Michigan Deptartment of Treasury
496 (2-04)

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| Local Government Type | Local Government Name | County |
|---|---|---|
| ☐ City ☑ Township ☐ Village ☐ Other | **Township of Valley** | **Allegan** |

| Audit Date | Opinion Date | Date Accountant Report Submitted to State: |
|---|---|---|
| **3/31/04** | **7/16/04** | **9/2/04** |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☑ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ Yes ☑ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

| **We have enclosed the following:** | Enclosed | To Be Forwarded | Not Required |
|---|---|---|---|
| The letter of comments and recommendations. | ✓ | | |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | | ✓ |

| Certified Public Accountant (Firm Name) | | | |
|---|---|---|---|
| **Siegfried Crandall PC** | | | |
| Street Address | City | State | ZIP |
| **246 East Kilgore Road** | **Kalamazoo** | **MI** | **49002-5599** |
| Accountant Signature Siegfried Crandall P.C. | | Date **9/2/04** | |

***Township of Valley***
***Allegan County, Michigan***

# FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

*Year ended March 31, 2004*

## CONTENTS


| | Page |
|---|---|
| INDEPENDENT AUDITORS' REPORT | 3 |
| GENERAL PURPOSE FINANCIAL STATEMENTS: | |
| Combined balance sheet - all fund types and account group | 4 |
| Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types | 5 |
| Combined statement of revenues, expenditures, and changes in fund balances - budget and actual - general and special revenue funds | 6 |
| Notes to financial statements | 7 - 11 |
| SUPPLEMENTARY INFORMATION: | |
| Governmental fund types: | |
| Statement of revenues, expenditures, and changes in fund balance - budget and actual - General Fund | 12 -13 |
| Combining balance sheet - special revenue funds | 14 |
| Combining statement of revenues, expenditures, and changes in fund balances - special revenue funds | 15 |
| Statement of revenues, expenditures, and changes in fund balance - budget and actual: | |
| Road Fund | 16 |
| Fire Fund | 17 |
| Fiduciary fund type: | |
| Statement of changes in assets and liabilities - Tax Collection Fund | 18 |

SiegfriedCrandallPC
Certified Public Accountants & Advisors

246 E. Kilgore Road
Kalamazoo, MI 49002-5599
www.siegfriedcrandall.com

Telephone 269-381-4970
800-876-0979
Fax 269-349-1344

**INDEPENDENT AUDITORS' REPORT**

**Board of Trustees**
**Township of Valley, Michigan**

**We have audited the accompanying general purpose financial statements of the Township of Valley, Michigan, as of March 31, 2004, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Township of Valley's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.**

**We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.**

**In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Valley, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.**

**Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Valley, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.**

Siegfried Crandall P.C.

**July 16, 2004**

Member of CPAMERICA INTERNATIONAL

# GENERAL PURPOSE FINANCIAL STATEMENTS

***Township of Valley***

**COMBINED BALANCE SHEET -** ***all fund types and account groups***

*March 31, 2004*

| | *Governmental fund types* | |
|---|---|---|
| | *General* | *Special revenue* |
| ASSETS | | |
| Cash | $ 154,736 | $ - |
| Receivables: | | |
| Taxes | 5,998 | 10,203 |
| Accounts | 13,772 | - |
| Due from other funds | 58,506 | 108,338 |
| Due from other governmental units | 16,761 | - |
| Fixed assets | - | - |
| TOTAL ASSETS | $ 249,773 | $ 118,541 |
| LIABILITIES AND FUND EQUITY | | |
| LIABILITIES: | | |
| Accounts payable | $ 12,654 | $ 3,080 |
| Due to other funds | 47,329 | 20,570 |
| Due to other governmental units | - | - |
| Total liabilities | 59,983 | 23,650 |
| FUND EQUITY: | | |
| Investment in general fixed assets | - | - |
| Fund balance: | | |
| Unreserved, undesignated | 189,790 | 94,891 |
| Total fund equity | 189,790 | 94,891 |
| TOTAL LIABILITIES AND FUND EQUITY | $ 249,773 | $ 118,541 |

