

Township of Imlay
Lapeer County, Michigan

Audited Financial Report
March 31, 2014

KING & KING CPAS LLC

Marlette - Imlay City - North Branch
Michigan

Township of Imlay
 Annual Financial Report
 For The Fiscal Year Ended March 31, 2014

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Independent Auditor's Report

Members of the Township Board
Township of Imlay
Lapeer County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **Township of Imlay**, Michigan as of and for the fiscal year ended March 31, 2014, and the related notes to the financial statement, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Township of Imlay**, Michigan as of March 31, 2014 and the respective changes in financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplemental Information

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

Other Information

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

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

Lehn King

Lehn L. King, C.P.A.
KING & KING CPAs LLC

June 11, 2014

Township of Imlay

Imlay City, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Imlay, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2014. Please read it in conjunction with the Township's financial statements.

Using this Report

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

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

Condensed Financial Information

The following table shows in a condensed format, the net position as of the current date and compared to the most recently audited year's net position.

	Governmental Activities		Business-Type Activities		Total	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Current Assets	\$ 1,405,943	\$ 1,513,110	\$ 2,538	\$ 1,430	\$ 1,408,481	\$ 1,514,540
Noncurrent Assets	439,186	250,304	473,111	483,129	912,297	733,432
Total Assets	<u>1,845,129</u>	<u>1,763,414</u>	<u>475,650</u>	<u>484,559</u>	<u>2,320,778</u>	<u>2,247,973</u>
Current Liabilities	4,910	5,892	486	175	5,396	6,067
Noncurrent Liabilities	-	-	-	-	-	-
Total Liabilities	<u>4,910</u>	<u>5,892</u>	<u>486</u>	<u>175</u>	<u>5,396</u>	<u>6,067</u>
Net Position:						
Invested in Capital Assets -						
Net of Related Debt	273,436	250,304	473,111	483,129	746,547	733,432
Restricted	188,776	186,345	-	-	188,776	186,345
Unrestricted	<u>1,378,007</u>	<u>1,320,873</u>	<u>2,052</u>	<u>1,255</u>	<u>1,380,059</u>	<u>1,322,128</u>
Total Net Position	<u>\$ 1,840,219</u>	<u>\$ 1,757,522</u>	<u>\$ 475,164</u>	<u>\$ 484,383</u>	<u>\$ 2,315,382</u>	<u>\$ 2,241,906</u>

Township of Imlay

Imlay City, Michigan

Condensed Financial Information – Continued

The following table shows the changes of the net position during the current fiscal year:

	Governmental Activities		Business-Type Activities		Total	
	3/31/2014	3/31/2013	3/31/2014	3/31/2013	3/31/2014	3/31/2013
Revenues						
Program Revenues:						
Charges for Services	\$ 81,141	\$ 88,857	\$ 4,199	\$ 2,875	\$ 85,340	\$ 91,732
Grants & Contrib's	-	-	-	-	-	-
General Revenues:						
Property Taxes	194,876	197,038	-	-	194,876	197,038
State Shared Revenues	231,302	228,081	-	-	231,302	228,081
Interest	1,445	2,431	-	-	1,445	2,431
Other Revenues	14,434	25,196	-	-	14,434	25,196
Transfers	4,626	4,705	-	-	4,626	4,705
Total Revenues	<u>527,825</u>	<u>546,308</u>	<u>4,199</u>	<u>2,875</u>	<u>532,024</u>	<u>549,183</u>
Program Expenses						
General Government	\$ 230,252	\$ 235,716	\$ -	\$ -	\$ 230,252	\$ 235,716
Public Safety	86,348	113,447	-	-	86,348	113,447
Public Works	150,714	46,293	-	-	150,714	46,293
Recreation & Culture	12,892	15,405	-	-	12,892	15,405
Interest on L/T Debt	-	1,653	-	-	-	1,653
Water & Sewer	-	-	13,419	14,484	13,419	14,484
Total Program Expenses	<u>480,206</u>	<u>412,514</u>	<u>13,419</u>	<u>14,484</u>	<u>493,625</u>	<u>426,998</u>
Change in Net Position	<u>\$ 47,619</u>	<u>\$ 133,794</u>	<u>\$ (9,220)</u>	<u>\$ (11,609)</u>	<u>\$ 38,399</u>	<u>\$ 122,186</u>

The Township as a Whole

- The Township's Governmental Activities net position increased by \$47,619 this year. This compares to a net increase of \$133,794 in the prior fiscal year.
- The Township's Business-type Activities net position decreased by \$9,220 this year. This compares to a net decrease of \$11,609 in the prior fiscal year.
- The Township's primary source of revenue is from property taxes and state-shared revenues. The total of these revenue sources represent 80% of total revenue.

