

**TOWNSHIP OF TYRONE, LIVINGSTON COUNTY, MICHIGAN**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED MARCH 31, 2015**



## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<hr/>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	13
Statement of Activities	14
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balance	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	18
<b>Proprietary Funds</b>	
Statement of Net Position	19
Statement of Revenues, Expenses and Changes in Net Position	20
Statement of Cash Flows	21
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	22
<b>Notes to the Financial Statements</b>	23
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Consolidated General Fund	40
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Public Safety Fund	41
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<hr/>	
<b>Governmental Funds</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	45
<b>General Fund</b>	
General Fund Combining Balance Sheet	47
General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balance	48
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Position	49

## 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 the Township of Tyrone, Livingston County, Michigan, (the "Township") as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Tyrone, Michigan,

as of March 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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



Gabridge & Company, PLC  
Grand Rapids, MI  
July 22, 2015

## Management's Discussion and Analysis

As management of the Township of Tyrone, Livingston County, Michigan (The "Township" or "government") we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements.

### Financial Highlights

- The assets and deferred outflows of the Township exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$15,160,438 (net position). Of this amount, \$5,010,331 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$5,526,516, an increase of \$942,780 in comparison with the prior year. Approximately 14% of this amount (\$798,375) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$798,375, or approximately 82% of total general fund expenditures.

### Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Township's assets, deferred inflows / outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., unavailable revenues, accrued interest, and long-term debt).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, police and fire protection, roads, health and welfare, community and economic development, and culture. The business-type activities of the Township include the sewage disposal system.

The government-wide financial statements can be found on pages 13 – 14 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and public safety fund, which are considered to be major funds. Data from the other governmental funds is presented as a separate column as they are considered nonmajor funds.

The Township adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 15 – 18 of this report.

**Proprietary Funds.** The Township maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the

government-wide financial statements. The Township uses enterprises funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19 – 21 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township reports one type of fiduciary fund, and maintains two agency funds.

The fiduciary fund financial statement can be found on page 22 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 23 - 38 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's budgetary comparison schedules.

Required supplementary information can be found on pages 40- 41 of this report.

This report also presents other supplementary information which includes the combining and individual fund statements. The combining statements are presented immediately following the required supplementary information on budgets.

Combining and individual fund statements and schedules can be found on pages 43 – 49 of this report.

## Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$15,160,438 at the close of the most recent fiscal year.

### Township of Tyrone Net Position as of March 31, 2015 and March 31, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 3,730,532	\$ 3,118,169	\$ 784,660	\$ 733,096	\$ 4,515,192	\$ 3,851,265
Cash and Cash Equivalents - Restricted	-	-	933,604	-	933,604	-
Investments	424,500	424,096	-	-	424,500	424,096
Receivables	274,593	220,164	253,490	218,889	528,083	439,053
Special Assessment Receivables	328,424	365,443	441,221	393,886	769,645	759,329
Prepaid Expenses	86,526	83,667	-	-	86,526	83,667
Due from Agency Funds	9,962	-	-	-	9,962	-
Land Held for Resale	21,987	154,005	-	-	21,987	154,005
<b>Total Current Assets</b>	<b>4,876,524</b>	<b>4,365,544</b>	<b>2,412,975</b>	<b>1,345,871</b>	<b>7,289,499</b>	<b>5,711,415</b>
<i>Noncurrent Assets</i>						
Capital Assets not being Depreciated	7,500	7,500	-	-	7,500	7,500
Capital Assets being Depreciated	156,528	169,979	13,409,979	13,911,363	13,566,507	14,081,342
Cash and Cash Equivalents - Restricted	-	-	1,337,467	1,784,296	1,337,467	1,784,296
Cash Held by Agent - Restricted	-	-	1,786	5,428	1,786	5,428
Special Assessment Receivables	-	-	3,612,372	4,227,228	3,612,372	4,227,228
<b>Total Assets</b>	<b>5,040,552</b>	<b>4,543,023</b>	<b>20,774,579</b>	<b>21,274,186</b>	<b>25,815,131</b>	<b>25,817,209</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Charge on Refunding	-	-	389,457	422,191	389,457	422,191
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>389,457</b>	<b>422,191</b>	<b>389,457</b>	<b>422,191</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	59,837	110,106	45,494	49,915	105,331	160,021
Accrued Liabilities and Other	12,519	10,286	-	-	12,519	10,286
Accrued Interest	5,562	6,357	133,604	119,688	139,166	126,045
Current Portion of Long-term Debt	37,800	32,800	800,000	775,000	837,800	807,800
Internal Balances	(5,416)	(564)	5,416	564	-	-
<b>Total Current Liabilities</b>	<b>110,302</b>	<b>158,985</b>	<b>984,514</b>	<b>945,167</b>	<b>1,094,816</b>	<b>1,104,152</b>
<i>Noncurrent Liabilities</i>						
Long-term Debt	435,000	472,800	8,902,640	9,729,461	9,337,640	10,202,261
Advances from Other Funds	(1,700,000)	(1,275,000)	1,700,000	1,275,000	-	-
<b>Total Liabilities</b>	<b>(1,154,698)</b>	<b>(643,215)</b>	<b>11,587,154</b>	<b>11,949,628</b>	<b>10,432,456</b>	<b>11,306,413</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Special Assessments Levied for a Subsequent Period	611,694	572,429	-	-	611,694	572,429
<b>Total Deferred Inflows of Resources</b>	<b>611,694</b>	<b>572,429</b>	<b>-</b>	<b>-</b>	<b>611,694</b>	<b>572,429</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	164,028	177,479	4,098,582	3,834,521	4,262,610	4,012,000
Restricted	790,762	962,049	5,096,735	6,405,410	5,887,497	7,367,459
Unrestricted	4,628,766	3,474,281	381,565	(493,182)	5,010,331	2,981,099
<b>Total Net Position</b>	<b>\$ 5,583,556</b>	<b>\$ 4,613,809</b>	<b>\$ 9,576,882</b>	<b>\$ 9,746,749</b>	<b>\$ 15,160,438</b>	<b>\$ 14,360,558</b>

A significant portion of the Township's net position (\$4,262,610) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future



spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (\$5,887,497) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,010,331 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Cash and cash equivalents increased significantly during the year, from \$3,851,265 as of March 31, 2014 to \$4,515,192 as of March 31, 2015. This is a direct result of the Township actively monitoring the expenditure side of its ledger to keep costs down leading to an increase in net position of \$799,880 during the year. This in turn increased the Township's cash balances.

Also, long-term debt decreased from \$11,010,061 as of March 31, 2014 to \$10,175,440 as of March 31, 2015. This is a result of principal payments made by the Township during the year.

The Township's overall net position increased \$799,880 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** Governmental activities increased the Township's net position by \$969,747. The total increase was the result of total revenues of \$2,529,043 less total expenses of \$1,559,296.

Total revenues increased by \$279,085 compared to the previous fiscal year. The increase in revenues is attributable to the sale of land that the Township held for resale in the amount of \$235,672 (included as other income). Overall expenses had increased by \$306,837 from the prior year. The increase in expense is primarily related to the public works function for Hartland Road improvements within Tyrone Township amounting to \$264,851.

**Business-type Activities.** Business-type activities decreased the Township's net position by \$169,867 during fiscal year 2015. The decrease in net position is an improvement over the prior year's decrease in net position of \$487,203. The reasons for this improvement include two items. First, there was a budgeted increase in charges for sewer services in accordance with the Township's seven-year plan to ensure sustainable operation of the sewer system. These increases, in part, led to the increased charged for services of \$382,757 during fiscal year 2014 to \$498,019 during fiscal year 2015. Secondly, there was a one-time increase in other income during the year of \$253,361 for collections on prior year receivable adjustments.

