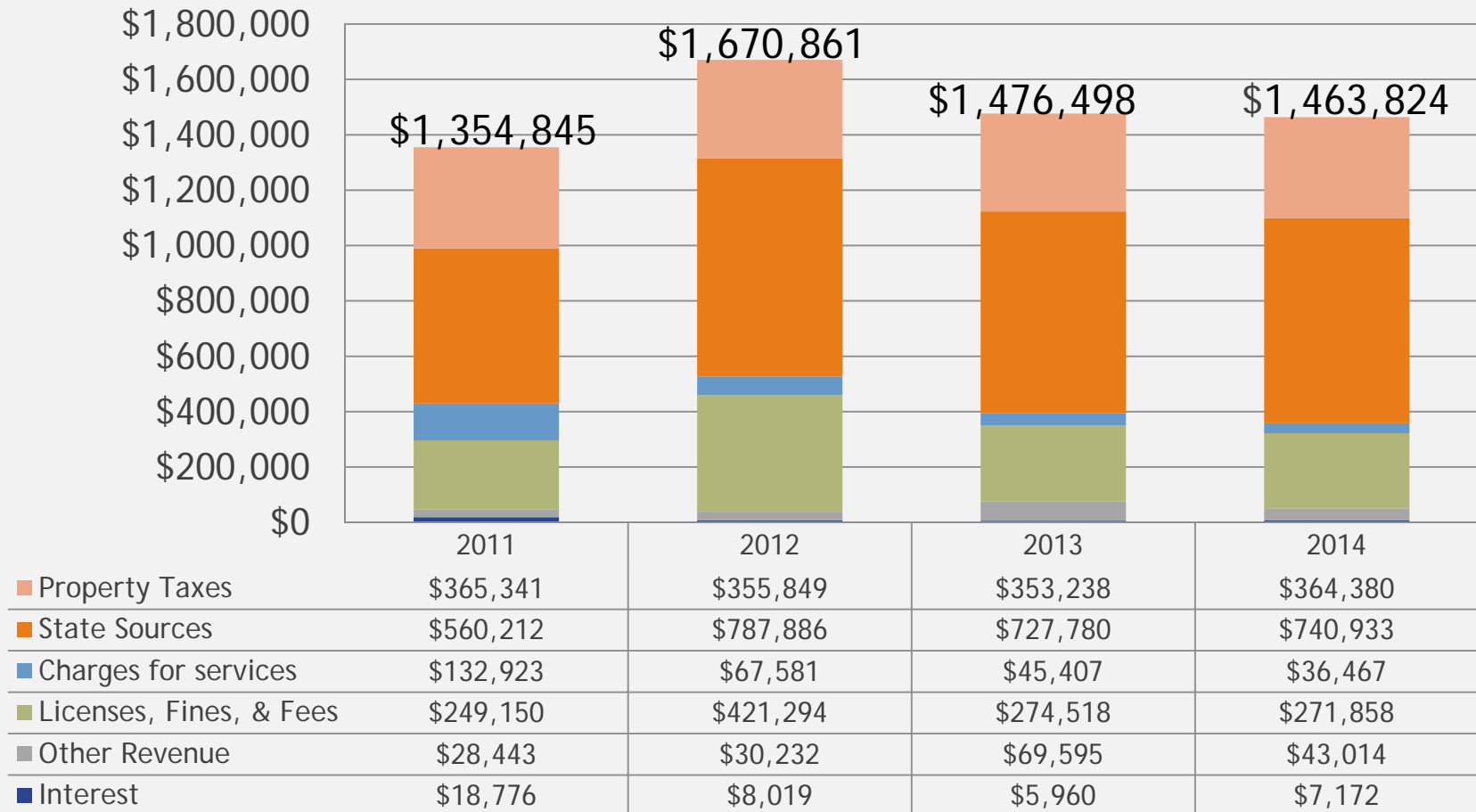
■ Tyrone Township

Audit Presentation to the Board of Trustees