Township of Imlay

Imlay City, Michigan

The Township's Fund

Our analysis of the Township's major funds begins on page 5, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township's major funds for the fiscal year ended March 31, 2014, include the General Fund, Cemetery Fund, Permit Fund and the Ordinance Enforcement Master Plan Fund.

General Fund Budgetary Highlights

The Township made amendments to the budget throughout the year to cover the expenditures incurred.

Capital Asset and Debt Administration

During the fiscal year ended March 31, 2014, the Township purchased park playground equipment for \$38,881.

Additional information regarding the Township's capital assets can be found in Note 5 to the financial statements.

The Township did not incur any long-term debt in the fiscal year ended March 31, 2014.

Additional information regarding the Township's Long-Term Debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Township's tax base remained relatively constant. The Township will need to continue to watch the budget very closely in all categories.

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township Office in Imlay City, Michigan by telephone at (810) 724-8835.

Township of Imlay

Statement of Net Position

March 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 1,348,759.94	\$ 1,194.55	\$ 1,349,954.49
Accounts Receivable	50,156.74	1,343.51	51,500.25
Prepaid Expenses	4,570.50	-	4,570.50
Due From Other Funds (Net)	2,455.87	-	2,455.87
Inventory - Mausoleum Crypts	165,750.00	-	165,750.00
Capital Assets			
Nondepreciable Capital Assets	-	2,299.54	2,299.54
Depreciable Capital Assets	273,435.55	470,811.92	744,247.47
<u>Total Assets</u>	<u>1,845,128.60</u>	<u>475,649.52</u>	<u>2,320,778.12</u>
<u>Liabilities</u>			
Accounts Payable	4,909.94	485.96	5,395.90
Current Portion of Long-Term Debt	-	-	-
<u>Total Liabilities</u>	<u>4,909.94</u>	<u>485.96</u>	<u>5,395.90</u>
<u>Net Position</u>			
Invested in Capital Assets - Net of Related Debt	273,435.55	473,111.46	746,547.01
Restricted For:			
Public Safety - Building Inspection	33,760.29	-	33,760.29
Public Safety - Ordinance Enforcement	155,015.44	-	155,015.44
Unrestricted	1,378,007.38	2,052.10	1,380,059.48
<u>Total Net Position</u>	<u>\$ 1,840,218.66</u>	<u>\$ 475,163.56</u>	<u>\$ 2,315,382.22</u>

The notes are an integral part of the statements.

Township of Imlay
Statement of Activities
For The Fiscal Year Ended March 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue & Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Government</u>		<u>Totals</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government:							
Governmental Activities:							
General Government	\$ 230,251.67	\$ 35,547.30	\$ -	\$ -	\$ (194,704.37)	\$ -	\$ (194,704.37)
Public Safety	86,348.10	45,594.16	-	-	(40,753.94)	-	(40,753.94)
Public Works	150,714.39	-	-	-	(150,714.39)	-	(150,714.39)
Recreation & Culture	12,891.67	-	-	-	(12,891.67)	-	(12,891.67)
Interest on Long-Term Debt	-	-	-	-	-	-	-
<u>Total Governmental Activities</u>	480,205.83	81,141.46	-	-	(399,064.37)	-	(399,064.37)
Business-type Activities	13,418.75	4,198.84	-	-	-	(9,219.91)	(9,219.91)
<u>Total Business-type Activities</u>	13,418.75	4,198.84	-	-	-	(9,219.91)	(9,219.91)
Total Primary Government	\$ 493,624.58	\$ 85,340.30	\$ -	\$ -	\$ (399,064.37)	\$ (9,219.91)	\$ (408,284.28)
General Revenues:							
Property Taxes					\$ 194,876.07	\$ -	\$ 194,876.07
Intergovernmental Revenues					231,302.00	-	231,302.00
Interest					1,444.87	-	1,444.87
Other Revenues					14,434.36	-	14,434.36
Transfers					4,626.48	-	4,626.48
Total General Revenues, Special Items & Transfers					446,683.78	-	446,683.78
Change in Net Position					47,619.41	(9,219.91)	38,399.50
Net Position - Beginning of Year					1,792,599.25	484,383.47	2,276,982.72
Net Position - End of Year					\$ 1,840,218.66	\$ 475,163.56	\$ 2,315,382.22

The notes are an integral part of the statements.