**Township of Tyrone**  
**Change in Net Position for Fiscal Year Ended March 31, 2015 and March 31, 2014**

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 321,614	\$ 340,650	\$ 498,019	\$ 382,757	\$ 819,633	\$ 723,407
Operating Grants & Contributions	2,500	22,500	-	-	2,500	22,500
Capital Grants & Contributions	-	-	388,349	388,734	388,349	388,734
<b>Total Program Revenues</b>	324,114	363,150	886,368	771,491	1,210,482	1,134,641
<b>General Revenues</b>						
Property Taxes	373,485	364,380	-	-	373,485	364,380
State Revenue	789,984	740,933	-	-	789,984	740,933
Special Assessments	541,730	582,566	-	-	541,730	582,566
Cable Franchise Fees	191,743	184,135	-	-	191,743	184,135
Interest	14,449	7,954	7,930	7,589	22,379	15,543
Other	293,538	6,840	250,531	-	544,069	6,840
<b>Total General Revenues</b>	2,204,929	1,886,808	258,461	7,589	2,463,390	1,894,397
<b>Total Revenues</b>	2,529,043	2,249,958	1,144,829	779,080	3,673,872	3,029,038
<b>Expenses</b>						
General Government	503,001	460,658	-	-	503,001	460,658
Public Safety	494,540	488,105	-	-	494,540	488,105
Public Works	381,958	117,387	1,314,696	1,266,283	1,696,654	1,383,670
Community & Economic Development	67,157	52,705	-	-	67,157	52,705
Health and Welfare	4,000	4,000	-	-	4,000	4,000
Culture	16,562	25,792	-	-	16,562	25,792
Other Functions	71,467	72,293	-	-	71,467	72,293
Interest on Long-term Debt	20,611	21,668	-	-	20,611	21,668
<b>Total Expenses</b>	1,559,296	1,242,608	1,314,696	1,266,283	2,873,992	2,508,891
<b>Change in Net Position</b>	969,747	1,007,350	(169,867)	(487,203)	799,880	520,147
<i>Net Position at Beginning of Period</i>	4,613,809	3,606,459	9,746,749	10,233,952	14,360,558	13,840,411
<b>Net Position at End of Period</b>	\$ 5,583,556	\$ 4,613,809	\$ 9,576,882	\$ 9,746,749	\$ 15,160,438	\$ 14,360,558

### Financial Analysis of Governmental Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Township itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Township's Board.

At March 31, 2015, the Township's governmental funds reported combined fund balances of \$5,526,516, an increase of \$942,780 in comparison with the prior year. Approximately 14% of this amount (\$798,375) constitutes *unassigned fund balance*, which is available for spending at

the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form (\$1,808,513), 2) restricted for particular purposes (\$790,762), 3) committed for late-in-the-year tax collections (\$500,000), or 4) assigned (\$1,628,866).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$798,375, while total fund balance increased to \$4,663,313. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 82 percent of total general fund expenditures and transfers out, while total fund balance represents approximately 482 percent of that same amount.

The fund balance of the Township's general fund increased by \$811,552 during the current fiscal year, which is comparable with prior years. The Township Board monitors the expenditures of the general fund closely to ensure that spending does not exceed the Township's available resources.

The public safety fund, a major fund, had a \$91,412 increase in fund balance during the current fiscal year which put the overall fund balance at \$397,912.

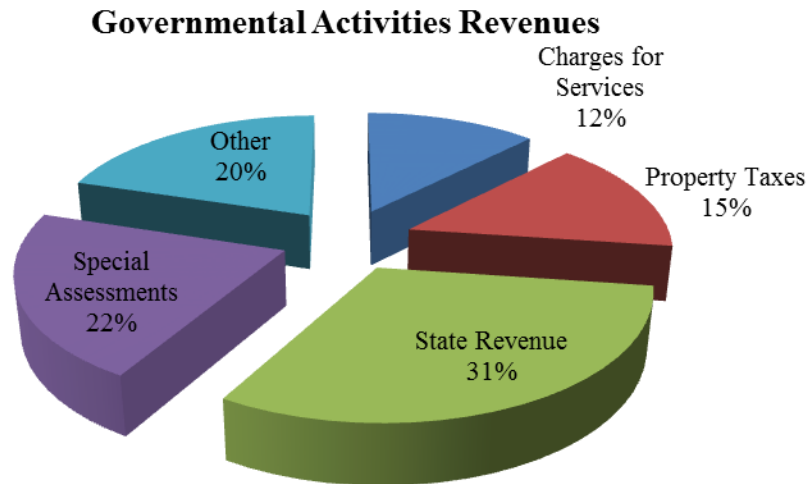
The fund balance of the nonmajor funds increased by \$39,816 during the current fiscal year, this result is comparable with prior years.

***Proprietary Funds.*** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

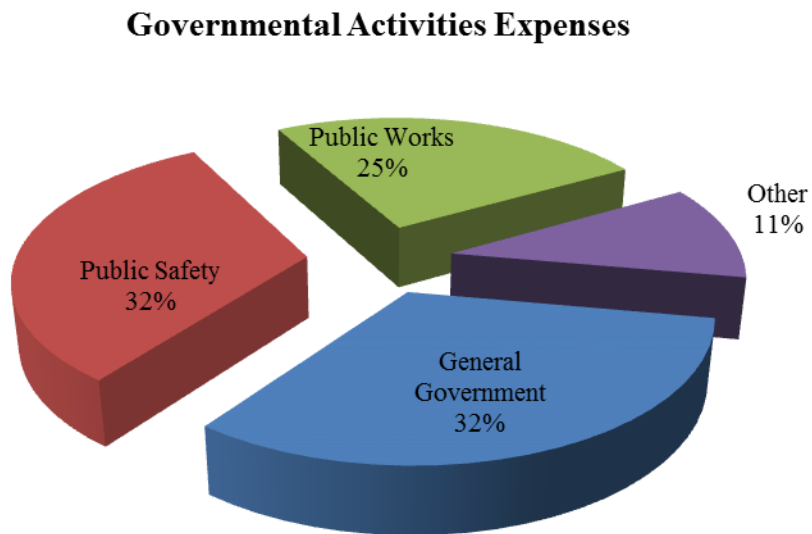
Unrestricted net position at the end of the year was \$381,565 for the sewer fund. Total net position decreased by \$169,867 which put the overall net position at 9,576,882. The significant reasons for the change in net position of the sewer fund are stated in the previous section.

## Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Township for the most recent fiscal year end.



The following chart summarizes the expenses for the governmental activities of the Township for the most recent fiscal year end.



## General Fund Budgetary Highlights

*Original budget compared to final budget.* During the year there was a need to adjust expenditures in the final budget to \$1,146,790 from the originally budgeted expenditures of \$904,139. This is a result of increased estimated expenditures for general public works for road improvement expenditures of \$233,000. All other budget amendments during the year were relatively minor.

*Final budget compared to actual results.* During the current fiscal year the Township had no expenditures in excess of the appropriated amounts in the general fund.

## Capital Assets and Debt Administration

### Capital Assets

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2015 amounts to \$13,574,007 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and sewer infrastructure. The following summarizes the Township's capital assets:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>
Buildings	\$ 132,011	\$ -	\$ 132,011
Information Technology	1,760	-	1,760
Land	7,500	-	7,500
Land Improvements	15,416	-	15,416
Machinery and Equipment	7,342	-	7,342
Sewer System	-	13,409,979	13,409,979
	<u>\$ 164,028</u>	<u>\$ 13,409,979</u>	<u>\$ 13,574,007</u>

More detailed information about the Township's capital assets can be found in note 4.