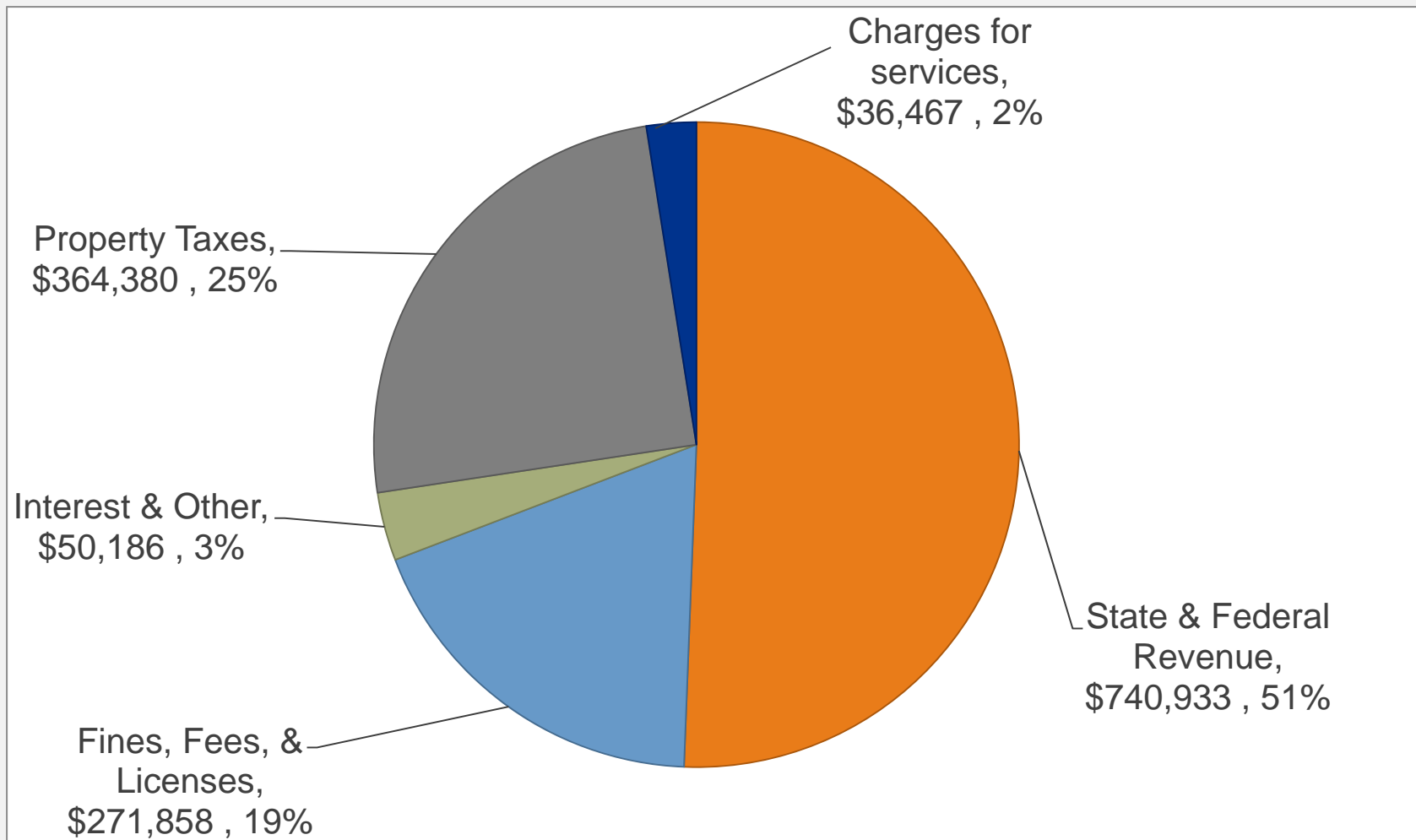
FOR YEAR ENDED MARCH 31, 2014

Presented by:
Tadd Harburn, CPA
Pam Hill, CPA