Township of Imlay

Governmental Funds

Balance Sheet

March 31, 2014

	General Fund	Cemetery Fund	Permit Fund	Ordinance Enforcement Master Plan Fund	Totals Governmental Funds
<u>Assets</u>					
Cash & Certificates of Deposit	\$ 1,158,296.55	\$ 1,554.01	\$ 33,893.94	\$ 155,015.44	\$ 1,348,759.94
Property Taxes Receivable	13,813.65	-	-	-	13,813.65
Other Receivables	36,282.26	60.83	-	-	36,343.09
Prepaid Expenses	4,570.50	-	-	-	4,570.50
Due From Other Funds	8,424.22	60.56	-	-	8,484.78
	Total Assets	Total Assets	Total Assets	Total Assets	Total Assets
	\$ 1,221,387.18	\$ 1,675.40	\$ 33,893.94	\$ 155,015.44	\$ 1,411,971.96
<u>Liabilities & Fund Equity</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 4,286.29	\$ 490.00	\$ 133.65	\$ -	\$ 4,909.94
Due To Other Funds	6,028.91	-	-	-	6,028.91
	Total Liabilities	Total Liabilities	Total Liabilities	Total Liabilities	Total Liabilities
	10,315.20	490.00	133.65	-	10,938.85
<u>Fund Equity</u>					
Fund Balances					
Nonspendable - Prepays	4,570.50	-	-	-	4,570.50
Restricted For:					
Public Safety - Building Inspection	-	-	33,760.29	-	33,760.29
Public Safety - Ordinance Enforcement	-	-	-	155,015.44	155,015.44
Committed For:					
Cemetery Operations	-	1,185.40	-	-	1,185.40
Unassigned	1,206,501.48	-	-	-	1,206,501.48
	Total Fund Balances	Total Fund Balances	Total Fund Balances	Total Fund Balances	Total Fund Balances
	1,211,071.98	1,185.40	33,760.29	155,015.44	1,401,033.11
	Total Liabilities & Fund Equity	Total Liabilities & Fund Equity	Total Liabilities & Fund Equity	Total Liabilities & Fund Equity	Total Liabilities & Fund Equity
	\$ 1,221,387.18	\$ 1,675.40	\$ 33,893.94	\$ 155,015.44	\$ 1,411,971.96

The notes are an integral part of the statements.

Township of Imlay
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Position
For The Fiscal Year Ended March 31, 2014

Total Fund Balances for Governmental Funds	\$ 1,401,033.11
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	273,435.55
Mausoleum Crypts booked as Inventory for Government-wide statement of net position and not booked in the Governmental Funds	165,750.00
Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 1,840,218.66</u></u>

The notes are an integral part of the statements.

Township of Imlay
 Governmental Funds
 Statement of Revenues, Expenditures and Changes
 in Fund Balances
 For The Fiscal Year Ended March 31, 2014

	General Fund	Cemetery Fund	Permit Fund	Ordinance Enforcement Master Plan Fund	Totals Governmental Funds
<u>Revenues</u>					
Property Taxes	\$ 194,876.07	\$ -	\$ -	\$ -	\$ 194,876.07
State Shared Revenue	231,302.00	-	-	-	231,302.00
Charges for Services	4,707.30	22,200.00	-	-	26,907.30
Permits & Admin Fees	30,043.16	-	15,551.00	-	45,594.16
Interest Earnings	1,286.84	5.09	-	152.94	1,444.87
Lot & Mausoleum Sales	-	8,640.00	-	-	8,640.00
Other Revenues	10,347.50	3,069.88	155.00	861.98	14,434.36
<u>Total Revenues</u>	<u>472,562.87</u>	<u>33,914.97</u>	<u>15,706.00</u>	<u>1,014.92</u>	<u>523,198.76</u>
<u>Expenditures</u>					
General Government	160,712.93	63,572.72	-	-	224,285.65
Public Safety	72,057.74	-	14,290.36	-	86,348.10
Public Works	150,714.39	-	-	-	150,714.39
Recreation & Culture	3,108.55	-	-	-	3,108.55
Capital Outlay	38,881.00	-	-	-	38,881.00
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
<u>Total Expenditures</u>	<u>425,474.61</u>	<u>63,572.72</u>	<u>14,290.36</u>	<u>-</u>	<u>503,337.69</u>
Excess of Revenues Over (Under) Expenditures	47,088.26	(29,657.75)	1,415.64	1,014.92	19,861.07
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In (Out)	(15,000.00)	19,626.48	-	-	4,626.48
Net Change in Fund Balances	32,088.26	(10,031.27)	1,415.64	1,014.92	24,487.55
<u>Fund Balances - Beginning of Year</u>	<u>1,178,983.72</u>	<u>11,216.67</u>	<u>32,344.65</u>	<u>154,000.52</u>	<u>1,376,545.56</u>
<u>Fund Balances - End of Year</u>	<u>\$ 1,211,071.98</u>	<u>\$ 1,185.40</u>	<u>\$ 33,760.29</u>	<u>\$ 155,015.44</u>	<u>\$ 1,401,033.11</u>

The notes are an integral part of the statements.