### Long-term Debt

As described in note 6 to the financial statements, the Township had \$10,175,440 in long-term debt at the end of the fiscal year. The Township is well under its legal debt limit as of year-end.

## Economic Condition and Outlook

About \$1,600,000 of revenues are expected to be available for appropriation in the general fund in the upcoming year. Expenditures are expected to change by small amounts compared to 2015. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary

amendments. In 2016, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of the Township.

### **Contacting the Township**

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Township of Tyrone  
10408 Center Road  
Fenton, MI 48430

**Township of Tyrone**  
**Statement of Net Position**  
**March 31, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 3,730,532	\$ 784,660	\$ 4,515,192
Cash and Cash Equivalents - Restricted	--	933,604	933,604
Investments	424,500	--	424,500
Receivables	274,593	253,490	528,083
Special Assessments Receivables	328,424	441,221	769,645
Prepaid Expenses	86,526	--	86,526
Due from Agency Funds	9,962	--	9,962
Land Held for Resale	21,987	--	21,987
<b>Total Current Assets</b>	<b>4,876,524</b>	<b>2,412,975</b>	<b>7,289,499</b>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	7,500	--	7,500
Capital Assets being Depreciated	156,528	13,409,979	13,566,507
Cash and Cash Equivalents - Restricted	--	1,337,467	1,337,467
Cash Held by Agent - Restricted	--	1,786	1,786
Special Assessment Receivables	--	3,612,372	3,612,372
<b>Total Assets</b>	<b>5,040,552</b>	<b>20,774,579</b>	<b>25,815,131</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	--	389,457	389,457
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>389,457</b>	<b>389,457</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	59,837	45,494	105,331
Accrued Liabilities and Other	12,519	--	12,519
Accrued Interest	5,562	133,604	139,166
Current Portion of Long-term Debt	37,800	800,000	837,800
Internal Balances	(5,416)	5,416	--
<b>Total Current Liabilities</b>	<b>110,302</b>	<b>984,514</b>	<b>1,094,816</b>
<i>Noncurrent Liabilities</i>			
Long-term Debt	435,000	8,902,640	9,337,640
Advances from Other Funds	(1,700,000)	1,700,000	--
<b>Total Liabilities</b>	<b>(1,154,698)</b>	<b>11,587,154</b>	<b>10,432,456</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Special Assessments Levied for a Subsequent Period	611,694	--	611,694
<b>Total Deferred Inflows of Resources</b>	<b>611,694</b>	<b>--</b>	<b>611,694</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	164,028	4,098,582	4,262,610
<i>Restricted for:</i>			
Public Safety	325,471	--	325,471
Debt Service	197,840	5,096,735	5,294,575
Public Access Programming	223,175	--	223,175
Streets and Right of Way	6,218	--	6,218
Lake Tyrone Grant	9,550	--	9,550
Waste Removal	12,725	--	12,725
Snow Removal	9,652	--	9,652
Lighting Districts	6,131	--	6,131
<i>Unrestricted</i>	4,628,766	381,565	5,010,331
<b>Total Net Position</b>	<b>\$ 5,583,556</b>	<b>\$ 9,576,882</b>	<b>\$ 15,160,438</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone  
Statement of Activities  
For the Year Ended March 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 503,001	\$ 179,893	\$ --	\$ --	\$ (323,108)	\$ --	\$ (323,108)
Public Safety	494,540	50,363	--	--	(444,177)	--	(444,177)
Public Works	381,958	91,358	2,500	--	(288,100)	--	(288,100)
Community and Economic Development	67,157	--	--	--	(67,157)	--	(67,157)
Health and Welfare	4,000	--	--	--	(4,000)	--	(4,000)
Culture	16,562	--	--	--	(16,562)	--	(16,562)
Other Functions	71,467	--	--	--	(71,467)	--	(71,467)
Interest on Long-term Debt	20,611	--	--	--	(20,611)	--	(20,611)
<b>Total Governmental Activities</b>	<b>1,559,296</b>	<b>321,614</b>	<b>2,500</b>	<b>--</b>	<b>(1,235,182)</b>	<b>--</b>	<b>(1,235,182)</b>
<b>Business-type Activities:</b>							
Sewer Fund	1,314,696	881,997	--	254,902	--	(177,797)	(177,797)
<b>Total Business-type Activities</b>	<b>1,314,696</b>	<b>881,997</b>	<b>--</b>	<b>254,902</b>	<b>--</b>	<b>(177,797)</b>	<b>(177,797)</b>
<b>Total Primary Government</b>	<b>\$ 2,873,992</b>	<b>\$ 1,203,611</b>	<b>\$ 2,500</b>	<b>\$ 254,902</b>	<b>\$ (1,235,182)</b>	<b>\$ (177,797)</b>	<b>\$ (1,412,979)</b>
<b>General Purpose Revenues and Transfers:</b>							
<b>Revenues</b>							
Property Taxes					373,485	--	373,485
State Revenue					789,984	--	789,984
Special Assessments					541,730	--	541,730
Cable Franchise Fees					191,743	--	191,743
Interest					14,449	7,930	22,379
Other Miscellaneous Income					293,538	--	293,538
<b>Transfers</b>					--	--	--
<b>Total General Revenues and Transfers</b>					<b>2,204,929</b>	<b>7,930</b>	<b>2,221,449</b>
<b>Change in Net Position</b>					<b>969,747</b>	<b>(169,867)</b>	<b>799,880</b>
<i>Net Position at Beginning of Period</i>					4,613,809	9,746,749	14,360,558
<b>Net Position at End of Period</b>					<b>\$ 5,583,556</b>	<b>\$ 9,576,882</b>	<b>\$ 15,160,438</b>

The Notes to the Financial Statements are an integral part of these Financial Statements



**Township of Tyrone  
Balance Sheet  
Governmental Funds  
March 31, 2015**

	<u>Special Revenue</u>			<b>Total Governmental Funds</b>
	<u>General</u>	<u>Public Safety Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,324,263	\$ 916,755	\$ 489,514	\$ 3,730,532
Investments	424,500	--	--	424,500
Receivables	224,762	29,949	19,882	274,593
Special Assessments Receivables	--	--	328,424	328,424
Prepaid Expenditures	14,085	72,441	--	86,526
Due from Agency Funds	9,962	--	--	9,962
Advances to Other Funds	1,700,000	--	--	1,700,000
Land Held for Resale	21,987	--	--	21,987
Due from Other Funds	6,016	--	--	6,016
<i>Total Assets</i>	<u>\$ 4,725,575</u>	<u>\$ 1,019,145</u>	<u>\$ 837,820</u>	<u>\$ 6,582,540</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,793	\$ 38,458	\$ 14,586	\$ 59,837
Accrued Liabilities and Other	12,519	--	--	12,519
Due to Other Funds	--	--	600	600
<i>Total Liabilities</i>	<u>19,312</u>	<u>38,458</u>	<u>15,186</u>	<u>72,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues	42,950	--	328,424	371,374
Special Assessments Levied for a Subsequent Period	--	582,775	28,919	611,694
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>62,262</u>	<u>621,233</u>	<u>372,529</u>	<u>1,056,024</u>
<b>FUND BALANCE</b>				
Nonspendable	1,736,072	72,441	--	1,808,513
Restricted	--	325,471	465,291	790,762
Committed	500,000	--	--	500,000
Assigned	1,628,866	--	--	1,628,866
Unassigned	798,375	--	--	798,375
<i>Total Fund Balance</i>	<u>4,663,313</u>	<u>397,912</u>	<u>465,291</u>	<u>5,526,516</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 4,725,575</u>	<u>\$ 1,019,145</u>	<u>\$ 837,820</u>	<u>\$ 6,582,540</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**March 31, 2015**