| Fiduciary fund type | Account groups | Totals |
|---|---|---|
| Agency | General fixed assets | (memorandum only) |
| $ 99,081 | $ - | $ 253,817 |
| - | - | 16,201 |
| - | - | 13,772 |
| - | - | 166,844 |
| - | - | 16,761 |
| - | 250,151 | 250,151 |
| $ 99,081 | $ 250,151 | $ 717,546 |
| $ 43 | $ - | $ 15,777 |
| 98,945 | - | 166,844 |
| 93 | - | 93 |
| 99,081 | - | 182,714 |
| - | 250,151 | 250,151 |
| - | - | 284,681 |
| - | 250,151 | 534,832 |
| $ 99,081 | $ 250,151 | $ 717,546 |

*See notes to financial statements*

***Township of Valley***

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -** ***all governmental fund types***

*Year ended March 31, 2004*

| | *General* | *Special revenue* | *Totals (memorandum only)* |
|---|---|---|---|
| REVENUES: | | | |
| Taxes | $ 60,231 | $ 71,193 | $ 131,424 |
| Licenses and permits | 39,544 | - | 39,544 |
| State grants | 125,613 | - | 125,613 |
| Charges for services | 16,889 | - | 16,889 |
| Fines and forfeitures | 225 | - | 225 |
| Interest and rentals | 3,874 | - | 3,874 |
| Other | 1,776 | 9,258 | 11,034 |
| Total revenues | 248,152 | 80,451 | 328,603 |
| EXPENDITURES: | | | |
| Legislative | 4,204 | - | 4,204 |
| General government | 208,040 | - | 208,040 |
| Public safety | 36,456 | 32,889 | 69,345 |
| Public works | 2,051 | 7,129 | 9,180 |
| Community and economic development | 18,024 | - | 18,024 |
| Capital outlay | 108,081 | - | 108,081 |
| Total expenditures | 376,856 | 40,018 | 416,874 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (128,704) | 40,433 | (88,271) |
| FUND BALANCE - BEGINNING OF YEAR | 318,494 | 54,458 | 372,952 |
| FUND BALANCE - END OF YEAR | $ 189,790 | $ 94,891 | $ 284,681 |

*See notes to financial statements*

***Township of Valley***

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -** ***general and special revenue funds***

*Year ended March 31, 2004*

| | *General* | | |
|---|---|---|---|
| | *Budget* | *Actual* | *Variance favorable (unfavorable)* |
| REVENUES: | | | |
| Taxes | $ 45,200 | $ 60,231 | $ 15,031 |
| Licenses and permits | 32,000 | 39,544 | 7,544 |
| State grants | 138,600 | 125,613 | (12,987) |
| Charges for services | 24,700 | 16,889 | (7,811) |
| Fines and forfeitures | 3,000 | 225 | (2,775) |
| Interest and rentals | 7,000 | 3,874 | (3,126) |
| Other | - | 1,776 | 1,776 |
| Total revenues | 250,500 | 248,152 | (2,348) |
| EXPENDITURES: | | | |
| Legislative | 4,200 | 4,204 | (4) |
| General government | 191,850 | 208,040 | (16,190) |
| Public safety | 32,500 | 36,456 | (3,956) |
| Public works | 1,800 | 2,051 | (251) |
| Community and economic development | 18,800 | 18,024 | 776 |
| Capital outlay | 55,000 | 108,081 | (53,081) |
| Total expenditures | 304,150 | 376,856 | (72,706) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (53,650) | (128,704) | (75,054) |
| FUND BALANCE - BEGINNING OF YEAR | 318,494 | 318,494 | - |
| FUND BALANCE - END OF YEAR | $ 264,844 | $ 189,790 | $ (75,054) |