Township of Imlay
 Governmental Funds
 Reconciliation of Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended March 31, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 24,487.55

Amounts reported for Governmental Activities in the Statement of
 Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
 in the Statement of Activities, these costs are capitalized and
 allocated over their estimated useful lives as Depreciation 38,881.00

Repayment of Bond Principal is an Expenditure in the Governmental
 Funds, but not in the Statement of Activities (where it
 reduces Long-Term Debt) -

Governmental Funds reported the cost of the crypts as Capital Outlay
 the year it was built; in the Statement of Activities, these costs are
 are inventoried and expensed as the crypts are sold. -

Depreciation is an Expenditure for the Statement of
 Activities, but is not reported in the Governmental Funds (15,749.14)

Net Change in Net Position of Governmental Activities \$ 47,619.41

Township of Imlay

Proprietary Funds
Statement of Net Position
March 31, 2014

	Enterprise Fund
	Water Fund
<u>Assets</u>	
<u>Current Assets</u>	
Cash & Cash Equivalents	\$ 1,194.55
Accounts Receivable	1,343.51
<u>Total Current Assets</u>	<u>2,538.06</u>
 <u>Noncurrent Assets</u>	
Nondepreciable Capital Assets	2,299.54
Depreciable Capital Assets	500,863.73
Less: Accumulated Depreciation	(30,051.81)
<u>Total Noncurrent Assets</u>	<u>473,111.46</u>
 <u>Total Assets</u>	 <u>475,649.52</u>
 <u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts Payable	485.96
 <u>Total Liabilities</u>	 <u>485.96</u>
 <u>Net Position</u>	
Invested in Capital Assets Net of Related Debt	473,111.46
Unrestricted	2,052.10
 <u>Total Net Position</u>	 <u>\$ 475,163.56</u>

The notes are an integral part of the statements.

Township of Imlay
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
March 31, 2014

	Enterprise Fund
	Water Fund
<u>Operating Revenues</u>	
User Charges	\$ 4,198.84
<u>Total Operating Revenues</u>	4,198.84
<u>Operating Expenses</u>	
Cost of Water	1,745.89
Operation & Maintenance	1,655.59
Depreciation	10,017.27
<u>Total Operating Expenses</u>	13,418.75
<u>Operating Income (Loss)</u>	(9,219.91)
<u>Nonoperating Revenues (Expenses)</u>	
Transfers From (To) Other Funds	-
Change in Net Position	(9,219.91)
<u>Net Position - Beginning of Year</u>	484,383.47
<u>Net Position - End of Year</u>	\$ 475,163.56

The notes are an integral part of the statements.

Township of Imlay
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended March 31, 2014

	Enterprise Fund
	Water Fund
<u>Cash Flow From Operating Activities</u>	
Receipts from Customers	\$ 3,782.14
Payments for Operation, Maintenance & Water	(3,090.65)
	691.49
<u>Net Cash Provided by Operating Activity</u>	
<u>Cash Flows from Noncapital Financing Activities</u>	
Received "Contribution From Other Funds"	-
	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	
<u>Cash Flows from Capital & Related Financing Activities</u>	
Purchase of Capital Outlay	-
	-
<u>Net Cash Provided by Capital & Related Financing Activities</u>	
<u>Cash Flows From Investing Activities</u>	
Increase in Customer Deposits	-
Interest received on Investments	-
	-
<u>Net Increase (Decrease) in Cash & Cash Equivalents</u>	
	691.49
<u>Cash & Cash Equivalents - Beginning of Year</u>	
	503.06
<u>Cash & Cash Equivalents - End of Year</u>	
	\$ 1,194.55
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>	
Operating Income (Loss)	(9,219.91)
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:	
Depreciation	10,017.27
Changes in Assets & Liabilities:	
Accounts Receivable	(416.70)
Accounts Payable	310.83
	310.83
<u>Net Cash Provided by Operating Activities</u>	
	\$ 691.49

The notes are an integral part of the statements.

Township of Imlay

Fiduciary Funds
Statement of Net Position
March 31, 2014

<u>Assets</u>	<u>Other Trust Funds</u>	<u>Agency Funds</u>
Cash & Certificates of Deposit	\$ 201,614.40	\$ 104,172.95
Due From Other Governmental Units	-	-
Due From Other Funds	6,028.91	-
<u>Total Assets</u>	<u>207,643.31</u>	<u>\$ 104,172.95</u>
<u>Liabilities</u>		
Due To Other Funds	\$ 60.56	\$ 8,424.22
Due To Others	-	95,748.73
<u>Total Liabilities</u>	<u>60.56</u>	<u>\$ 104,172.95</u>
<u>Net Position</u>		
Held in Trust for Cemetery Perpetual Care	207,582.75	
Unreserved - Undesignated	-	
<u>Total Net Position</u>	<u>\$ 207,582.75</u>	

The notes are an integral part of the statements.