Total Fund Balance - Governmental Funds	\$ 5,526,516
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement. This amount represents capital assets of \$558,436 less accumulated depreciation of \$394,408.	164,028
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	371,374
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	(472,800)
In the Statement of Net Position, interest is accrued on outstanding bonds, whereas in the governmental funds, the interest expenditure is reported when due.	(5,562)
<b>Total Net Position - Governmental Funds</b>	<b>\$ <u>5,583,556</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended March 31, 2015**

	<u>Special Revenue</u>			
	<u>General</u>	<u>Public Safety Fund</u>	<u>Other Governmental Funds</u>	
<b>Revenues</b>				
Property Taxes	\$ 373,485	\$ --	\$ --	\$ 373,485
Local Grants	--	--	2,500	2,500
Licenses and Permits	14,900	--	--	14,900
State Revenue	789,984	--	8,238	798,222
Charges for Services	24,033	37,472	2,234	63,739
Fines and Forfeitures	17,252	--	--	17,252
Special Assessments	--	541,730	91,337	633,067
Cable Franchise Fees	136,960	--	54,783	191,743
Fees	153,685	--	--	153,685
Other Miscellaneous Income	256,457	--	2,721	259,178
Interest	12,668	1,488	293	14,449
<b>Total Revenues</b>	<u>1,779,424</u>	<u>580,690</u>	<u>162,106</u>	<u>2,522,220</u>
<b>Expenditures</b>				
General Government	481,614	--	--	481,614
Public Safety	3,028	489,278	2,234	494,540
Public Works	330,587	--	51,371	381,958
Health and Welfare	4,000	--	--	4,000
Community and Economic Development	67,157	--	--	67,157
Culture	2,083	--	14,479	16,562
Other Functions	71,467	--	--	71,467
Capital Outlay	7,936	--	--	7,936
Debt Service - Interest	--	--	21,406	21,406
Debt Service - Principal	--	--	32,800	32,800
<b>Total Expenditures</b>	<u>967,872</u>	<u>489,278</u>	<u>122,290</u>	<u>1,579,440</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>811,552</u>	<u>91,412</u>	<u>39,816</u>	<u>942,780</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<b>811,552</b>	<b>91,412</b>	<b>39,816</b>	<b>942,780</b>
<i>Fund Balance at Beginning of Period</i>	3,851,761	306,500	425,475	4,583,736
<b>Fund Balance at End of Period</b>	<b>\$ 4,663,313</b>	<b>\$ 397,912</b>	<b>\$ 465,291</b>	<b>\$ 5,526,516</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended March 31, 2015**

Total Net Change in Fund Balances - Governmental Funds	\$	942,780
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is represented by which capital outlay expenditures of \$7,936 is less than depreciation expense of \$21,387.</p>		
		(13,451)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year. This represents the change in unavailable revenues during the current year.</p>		
		6,823
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		32,800
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. This represents the decrease in accrued interest during the current year.</p>		
		795
<b>Changes in Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>969,747</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone  
Statement of Net Position  
Proprietary Funds  
March 31, 2015**

	<b><u>Business-type Activities - Enterprise Fund</u></b>
	<b><u>Sewer Fund</u></b>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 784,660
Cash and Cash Equivalents - Restricted	933,604
Receivables	253,490
Special Assessments Receivables	441,221
<b><i>Total Current Assets</i></b>	<b><u>2,412,975</u></b>
<i>Noncurrent Assets</i>	
Capital Assets being Depreciated	13,409,979
Cash and Cash Equivalents - Restricted	1,337,467
Cash Held by Agent - Restricted	1,786
Special Assessment Receivables	3,612,372
<b><i>Total Assets</i></b>	<b><u>20,774,579</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charge on Refunding	389,457
<b><i>Total Deferred Outflows of Resources</i></b>	<b><u>389,457</u></b>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts Payable	45,494
Accrued Interest	133,604
Current Portion of Long-Term Debt	800,000
Due to Other Funds	5,416
<b><i>Total Current Liabilities</i></b>	<b><u>984,514</u></b>
<i>Noncurrent Liabilities</i>	
Long-Term Debt	8,902,640
Advances from Other Funds	1,700,000
<b><i>Total Liabilities</i></b>	<b><u>11,587,154</u></b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,098,582
<i>Restricted for:</i>	
Debt Service	5,096,735
<i>Unrestricted</i>	
	381,565
<b><i>Total Net Position</i></b>	<b><u>\$ 9,576,882</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended March 31, 2015**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>Operating Revenues</b>	
Charges for Services	\$ 498,019
Other Miscellaneous Income	250,531
<i><b>Total Operating Revenues</b></i>	<b>748,550</b>
<b>Operating Expenses</b>	
Cost of Sewage Operations and Maintenance	455,892
Depreciation	501,384
<i><b>Total Operating Expenses</b></i>	<b>957,276</b>
<i><b>Operating Income (Loss)</b></i>	<b>(208,726)</b>
<b>Non-Operating Revenues (Expenses)</b>	
Interest	7,930
Debt Service - Interest	(350,307)
Debt Service Charge	(7,113)
<i><b>Net Non-Operating Revenues (Expenses)</b></i>	<b>(349,490)</b>
<i><b>Income Before Capital Contributions</b></i>	<b>(558,216)</b>
Special Assessments Interest	370,374
Tap-in Fees	17,975
<i><b>Change In Net Position</b></i>	<b>(169,867)</b>
<i>Net Position at Beginning of Period</i>	9,746,749
<i><b>Net Position at End of Period</b></i>	<b>\$ 9,576,882</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended March 31, 2015**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 400,572
Other miscellaneous income	250,531
Payments to suppliers	(460,313)
Interfund activity	4,852
<b><i>Total Cash Flows from Operating Activities</i></b>	<b>195,642</b>
<b>Cash Flows from Non-capital Financing Activities</b>	
Loans received from other funds	425,000
<b><i>Cash Flows from Non-capital Financing Activities</i></b>	<b>425,000</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Special assessment collections	1,000,741
Tap-in fees	17,975
Principal and interest paid on capital debt	(1,112,591)
<b><i>Cash Flows from Capital and Related Financing Activities</i></b>	<b>( 93,875 )</b>
<b>Cash Flows from Investing Activities</b>	
Interest received on investments	7,930
<b><i>Total Cash Flows from Investing Activities</i></b>	<b>7,930</b>
Net Increase (Decrease) in Cash and Equivalents	534,697
<i>Cash and Equivalents - Beginning of Year</i>	2,522,820
<b>Cash and Equivalents - End of Year</b>	<b>\$ 3,057,517</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
<b>Operating Income (Loss)</b>	(208,726)
Adjustments to Reconcile Operating Income to Net Cash <b>Provided (Used) by Operating Activities</b>	
Depreciation Expense	501,384
<b>Changes in Assets and Liabilities</b>	
Accounts receivable	(97,447)
Accounts payable	(4,421)
Due to other funds	4,852
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 195,642</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Township of Tyrone**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**March 31, 2015**

	<b>Agency</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 26,544
<i>Total Assets</i>	26,544
<b>LIABILITIES</b>	
Refundable Deposits, Bonds, Etc.	15,143
Due to Other Governmental Units	1,439
Due to Primary Government	9,962
<i>Total Liabilities</i>	26,544
<b>NET POSITION</b>	
Held in Trust	\$ --

The Notes to the Financial Statements are an integral part of these Financial Statements



## Township of Tyrone

### Notes to the Financial Statements

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Township of Tyrone (the “Township” or “government”) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township’s accounting policies are described below.