Chrystal Simpson, CPA

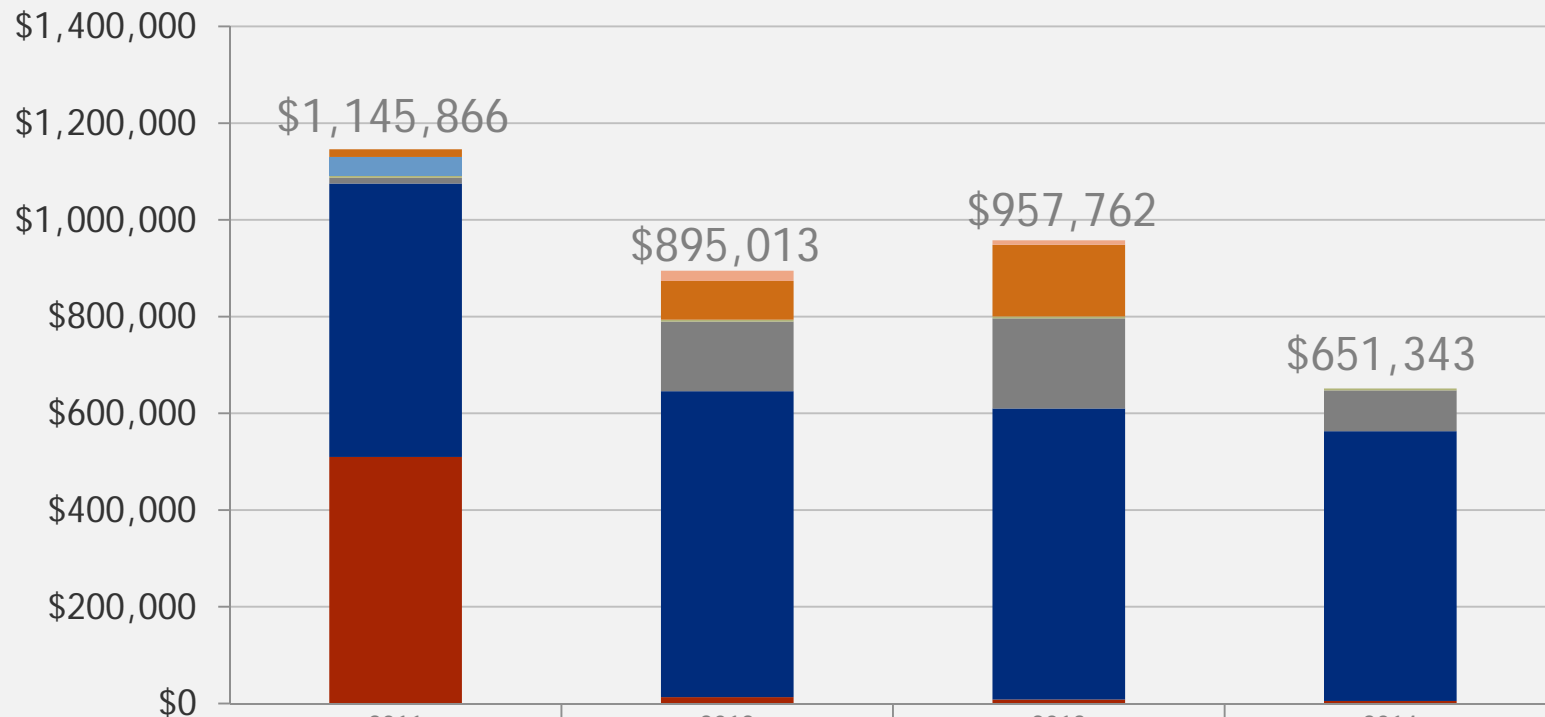
Tyrone Township General Fund Revenue Years Ended March 31