Township of Imlay
 Fiduciary Funds
 Statement of Changes in Net Position
 March 31, 2014

	Other Trust Funds
<u>Additions</u>	
Interest Income - Perpetual Care	\$ 4,626.48
Sale of Lots - Perpetual Care	960.00
<u>Total Additions</u>	5,586.48
<u>Deductions</u>	
Contribution To (From) Other Funds	4,626.48
<u>Total Deductions</u>	4,626.48
<u>Net Increase</u>	960.00
<u>Net Position - Beginning of Year</u>	206,622.75
<u>Net Position - End of Year</u>	\$ 207,582.75

The notes are an integral part of the statements.

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

The accounting methods and procedures adopted by the Township of Imlay, Lapeer County, Michigan, conform to Generally Accepted Accounting Principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Imlay was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Imlay (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component Units - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

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

The Township reports the following major governmental funds:

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

Permit Fund - The Permit Fund is setup for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Cemetery Fund - The Cemetery Fund provides for the administration of the grave openings, burials, and general maintenance of the local cemetery. Funding is provided primarily from grave openings and lot sales.

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

1. Summary of Significant Accounting Policies - Continued

Ordinance Enforcement and Master Plan Fund – This fund is accounts for the development of a master plan for the Township and to pay for the enforcement of the ordinances. Funding is provided through one mill on property taxes.

Revolving Improvement Fund – This fund accounts for money set aside for future fire equipment purchases. Funding is provided primarily from contributions from the General Fund.

Additionally, the Township reports the following fund types:

Trust & Agency (Bonds) – The fund accounts for the performance bonds from various activities in the Township, including private roads, ponds and mobile homes. Funding is provided primarily through performance bonds collected after certain applications have been completed and returned upon completion of the necessary requirements of the process.

Perpetual Care Fund – This fund accounts for money held permanently for the purpose of care for the cemetery. The withdrawal of funds is limited to the earnings on the invested funds.

Current Tax Collection Fund - The Current Tax Collection Fund accounts for the collection and disbursement of local property taxes.

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

1. Summary of Significant Account Policies – Continued

Due To and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

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

The 2013 taxable valuation of the Township totaled about \$90 million, on which taxes levied consisted of 1.4503 mills for operating purposes and .4925 mills for fire protection. This resulted in approximately \$128,000 for operating and \$43,000 for fire protection. These amounts are recognized in the General Fund financial statements as tax revenue.

Vacation, Sick Leave and Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. 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.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$3,000 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	35 to 40 years
Machinery & Equipment	5 to 20 years

Long-Term Obligations - In the Government-wide 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 statement of net position. Bond premiums and discounts, issuance costs, and the deferred amount on refunding 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 and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

1. Summary of Significant Accounting Policies – Continued

Fund Balance Classification - In the fund financial statements, governmental funds report nonspendable fund balance for amounts of assets that will not be converted to cash soon enough to affect the current period; restrictions of fund balance for amounts that are legally restricted by outside parties or enabling legislation for use for a specific purpose; committed fund balance for constraints placed on resources by a formal action of the board; and assigned fund balance for constraints placed on resources by the Township's intent to be used for specific purposes.

- For *committed* fund balances, the Township's highest level of decision-making authority is the Board and it takes a Board's resolution to establish a fund balance commitment.
- For *assigned* fund balances, the Board can authorize to assign amounts to a specific purpose through a motion.
- The Township's policy is that the restricted amounts are considered to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.
- The Township's policy is if it has *committed*, *assigned* or *unassigned* fund balance available when it incurs an expenditure it will use up the fund balance in the order of committed, assigned and then unassigned.
- The Township does not have a policy with respect to a minimum fund balance.

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

2. Stewardship, Compliance and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

2. Stewardship, Compliance and Accountability – Continued

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on an accrual basis, which is consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the fiscal year ended March 31, 2014, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
NONE			

3. Cash and Investments

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

The Township Board has designated five banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits are in accordance with statutory authority. All cash deposits and investments of the Township are held by the Township in the Township's name.

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

	Governmental Activities	Business-type Activities	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	\$ 1,348,760	\$ 1,195	\$ 305,787	\$ 1,655,742

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 1,655,742

The bank balance of the primary government's deposits is \$1,655,742, of which \$1,100,333 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

3. Cash and Investments – Continued

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At the fiscal year end, the Township had approximately \$555,409 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township’s investment policy does not further limit its investment choices.

At the fiscal year end, there were no investments reported in the basic financial statements.

4. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “Due from other funds” or “Due to other funds” on the balance sheet. The amounts of interfund receivables and payables are as follows:

	Due From Other Funds		Due To Other Funds
Cemetery Fund	\$ 61	Cemetery Perpetual Care Fund	\$ 61
Cemetery Perpetual Care Fund	6,029	General Fund	6,029
General Fund	8,424	Tax Collection Fund	8,424
Total	\$ 14,514		\$ 14,514

Interfund Transfers reported in the Fund Statements are as follows:

	Transferred From		Transferred To
General Fund	\$ 15,000	Cemetery Fund	\$ 15,000
Perpetual Care Fund	4,626	Cemetery Fund	4,626
Total	\$ 19,626		\$ 19,626

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

5. Capital Assets

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

	<u>Balance April 1, 2013</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance March 31, 2014</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 373,467	\$ -	\$ -	\$ 373,467
Machinery & Equipment	90,747	38,881	-	129,628
Total Capital Assets Being Depreciated	464,214	38,881	-	503,095
Accumulated Depreciation:				
Buildings & Improvements	157,016	10,055	-	167,071
Machinery & Equipment	56,895	5,694	-	62,589
Total Accumulated Depreciation	213,911	15,749	-	229,660
Governmental Activities Capital Assets - Net	<u>\$ 250,303</u>	<u>\$ 23,132</u>	<u>\$ -</u>	<u>\$ 273,435</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:	\$ 2,300	\$ -	\$ -	\$ 2,300
Capital Assets Being Depreciated:				
Water Utility Systems	\$ 500,864	-	-	500,864
Total Capital Assets Being Depreciated	500,864	-	-	500,864
Accumulated Depreciation:				
Water Utility Systems	20,035	10,017	-	30,052
Total Accumulated Depreciation	20,035	10,017	-	30,052
Business-type Activities Capital Assets - Net	<u>\$ 483,129</u>	<u>\$ (10,017)</u>	<u>\$ -</u>	<u>\$ 473,112</u>

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

Governmental Activities:	
General Government	\$ 5,966
Recreation & Culture	9,783
Total Governmental Activities	<u>\$ 15,749</u>
Business-type Activities:	
Water Fund	10,017
Total Business-type Activities	<u>\$ 10,017</u>

6. Long -Term Debt

None

7. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

Township of Imlay
Notes to the Financial Statements
For The Fiscal Year Ended March 31, 2014

8. Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The assets of the plan were held in trust, as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Township's financial statements.

9. Post Employment Benefits

The Township does not provide any post employment benefits other than pension benefits through Primerica.

10. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

11. New Accounting Standards

For the fiscal year ended March 31, 2014, the Township implemented the following new pronouncements:

GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB 65 – *Items previously reported as Assets and Liabilities*.

Summary:

These statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The implementation of these standards did not require a restatement of the Township's beginning year net position.

Required Supplemental Information

Township of Imlay
 Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund
 For The Fiscal Year Ended March 31, 2014

	General Fund			Variance with
	Original Budget	Amended Budget	Actual	Amended Budget
Revenues				
Property Taxes	\$ 197,500.00	\$ 197,500.00	\$ 194,876.07	\$ (2,623.93)
State Shared Revenues	200,000.00	200,000.00	231,302.00	31,302.00
Charges for Services	1,500.00	1,500.00	1,315.00	(185.00)
Licenses, Fee & Permits	10,450.00	10,450.00	30,043.16	19,593.16
Interest Earnings	1,350.00	1,350.00	1,286.84	(63.16)
Fire Run Reimbursements	-	-	3,392.30	3,392.30
Other Revenues	11,000.00	11,000.00	10,347.50	(652.50)
Total Revenues	421,800.00	421,800.00	472,562.87	50,762.87
Expenditures				
General Government				
Township Board	36,043.00	36,043.00	8,642.40	27,400.60
Township Administration	51,050.00	51,050.00	42,936.20	8,113.80
Clerk	24,843.00	25,843.00	23,932.74	1,910.26
Treasurer	22,843.00	22,843.00	21,843.19	999.81
Supervisor	13,305.00	13,305.00	13,304.64	0.36
Assessor	14,780.00	14,780.00	14,779.92	0.08
Elections	5,000.00	4,000.00	721.93	3,278.07
Professional Services	16,000.00	16,000.00	10,375.00	5,625.00
Board of Review	2,000.00	2,000.00	1,437.80	562.20
Township Hall Expense	14,250.00	16,039.00	13,826.65	2,212.35
Insurance & Bonds	9,500.00	9,500.00	8,912.46	587.54
Total General Government	209,614.00	211,403.00	160,712.93	50,690.07
Public Safety				
Fire Protection	60,000.00	60,000.00	50,706.98	9,293.02
EMS Contracted Services	6,300.00	6,300.00	-	6,300.00
Planning & Zoning	25,500.00	25,500.00	16,595.48	8,904.52
Ordinance Enforcement & Building Inspection	3,250.00	630.00	-	630.00
Street Lights	2,200.00	2,400.00	2,364.91	35.09
Board of Appeals	3,500.00	3,300.00	2,390.37	909.63
Total Public Safety	100,750.00	98,130.00	72,057.74	26,072.26
Road Maintenance & Drains At Large	159,800.00	159,920.00	150,714.39	9,205.61
Parks & Recreation	7,500.00	7,500.00	3,108.55	4,391.45
Capital Outlay	51,500.00	51,500.00	38,881.00	12,619.00
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Total Expenditures	529,164.00	528,453.00	425,474.61	102,978.39
Excess of Revenues Over (Under) Expenditures	(107,364.00)	(106,653.00)	47,088.26	153,741.26
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(18,000.00)	(18,000.00)	(15,000.00)	3,000.00
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	(125,364.00)	(124,653.00)	32,088.26	156,741.26
Fund Balance - Beginning of Year	815,500.00	815,500.00	1,178,983.72	363,483.72
Fund Balance - End of Year	\$ 690,136.00	\$ 690,847.00	\$ 1,211,071.98	\$ 520,224.98