#### **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.

The accompanying financial statements present the Township's primary government. The Township did not have any component units at March 31, 2015, which are separate legal entities for which the Township is considered to be financially accountable.

#### **Government-wide and Fund Financial Statements**

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

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

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

## Township of Tyrone

### Notes to the Financial Statements

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#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township of Tyrone reports the following major governmental funds:

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

The ***public safety fund*** is used to account for the Township's police and fire activities paid with extra voted special assessments.

The Township reports the following major proprietary fund:

The ***sewer fund*** accounts for the operations of the sewage pumping and collection system.

## Township of Tyrone

### Notes to the Financial Statements

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Additionally, the government reports the following fiduciary fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*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 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.

#### **Assets, Liabilities, and Fund Equity**

##### ***Cash and Cash Equivalents***

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

##### ***Investments***

Investments are stated at fair value at the balance sheet date.

## **Township of Tyrone**

### Notes to the Financial Statements

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#### ***Restricted Cash***

The Township's sewer fund has cash in the amount of \$2,271,071 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 \$1,786 on deposit with the Livingston County Water and Waste Services Division for the construction of sewer line improvements. The division will hold these funds on behalf of the Township and expend the proceeds for allowable construction costs.

#### ***Receivables and Payables***

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

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

#### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future 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.

#### ***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.

## Township of Tyrone

### Notes to the Financial Statements

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

<b>Description</b>	<b>Useful Life</b>
Buildings	39 Years
Building improvements	15 Years
Vehicles	5 Years
Office equipment	5 Years
Furniture and fixtures	7 Years
Sewer distribution system	39 Years
Software	5 Years
Other tools and equipment	3 to 7 Years

#### ***Long-term Obligations***

In the government-wide financial statements and 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.

In addition to liabilities, the statement of financial position 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 two types of items that are reported under this category. First, the Township reports special assessment revenues, which are levied to finance the following period’s budget, as deferred and recognized as an inflow of resources in the period that it was intended to finance. The Township has a second type of deferred inflow, which arises only under a modified accrual basis of

## Township of Tyrone

### Notes to the Financial Statements

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accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: amounts receivable and 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 Assumptions***

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 balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

## Township of Tyrone

### Notes to the Financial Statements

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Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township Board, or its designee, is authorized to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Unassigned fund balance* is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township Board.

#### ***Use of Estimates***

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### ***Property Tax Revenue Recognition***

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 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended March 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Township totaled \$404,615,058 million, on which taxes levied consisted of .9059 mills for operating purposes. This resulted in \$373,485 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, 2014 and is recognized as revenue in the year ended March 31, 2015, 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.

# Township of Tyrone

## Notes to the Financial Statements

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### ***Subsequent Events***

Subsequent events have been evaluated through July 22, 2015, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would have a significant impact on the financial condition of the Township.

### **Note 2 – Statutory Compliance**

#### ***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.

During the year ended March 31, 2015, the Township did not incur any excess of expenditures over appropriations.



## Township of Tyrone

### Notes to the Financial Statements

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#### Note 3 – Cash and Investments

Following is a reconciliation of deposit and investments balances (including both pooled cash and investments) as of March 31, 2015:

	<u>Primary Government</u>
<b>Statement of Net Position</b>	
Cash and Cash Equivalents	\$ 4,515,192
Investments	424,500
Restricted Cash & Cash Equivalents	2,272,857
<b>Statement of Fiduciary Net Position</b>	
Cash and Cash Equivalents	26,544
<b>Total Deposits and Investments</b>	<u>\$ 7,239,093</u>
<b>Deposits and Investments</b>	
Checking and Savings Accounts	\$ 6,563,129
Certificates of Deposit	250,864
Investments	424,500
Cash on hand	600
<b>Total</b>	<u>\$ 7,239,093</u>

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.

**Township of Tyrone**

Notes to the Financial Statements

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

***Custodial Credit Risk – Deposits.***

Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. At year end, the carrying amount of the Township’s deposits was \$6,812,205. As of year end, \$4,676,549 of the combined bank balance of \$6,850,608 was exposed to custodial credit risk because it was 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 bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township 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	Rating Organization	Rating	Maturity	Fair Value
MBIA Class - Mutual Fund	Standard & Poor's	AAAm	N/A	\$ 424,500

**Note 3 – Receivables**

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	Nonmajor Funds	Total	Sewer Fund
<b>Receivables:</b>					
Accounts	\$ 85,419	\$ -	\$ 13,552	\$ 98,971	\$ 164,177
Due from County	19,763	29,949	6,330	56,042	89,313
Due from State	119,580	-	-	119,580	-
Special Assessments	-	-	328,424	328,424	4,053,593
<b>Total Receivables</b>	\$ 224,762	\$ 29,949	\$ 348,306	\$ 603,017	\$ 4,307,083

**Township of Tyrone**

Notes to the Financial Statements

**Note 4 – Capital Assets**

Capital asset activity for governmental activities during the year was as follows:

<b>Governmental Activities</b>	<u>April 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2015</u>
Capital assets not being depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Total capital assets, not being depreciated	7,500	-	-	7,500
Capital assets being depreciated				
Buildings	377,573	7,936	-	385,509
Machinery & equipment	94,770	-	-	94,770
Information technology	44,420	-	-	44,420
Land improvements	26,237	-	-	26,237
Total capital assets, being depreciated	<u>543,000</u>	<u>7,936</u>	<u>-</u>	<u>550,936</u>
Less accumulated depreciation				
Buildings	240,798	12,700	-	253,498
Machinery & equipment	81,977	5,453	-	87,430
Information technology	40,900	1,760	-	42,660
Land improvements	9,346	1,474	-	10,820
Total accumulated depreciation	<u>373,021</u>	<u>21,387</u>	<u>-</u>	<u>394,408</u>
Total capital assets - Net	<u>\$ 177,479</u>	<u>\$ (13,451)</u>	<u>\$ -</u>	<u>\$ 164,028</u>

Capital asset activity for business-type activities during the year was as follows:

<b>Business-type Activities</b>	<u>April 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2015</u>
Capital assets being depreciated				
Sewer System	\$ 19,418,532	\$ -	\$ -	\$ 19,418,532
Machinery and equipment	360,810	-	-	360,810
Total capital assets, being depreciated	<u>19,779,342</u>	<u>-</u>	<u>-</u>	<u>19,779,342</u>
Less accumulated depreciation				
Sewer System	5,514,117	3,473	-	5,517,590
Machinery and equipment	353,862	497,911	-	851,773
Total accumulated depreciation	<u>5,867,979</u>	<u>501,384</u>	<u>-</u>	<u>6,369,363</u>
Business-type Activities Capital Assets - Net	<u>\$ 13,911,363</u>	<u>\$ (501,384)</u>	<u>\$ -</u>	<u>\$ 13,409,979</u>

**Township of Tyrone**

Notes to the Financial Statements

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Depreciation expense was charged to governmental functions of the Township as follows:

<b>Governmental Activities</b>	
General Government	<u>\$ 21,387</u>
<b>Business-type Activities</b>	
Sewer	<u>\$ 501,384</u>

**Note 5 – Interfund Balances**

As of March 31, 2015, the interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 5,416
General Fund	Nonmajor Governmental Fund	600
		<u>\$ 6,016</u>

Interfund balances resulted primarily from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Advances between the general fund and sewer fund (\$1,700,000) 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.