Tyrone Township General Fund Revenue Fiscal Year Ended March 31, 2014

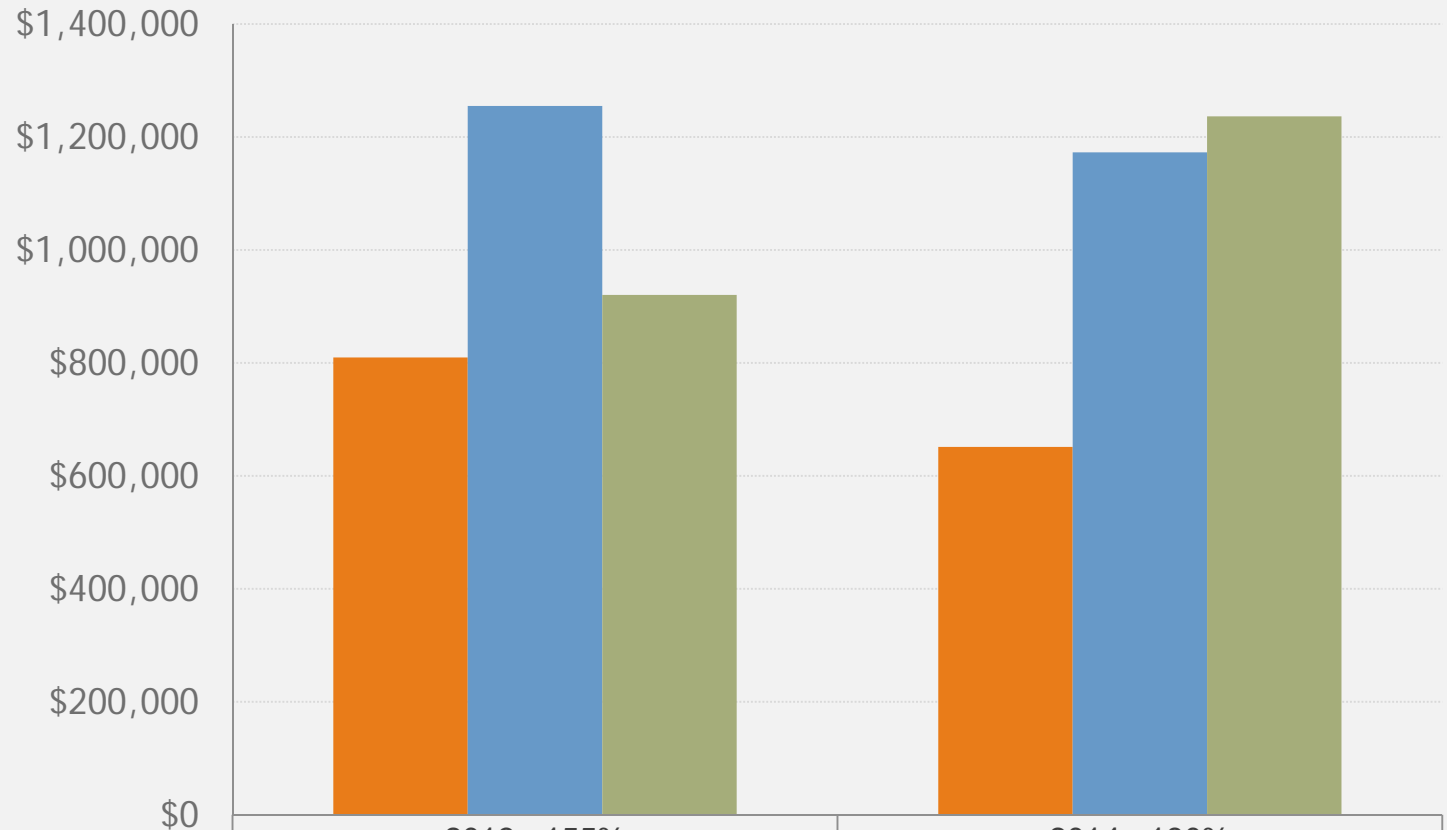


Tyrone Township General Fund Expenditures (including transfers out) Years Ended March 31