Township of Imlay
 Required Supplemental Information
 Budgetary Comparison Schedule
 Major Special Revenue Fund - Cemetery Fund
 For The Fiscal Year Ended March 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Grave Openings	\$ 15,000.00	\$ 15,000.00	\$ 20,925.00	\$ 5,925.00
Cremains Burial	4,500.00	4,500.00	1,150.00	(3,350.00)
Lot Sales	6,000.00	6,000.00	8,640.00	2,640.00
Mausoleum Sales	-	-	-	-
Chapel Rent	500.00	500.00	125.00	(375.00)
Interest Earnings	2,320.00	2,320.00	5.09	(2,314.91)
Other Revenues	5,800.00	5,800.00	3,069.88	(2,730.12)
<u>Total Revenues</u>	<u>34,120.00</u>	<u>34,120.00</u>	<u>33,914.97</u>	<u>(205.03)</u>
<u>Expenditures</u>				
Salaries	37,749.00	38,749.00	37,968.48	780.52
Payroll Taxes	3,000.00	3,000.00	2,808.21	191.79
Grave Openings	11,000.00	11,000.00	10,975.00	25.00
Cremains	1,500.00	1,500.00	-	1,500.00
Grounds Maintenance	10,250.00	9,250.00	8,294.66	955.34
Insurance	4,100.00	4,100.00	3,477.37	622.63
Miscellaneous	775.00	775.00	49.00	726.00
<u>Total Expenditures</u>	<u>68,374.00</u>	<u>68,374.00</u>	<u>63,572.72</u>	<u>4,801.28</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(34,254.00)	(34,254.00)	(29,657.75)	4,596.25
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	5,000.00	5,000.00	19,626.48	14,626.48
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(29,254.00)	(29,254.00)	(10,031.27)	19,222.73
<u>Fund Balance - Beginning of Year</u>	<u>10,170.00</u>	<u>10,170.00</u>	<u>11,216.67</u>	<u>1,046.67</u>
<u>Fund Balance - End of Year</u>	<u>\$ (19,084.00)</u>	<u>\$ (19,084.00)</u>	<u>\$ 1,185.40</u>	<u>\$ 20,269.40</u>

Township of Imlay
 Required Supplemental Information
 Budgetary Comparison Schedule
 Major Special Revenue Fund - Permit Fund
 For The Fiscal Year Ended March 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
License & Permits	\$ 19,250.00	\$ 19,250.00	\$ 15,551.00	\$ (3,699.00)
Interest Earnings	-	-	-	-
Other Revenues	250.00	250.00	155.00	(95.00)
<u>Total Revenues</u>	<u>19,500.00</u>	<u>19,500.00</u>	<u>15,706.00</u>	<u>(3,794.00)</u>
<u>Expenditures</u>				
Administration	4,900.00	4,900.00	269.99	4,630.01
Building Inspections	14,200.00	14,200.00	14,020.37	179.63
<u>Total Expenditures</u>	<u>19,100.00</u>	<u>19,100.00</u>	<u>14,290.36</u>	<u>4,809.64</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	400.00	400.00	1,415.64	1,015.64
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	500.00	500.00	-	(500.00)
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	900.00	900.00	1,415.64	515.64
<u>Fund Balance - Beginning of Year</u>	-	-	32,344.65	32,344.65
<u>Fund Balance - End of Year</u>	<u>\$ 900.00</u>	<u>\$ 900.00</u>	<u>\$ 33,760.29</u>	<u>\$ 32,860.29</u>