## Township of Tyrone

### Notes to the Financial Statements

The following is a summary of long-term debt activity of the Township for the year ended March 31, 2015:

	Interest Rate	Maturity	3/31/2014	Additions	Reductions	3/31/2015	Due Within One Year
<b>Governmental Activities</b>							
Jayne Hill No. 1 and 2 Road Improvement Project Special Assessment Bonds	3.796%	April 1, 2015	\$ 35,600	\$ -	\$ 17,800	\$ 17,800	\$ 17,800
Parklin Lane Road Special Assessment Bond	3.00% - 4.95%	July 1, 2030	470,000	-	15,000	\$ 455,000	20,000
<b>Total Governmental Activities</b>			<u>505,600</u>	<u>-</u>	<u>32,800</u>	<u>472,800</u>	<u>37,800</u>
<b>Business-type Activities</b>							
Livingston County Sanitary Sewer Improvement Bonds Series 2003	3.25% - 4.125%	June 30, 2014	385,000	-	385,000	-	-
Livingston County Sanitary Sewer Improvement Bonds Series 2005	3.375% - 4.25%	May 1, 2028	750,000	-	375,000	375,000	375,000
Livingston County Sanitary Sewer Improvement Bonds Series 2007	4.00%	June 30, 2023	4,055,000	-	15,000	4,040,000	400,000
Unamortized bond premium on refinancing Series 2007 Bond			10,855		1,206	9,649	-
Livingston County Sanitary Sewer Improvement Refunding Bonds Series 2013	2.096% - 4.0%	May 1, 2028	4,945,000	-	-	4,945,000	25,000
Unamortized bond premium on refinancing Series 2013 Bond			358,606	-	25,615	332,991	-
<b>Total Business-type Activities</b>			<u>10,504,461</u>	<u>-</u>	<u>801,821</u>	<u>9,702,640</u>	<u>800,000</u>
<b>Total Primary Government Long-term Debt</b>			<u>\$ 11,010,061</u>	<u>\$ -</u>	<u>\$ 834,621</u>	<u>\$ 10,175,440</u>	<u>\$ 837,800</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ending March 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 37,800	\$ 19,974	\$ 57,774	\$ 800,000	\$ 304,900	\$ 1,104,900
2017	20,000	18,715	38,715	805,000	277,100	1,082,100
2018	20,000	18,115	38,115	810,000	252,800	1,062,800
2019	20,000	17,515	37,515	825,000	224,050	1,049,050
2020	20,000	16,890	36,890	840,000	192,700	1,032,700
2021 - 2025	135,000	69,438	204,438	3,845,000	513,550	4,358,550
2026 - 2030	180,000	33,180	213,180	1,435,000	85,125	1,520,125
2031	40,000	990	40,990	-	-	-
	<u>\$ 472,800</u>	<u>\$ 194,817</u>	<u>\$ 667,617</u>	<u>\$ 9,360,000</u>	<u>\$ 1,850,225</u>	<u>\$ 11,210,225</u>

***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.

## Township of Tyrone

### Notes to the Financial Statements

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***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.

***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

## Township of Tyrone

### Notes to the Financial Statements

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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 25 years by \$478,483, which represents an economic gain of \$421,211.

#### **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, 2015, 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, 2015 through March 31, 2016 at \$1,391 per run

## **Township of Tyrone**

### Notes to the Financial Statements

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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.

Additionally, the Township approved a resolution in June of 2015 a contract for the Livingston County Lake Tyrone Sewer Drain Improvement project which is a joint effort between Tyrone and Hartland Townships. As part of the project Livingston County will issue a bond for \$2,365,000 of which \$979,110 is Tyrone Township's portion to be paid with the full faith and credit of the Township. Tyrone Township will also provide sufficient capacity from its current 2003 sewer system for treating the output of 77 Lake Tyrone residential connections. Payments will be made to the 2003 Sewer Debt Fund for those 77 connections.



## **Required Supplementary Information**

**Township of Tyrone**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Consolidated General Fund**  
**For the Year Ended March 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 348,000	\$ 348,000	\$ 373,718	\$ 25,718
Licenses and Permits	11,500	11,500	14,900	3,400
State-shared Revenue and Grants	675,000	675,000	789,984	114,984
Charges for Services	22,100	22,100	24,033	1,933
Fines and Forfeitures	18,200	18,200	17,252	(948)
Cable Franchise Fees	95,000	95,000	136,960	41,960
Fees	142,600	142,600	153,685	11,085
Other Miscellaneous Income	22,057	22,056	256,457	234,401
Investment Income	1,500	1,500	12,435	10,935
<b>Total Revenues</b>	<u>1,335,957</u>	<u>1,335,956</u>	<u>1,779,424</u>	<u>443,468</u>
<b>Other Financing Sources</b>				
Transfers In	90,000	120,000	--	(120,000)
<b>Total Revenues and Other Financing Sources</b>	<u>1,425,957</u>	<u>1,455,956</u>	<u>1,779,424</u>	<u>323,468</u>
<b>Expenditures</b>				
<b>General Government</b>				
Township Board	122,321	122,321	85,099	37,222
Supervisor	36,075	36,075	33,478	2,597
Clerk	101,901	101,901	96,428	5,473
Elections	80,784	80,784	68,870	11,914
Treasurer	96,559	96,559	88,744	7,815
Assessing	50,760	50,760	48,430	2,330
Board of Review	1,400	1,400	1,336	64
Building & Grounds	25,400	28,400	27,027	1,373
Cemeteries	7,150	7,150	3,738	3,412
Other General Government	37,093	37,094	28,464	8,630
Ordinance Enforcement/Building Inspections	11,321	11,321	3,028	8,293
<b>Total General Government</b>	<u>570,764</u>	<u>573,765</u>	<u>484,642</u>	<u>89,123</u>
<b>Public Works</b>				
General Public Works	126,200	359,200	326,723	32,477
Street Lighting	--	4,150	3,864	286
<b>Total Public Works</b>	<u>126,200</u>	<u>363,350</u>	<u>330,587</u>	<u>32,763</u>
<b>Health &amp; Welfare - Seniors</b>	4,000	4,000	4,000	--
<b>Community and Economic Development</b>				
Planning	47,843	47,843	34,640	13,203
Zoning	36,851	36,851	23,917	12,934
Economic Development	9,000	9,000	8,600	400
<b>Total Community and Economic Development</b>	<u>93,694</u>	<u>93,694</u>	<u>67,157</u>	<u>26,537</u>
<b>Culture - Public Education Grant</b>	--	2,500	2,083	417
<b>Other</b>	101,481	101,481	71,467	30,014
<b>Capital Outlay</b>	8,000	8,000	7,936	64
<b>Total Expenditures</b>	<u>904,139</u>	<u>1,146,790</u>	<u>967,872</u>	<u>178,918</u>
<b>Other Financing Uses</b>				
Transfers Out	545,000	545,000	--	545,000
<b>Total Expenditures and Other Financing Uses</b>	<u>1,449,139</u>	<u>1,691,790</u>	<u>967,872</u>	<u>723,918</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(23,182)</u>	<u>(235,834)</u>	<u>811,552</u>	<u>1,047,386</u>
<b>Net Change in Fund Balance</b>	<u>(23,182)</u>	<u>(235,834)</u>	<u>811,552</u>	<u>1,047,386</u>
<i>Fund Balance at Beginning of Period</i>	3,851,761	3,851,761	3,851,761	--
<b>Fund Balance at End of Period</b>	<u>\$ 3,828,579</u>	<u>\$ 3,615,927</u>	<u>\$ 4,663,313</u>	<u>\$ 1,047,386</u>