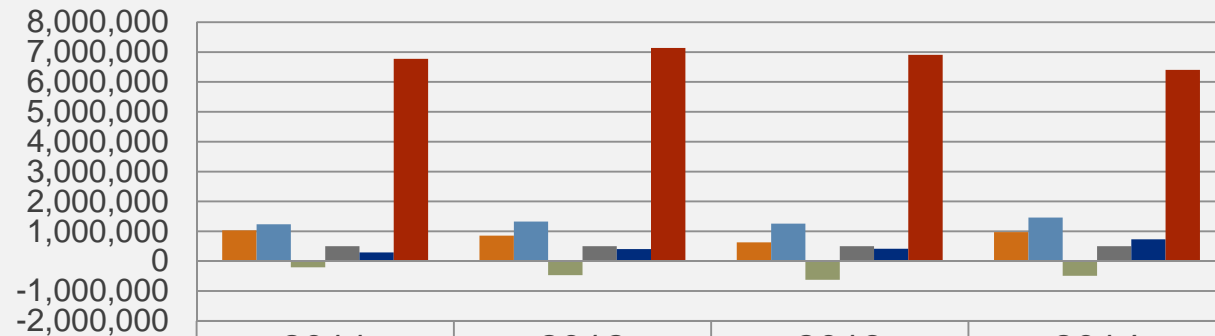
	2011	2012	2013	2014
Capital Outlay	\$0	\$21,445	\$9,439	\$0
Transfers to Other Funds	\$15,850	\$80,000	\$148,073	\$0
Debt Service	\$39,000	\$0	\$0	\$0
Health and Welfare	\$4,000	\$4,000	\$4,000	\$4,000
Public Works	\$11,939	\$143,674	\$186,309	\$84,414
General Government	\$565,353	\$632,697	\$601,735	\$557,760
Public Safety	\$509,744	\$13,197	\$8,206	\$5,169

Tyrone Township General Fund—Fund Balance Years Ended March 31



	2013 - 155%	2014 - 180%
Annual Expenditures	\$809,689	\$651,343
Unassigned Fund Balance	\$1,254,854	\$1,172,712
Assigned Fund Balance (Roads and other)	\$920,462	\$1,236,604

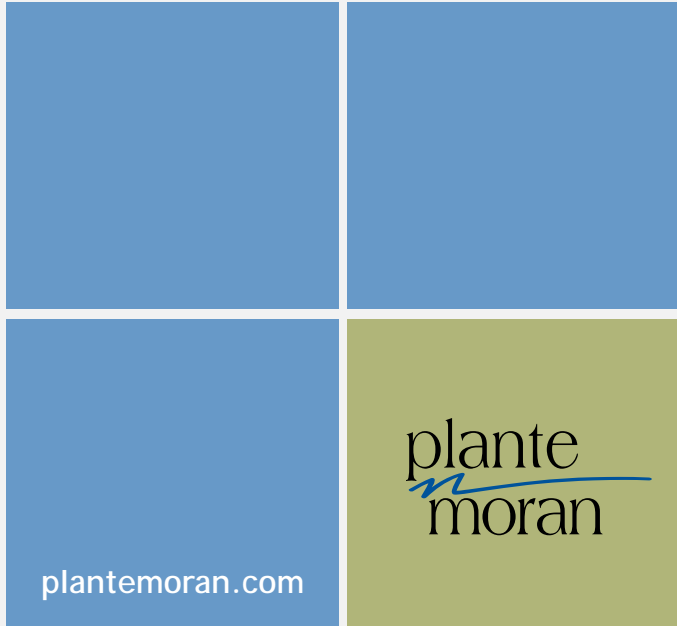
Tyrone Township Sewer Fund (in dollars) Years Ended March 31



	2011	2012	2013	2014
■ Revenue	1,032,381	857,794	629,877	973,747
■ Expenses	1,237,869	1,327,544	1,254,942	1,460,950
■ Increase/(reduction) in net position	(205,488)	(469,750)	(625,065)	(487,203)
■ Depreciation	501,384	501,384	501,384	501,384
■ Operating Cash	294,833	406,955	415,993	733,096
■ Amts restricted and avail. for Debt Svc	6,774,329	7,136,684	6,908,522	6,405,410

Tyrone Township Steps the Township Has Taken

- Township does not offer post employment benefits, therefore no legacy cost in the future related to retiree healthcare.
- Bonds were refinanced during the year with an economic gain of \$421,211.
- The Township purchased land at the tax sale in September 2013 for property that still owed taxes and special assessments dating back to 2009. Since the end of the fiscal year it has been sold and the proceeds from the sale were used to pay back all the old taxes and assessments, pay closing and title fees, and realize a gain.
- The Township has met and exceeded the plan in place for the debt repayment for the Sewer Fund.



■ THANK YOU