Township of Imlay
 Required Supplemental Information
 Budgetary Comparison Schedule
 Major Special Revenue Fund - Ordinance Enforcement/ Master Plan Fund
 For The Fiscal Year Ended March 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Interest Earnings	\$ 150.00	\$ 150.00	\$ 152.94	\$ 2.94
Other Revenues	2,000.00	2,000.00	861.98	(1,138.02)
<u>Total Revenues</u>	<u>2,150.00</u>	<u>2,150.00</u>	<u>1,014.92</u>	<u>(1,135.08)</u>
<u>Expenditures</u>				
Professional Services	8,000.00	8,000.00	-	8,000.00
<u>Total Expenditures</u>	<u>8,000.00</u>	<u>8,000.00</u>	<u>-</u>	<u>8,000.00</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(5,850.00)	(5,850.00)	1,014.92	6,864.92
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(5,850.00)	(5,850.00)	1,014.92	6,864.92
<u>Fund Balance - Beginning of Year</u>	146,125.00	146,125.00	154,000.52	7,875.52
<u>Fund Balance - End of Year</u>	<u>\$ 140,275.00</u>	<u>\$ 140,275.00</u>	<u>\$ 155,015.44</u>	<u>\$ 14,740.44</u>

Other Supplemental Information

Township of Imlay
 Other Supplemental Information
 Fiduciary Funds
 Combining Statement of Net Position
 March 31, 2014

	<u>Other Trust Funds</u>			<u>Agency Funds</u>		
	<u>Cemetery Perpetual Care</u>		<u>Totals</u>	<u>Bond</u>	<u>Tax</u>	<u>Totals</u>
	<u>Expendable</u>	<u>Nonexpendable</u>		<u>Retention</u>	<u>Collection</u>	
	<u>Trust</u>	<u>Trust</u>		<u>Fund</u>	<u>Fund</u>	
<u>Assets</u>						
Cash & Certificates of Deposit	\$ -	\$ 201,614.40	\$ 201,614.40	\$ 23,600.53	\$ 80,572.42	\$ 104,172.95
Due From Other Governmental Units	-	-	-	-	-	-
Due From Other Funds	-	6,028.91	6,028.91	-	-	-
<u>Total Assets</u>	<u>-</u>	<u>207,643.31</u>	<u>207,643.31</u>	<u>23,600.53</u>	<u>80,572.42</u>	<u>104,172.95</u>
<u>Liabilities & Fund Balance</u>						
<u>Liabilities</u>						
Due To Other Funds	-	60.56	60.56	0.03	8,424.19	8,424.22
Due To Others	-	-	-	23,600.50	72,148.23	95,748.73
<u>Total Liabilities</u>	<u>-</u>	<u>60.56</u>	<u>60.56</u>	<u>\$ 23,600.53</u>	<u>\$ 80,572.42</u>	<u>\$ 104,172.95</u>
<u>Net Position</u>						
Held in Trust for Cemetery Perpetual Care	-	207,582.75	207,582.75			
Unreserved - Undesignated	-	-	-			
<u>Total Net Position</u>	<u>\$ -</u>	<u>\$ 207,582.75</u>	<u>\$ 207,582.75</u>			

Township of Imlay
 Other Supplemental Information
 Fiduciary Funds
 Combining Statement of Changes in Net Position
 March 31, 2014

	Other Trust Funds		
	Cemetery Perpetual Care		Totals
	Expendable Trust	Nonexpendable Trust	
<u>Additions</u>			
Interest Income - Perpetual Care	\$ 4,626.48	\$ -	\$ 4,626.48
Sale of Lots - Perpetual Care	-	960.00	960.00
<u>Total Additions</u>	4,626.48	960.00	5,586.48
<u>Deductions</u>			
Contribution To (From) Other Funds	4,626.48	-	4,626.48
<u>Total Deductions</u>	4,626.48	-	4,626.48
<u>Net Increase</u>	-	960.00	960.00
<u>Net Position - Beginning of Year</u>	-	206,622.75	206,622.75
<u>Net Position - End of Year</u>	\$ -	\$ 207,582.75	\$ 207,582.75

KING & KING CPAs LLC

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June 11, 2014

Township of Imlay
682 N. Fairgrounds Rd.
Imlay City, MI 48444

To the Members of the Board:

In planning and performing our audit of the financial statements, as of and for the fiscal year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the **Township of Imlay's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that we have not identified.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Township's internal control to be a significant deficiency:

Segregation of Duties – Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance to maintain the best control possible. We recommend the Township segregate duties whenever possible.

This information is intended solely for the information and use of management, **Township of Imlay**, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Lehn King

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June 11, 2014

Township of Imlay
682 N. Fairgrounds Rd.
Imlay City, MI 48444

To the Members of the Board:

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 Imlay** for the fiscal year ended March 31, 2014, and have issued our report thereon dated June 11, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 15, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **Township of Imlay** 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 fiscal year ending March 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Difficulties Encountered in Performing the Audit

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

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Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. 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 the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 11, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. 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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of management, the Board of the **Township of Imlay**, and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Lehn L. King, C.P.A.
KING & KING CPAs LLC