**Township of Tyrone**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Public Safety Fund**  
**For the Year Ended March 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Charges for Services	\$ 45,100	\$ 45,100	\$ 37,472	\$ (7,628)
Other Revenue - Special Assessments	541,230	541,230	541,504	274
Investment Income	--	--	1,714	1,714
<b>Total Revenues</b>	<u>586,330</u>	<u>586,330</u>	<u>580,690</u>	<u>(5,640)</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>586,330</u>	<u>586,330</u>	<u>580,690</u>	<u>(5,640)</u>
<b>Expenditures</b>				
Police/Sheriff	109,698	109,698	103,826	5,872
Fire & EMS	421,200	421,200	385,452	35,748
<b>Total Expenditures</b>	<u>530,898</u>	<u>530,898</u>	<u>489,278</u>	<u>41,620</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>530,898</u>	<u>530,898</u>	<u>489,278</u>	<u>41,620</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>55,432</u>	<u>55,432</u>	<u>91,412</u>	<u>35,980</u>
<b>Net Change in Fund Balance</b>	<u>55,432</u>	<u>55,432</u>	<u>91,412</u>	<u>35,980</u>
<i>Fund Balance at Beginning of Period</i>	306,500	306,500	306,500	--
<b>Fund Balance at End of Period</b>	<u>\$ 361,932</u>	<u>\$ 361,932</u>	<u>\$ 397,912</u>	<u>\$ 35,980</u>

## **Combining and Individual Fund Statements and Schedules**

**Township of Tyrone  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2015**

<b>Special Revenue</b>						
	<b>Liquor Law Enforcement</b>	<b>Jayne Hill Lighting Assessment</b>	<b>Walnut Drive Lighting Assessment</b>	<b>Jayne Hill Waste Removal</b>	<b>Parkin Snow Removal and Maintenance Fund</b>	<b>Great Oaks Drive</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ --	\$ 5,863	\$ 964	\$ 29,860	\$ 15,532	\$ 6,902
Receivables	--	30	--	894	630	235
Special Assessments Receivables	--	--	--	--	--	--
<b>Total Assets</b>	<b>\$ --</b>	<b>\$ 5,893</b>	<b>\$ 964</b>	<b>\$ 30,754</b>	<b>\$ 16,162</b>	<b>\$ 7,137</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ --	\$ 94	\$ 12	\$ --	\$ --	\$ --
Due to Other Funds	--	--	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>94</b>	<b>12</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Special Assessments Levied for a Subsequent Period	--	520	100	18,029	6,510	3,760
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>614</b>	<b>112</b>	<b>18,029</b>	<b>6,510</b>	<b>3,760</b>
<b>FUND BALANCE</b>						
Restricted	--	5,279	852	12,725	9,652	3,377
Unassigned	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>--</b>	<b>5,279</b>	<b>852</b>	<b>12,725</b>	<b>9,652</b>	<b>3,377</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ --</b>	<b>\$ 5,893</b>	<b>\$ 964</b>	<b>\$ 30,754</b>	<b>\$ 16,162</b>	<b>\$ 7,137</b>

**Township of Tyrone  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2015**

	Special Revenue					Total Nonmajor Governmental Funds
	Right of Way	Public Education Grant	Lake Tyrone Grant	Jayne Hill 1 and 2 Road Improvement	Parkin Lane Road Construction Maintenance Fund	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 2,841	\$ 224,103	\$ 9,550	\$ 18,466	\$ 175,433	\$ 489,514
Receivables	--	13,552	--	599	3,942	19,882
Special Assessments Receivables	--	--	--	--	328,424	328,424
<i>Total Assets</i>	<b>\$ 2,841</b>	<b>\$ 237,655</b>	<b>\$ 9,550</b>	<b>\$ 19,065</b>	<b>\$ 507,799</b>	<b>\$ 837,820</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ --	\$ 14,480	\$ --	\$ --	\$ --	\$ 14,586
Due to Other Funds	--	--	--	600	--	600
<i>Total Liabilities</i>	--	14,480	--	600	--	15,186
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	--	--	--	--	328,424	328,424
Special Assessments Levied for a Subsequent Period	--	--	--	--	--	28,919
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	4,629	--	600	328,424	372,529
<b>FUND BALANCE</b>						
Restricted	2,841	223,175	9,550	18,465	179,375	465,291
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	2,841	223,175	9,550	18,465	179,375	465,291
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<b>\$ 2,841</b>	<b>\$ 237,655</b>	<b>\$ 9,550</b>	<b>\$ 19,065</b>	<b>\$ 507,799</b>	<b>\$ 837,820</b>

**Township of Tyrone**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended March 31, 2015**

	<b>Special Revenue</b>					
	<b>Liquor Law Enforcement</b>	<b>Jayne Hill Lighting Assessment</b>	<b>Walnut Drive Lighting Assessment</b>	<b>Jayne Hill Waste Removal</b>	<b>Parkin Snow Removal and Maintenance Fund</b>	<b>Great Oaks Drive</b>
<b>Revenues</b>						
Local Grants	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State Revenue	--	--	--	--	--	--
Charges for Services	2,234	--	--	--	--	--
Special Assessments	--	2,210	250	17,969	6,510	3,760
Cable Franchise Fees	--	--	--	--	--	--
Other Miscellaneous Income	--	2,721	--	--	--	--
Interest	--	--	--	--	--	21
<b>Total Revenues</b>	<b>2,234</b>	<b>4,931</b>	<b>250</b>	<b>17,969</b>	<b>6,510</b>	<b>3,781</b>
<b>Expenditures</b>						
Public Safety	2,234	--	--	--	--	--
Public Works	--	1,195	5	17,099	5,022	3,350
Culture	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>2,234</b>	<b>1,195</b>	<b>5</b>	<b>17,099</b>	<b>5,022</b>	<b>3,350</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>--</b>	<b>3,736</b>	<b>245</b>	<b>870</b>	<b>1,488</b>	<b>431</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>3,736</b>	<b>245</b>	<b>870</b>	<b>1,488</b>	<b>431</b>
<b>Fund Balance at Beginning of Period</b>	<b>--</b>	<b>1,543</b>	<b>607</b>	<b>11,855</b>	<b>8,164</b>	<b>2,946</b>
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ 5,279</b>	<b>\$ 852</b>	<b>\$ 12,725</b>	<b>\$ 9,652</b>	<b>\$ 3,377</b>

**Township of Tyrone**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended March 31, 2015**

	<u>Special Revenue</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>Right of Way</u>	<u>Public Education Grant</u>	<u>Lake Tyrone Grant</u>	<u>Jayne Hill 1 and 2 Road Improvement</u>	<u>Parkin Lane Road Construction Maintenance Fund</u>	
<b>Revenues</b>						
Local Grants	\$ --	\$ --	\$ 2,500	\$ --	\$ --	\$ 2,500
State Revenue	8,238	--	--	--	--	8,238
Charges for Services	--	--	--	--	--	2,234
Special Assessments	--	--	--	13,337	47,301	91,337
Cable Franchise Fees	--	54,783	--	--	--	54,783
Other Miscellaneous Income	--	--	--	--	--	2,721
Interest	--	--	--	11	261	293
<b>Total Revenues</b>	<u>8,238</u>	<u>54,783</u>	<u>2,500</u>	<u>13,348</u>	<u>47,562</u>	<u>162,106</u>
<b>Expenditures</b>						
Public Safety	--	--	--	--	--	2,234
Public Works	9,250	--	15,450	--	--	51,371
Culture	--	14,479	--	--	--	14,479
Debt Service - Interest	--	--	--	1,317	20,089	21,406
Debt Service - Principal	--	--	--	17,800	15,000	32,800
<b>Total Expenditures</b>	<u>9,250</u>	<u>14,479</u>	<u>15,450</u>	<u>19,117</u>	<u>35,089</u>	<u>122,290</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(1,012)</u>	<u>40,304</u>	<u>(12,950)</u>	<u>(5,769)</u>	<u>12,473</u>	<u>39,816</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>(1,012)</u>	<u>40,304</u>	<u>(12,950)</u>	<u>(5,769)</u>	<u>12,473</u>	<u>39,816</u>
<i>Fund Balance at Beginning of Period</i>	3,853	182,871	22,500	24,234	166,902	425,475
<b>Fund Balance at End of Period</b>	<u>\$ 2,841</u>	<u>\$ 223,175</u>	<u>\$ 9,550</u>	<u>\$ 18,465</u>	<u>\$ 179,375</u>	<u>\$ 465,291</u>



**Township of Tyrone**  
**General Fund Combining Balance Sheet**  
**All Funds Treated as General**  
**March 31, 2015**

	General	Technology	Building & Site	Township Beautification	Park	Road Improvement	Township Improvement Revolving	Total General Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 1,150,049	\$ 49,284	\$ 114,729	\$ 2,181	\$ 5,934	\$ 276,205	\$ 725,881	\$ 2,324,263
Investments	--	--	--	--	--	244,724	179,776	424,500
Receivables	173,222	--	--	--	--	--	51,540	224,762
Prepaid Expenses	13,860	225	--	--	--	--	--	14,085
Due from Agency Funds	9,962	--	--	--	--	--	--	9,962
Advances to Other Funds	1,700,000	--	--	--	--	--	--	1,700,000
Land Held for Resale	--	--	--	--	--	--	21,987	21,987
Due from Other Funds	6,016	--	--	--	--	--	--	6,016
<b>Total Assets</b>	<b>\$ 3,053,109</b>	<b>\$ 49,509</b>	<b>\$ 114,729</b>	<b>\$ 2,181</b>	<b>\$ 5,934</b>	<b>\$ 520,929</b>	<b>\$ 979,184</b>	<b>\$ 4,725,575</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 6,368	\$ 425	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,793
Accrued Liabilities and Other	12,519	--	--	--	--	--	--	12,519
<b>Total Liabilities</b>	<b>18,887</b>	<b>425</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>19,312</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenues	--	--	--	--	--	--	42,950	42,950
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>18,887</b>	<b>425</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>42,950</b>	<b>62,262</b>
<b>FUND BALANCE</b>								
Nonspendable	1,735,847	225	--	--	--	--	--	1,736,072
Committed	500,000	--	--	--	--	--	--	500,000
Assigned	--	48,859	114,729	2,181	5,934	520,929	936,234	1,628,866
Unassigned	798,375	--	--	--	--	--	--	798,375
<b>Total Fund Balance</b>	<b>3,034,222</b>	<b>49,084</b>	<b>114,729</b>	<b>2,181</b>	<b>5,934</b>	<b>520,929</b>	<b>936,234</b>	<b>4,663,313</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 3,053,109</b>	<b>\$ 49,509</b>	<b>\$ 114,729</b>	<b>\$ 2,181</b>	<b>\$ 5,934</b>	<b>\$ 520,929</b>	<b>\$ 979,184</b>	<b>\$ 4,725,575</b>

**Township of Tyrone**  
**General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Funds Treated as General**  
**For the Year Ended March 31, 2015**

	General	Technology	Building & Site	Township Beautification	Park	Road Improvement	Township Improvement Revolving	Total General Funds
<b>Revenues</b>								
Property Taxes	\$ 373,485	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 373,485
Licenses and Permits	14,900	--	--	--	--	--	--	14,900
State Revenue	789,984	--	--	--	--	--	--	789,984
Charges for Services	24,033	--	--	--	--	--	--	24,033
Fines and Forfeitures	17,252	--	--	--	--	--	--	17,252
Cable Franchise Fees	136,960	--	--	--	--	--	--	136,960
Fees	153,685	--	--	--	--	--	--	153,685
Other Miscellaneous Income	11,252	--	--	943	--	--	244,262	256,457
Interest	12,251	--	--	--	--	233	184	12,668
<b>Total Revenues</b>	<u>1,533,802</u>	<u>--</u>	<u>--</u>	<u>943</u>	<u>--</u>	<u>233</u>	<u>244,446</u>	<u>1,779,424</u>
<b>Expenditures</b>								
General Government	461,382	16,651	2,638	943	--	--	--	481,614
Public Safety	3,028	--	--	--	--	--	--	3,028
Public Works	12,523	--	--	--	--	318,064	--	330,587
Health and Welfare	4,000	--	--	--	--	--	--	4,000
Community and Economic Development	67,157	--	--	--	--	--	--	67,157
Culture	2,083	--	--	--	--	--	--	2,083
Other Functions	71,467	--	--	--	--	--	--	71,467
Capital Outlay	7,936	--	--	--	--	--	--	7,936
<b>Total Expenditures</b>	<u>629,576</u>	<u>16,651</u>	<u>2,638</u>	<u>943</u>	<u>--</u>	<u>318,064</u>	<u>--</u>	<u>967,872</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>904,226</u>	<u>(16,651)</u>	<u>(2,638)</u>	<u>--</u>	<u>--</u>	<u>(317,831)</u>	<u>244,446</u>	<u>811,552</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In (Out)	(479,227)	30,000	91,845	--	--	213,691	143,691	--
<b>Net Other Financing Sources (Uses)</b>	<u>(479,227)</u>	<u>30,000</u>	<u>91,845</u>	<u>--</u>	<u>--</u>	<u>213,691</u>	<u>143,691</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<b>424,999</b>	<b>13,349</b>	<b>89,207</b>	<b>--</b>	<b>--</b>	<b>(104,140)</b>	<b>388,137</b>	<b>811,552</b>
<i>Fund Balance at Beginning of Period</i>	2,609,223	35,735	25,522	2,181	5,934	625,069	548,097	3,851,761
<b>Fund Balance at End of Period</b>	<u>\$ 3,034,222</u>	<u>\$ 49,084</u>	<u>\$ 114,729</u>	<u>\$ 2,181</u>	<u>\$ 5,934</u>	<u>\$ 520,929</u>	<u>\$ 936,234</u>	<u>\$ 4,663,313</u>

**Township of Tyrone**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**March 31, 2015**

	Agency	
	Trust & Agency Fund	Current Tax Collection Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 16,860	\$ 9,684
<i>Total Assets</i>	16,860	9,684
<b>LIABILITIES</b>		
Refundable Deposits, Bonds, Etc.	15,143	--
Due to Other Governmental Units	1,439	--
Due to Primary Government	278	9,684
<i>Total Liabilities</i>	16,860	9,684
<b>NET POSITION</b>		
Held in Trust	\$ --	\$ --

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Tyrone for the year ended March 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 11, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Township of Tyrone are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Township of Tyrone during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

The financial statement disclosures 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.

### *Corrected and Uncorrected Misstatements*

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

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to 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.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 22, 2015.

### *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.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, 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 to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

#### *Communication Regarding Internal Control*

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended March 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

#### Restriction on Use

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

Very truly yours,



Gabridge & Company, PLC  
Grand Rapids, MI  
July 22, 2015