| Special revenue | | | Totals (memorandum only) | | |
|---|---|---|---|---|---|
| *Budget* | *Actual* | *Variance favorable (unfavorable)* | *Budget* | *Actual* | *Variance favorable (unfavorable)* |
| $ 68,400 | $ 71,193 | $ 2,793 | $ 113,600 | $ 131,424 | $ 17,824 |
| - | - | - | 32,000 | 39,544 | 7,544 |
| - | - | - | 138,600 | 125,613 | (12,987) |
| - | - | - | 24,700 | 16,889 | (7,811) |
| - | - | - | 3,000 | 225 | (2,775) |
| - | - | - | 7,000 | 3,874 | (3,126) |
| 5,000 | 9,258 | 4,258 | 5,000 | 11,034 | 6,034 |
| 73,400 | 80,451 | 7,051 | 323,900 | 328,603 | 4,703 |
| - | - | - | 4,200 | 4,204 | (4) |
| - | - | - | 191,850 | 208,040 | (16,190) |
| 26,500 | 32,889 | (6,389) | 59,000 | 69,345 | (10,345) |
| 8,000 | 7,129 | 871 | 9,800 | 9,180 | 620 |
| - | - | - | 18,800 | 18,024 | 776 |
| - | - | - | 55,000 | 108,081 | (53,081) |
| 34,500 | 40,018 | (5,518) | 338,650 | 416,874 | (78,224) |
| 38,900 | 40,433 | 1,533 | (14,750) | (88,271) | (73,521) |
| 54,458 | 54,458 | - | 372,952 | 372,952 | - |
| $ 93,358 | $ 94,891 | $ 1,533 | $ 358,202 | $ 284,681 | $ (73,521) |

*See notes to financial statements*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Valley, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments, except as to the investment in general fixed assets and changes therein. The following is a summary of the more significant accounting policies:

*a) Reporting entity:*
In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* these financial statements present the Township, or primary government. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

*b) Basis of presentation:*
The accounts of the Township are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Township are recorded in the separate funds, categorized, and described as follows:

*(i) Governmental funds:*
General Fund - this fund is used to account for all financial resources not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, interest, and charges for certain services.

Special revenue funds - these funds are used to account for specific revenues derived primarily from general fund appropriations and property taxes, which are to be expended for specific purposes as dictated by legal, regulatory, or administrative requirements.

*(ii) Fiduciary funds:*
Agency funds - these funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*:

*b) Basis of presentation (continued):*

*(iv) Account group:*

General fixed assets account group - this account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

The account group is not a fund. It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

*c) Basis of accounting:*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to finance expenditures of the fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

*d) Budgets and budgetary accounting:*

The Township follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted at the activity level and are on a basis consistent with generally accepted accounting principles.

*e) Receivables:*

All receivables are expected to be fully collectible as presented.

*f) Fixed assets:*

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*:

*g) Property tax:*
Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14 (with the final collection date of February 28), at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 as revenue of the current year.

*h) Totals (memorandum only):*
Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

NOTE 2 - CASH:

At March 31, 2004, the Township has deposits with a carrying amount of $253,817 and a bank balance of $255,483. Of the bank balance, $217,677 is covered by federal depository insurance and $37,806 is uninsured.

NOTE 3 - FIXED ASSETS:

The following is a schedule of changes in general fixed assets of the Township during the year ended March 31, 2004:

| | *Balance April 1, 2003* | *Additions* | *Deletions* | *Balance March 31, 2004* |
|---|---|---|---|---|
| General: | | | | |
| Township hall and offices | $101,782 | $ 97,434 | $ - | $199,216 |
| Land improvements | 8,151 | - | - | 8,151 |
| Office furniture and equipment | 35,533 | 7,251 | - | 42,784 |
| | $145,466 | $104,685 | $ - | $250,151 |

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:

The amounts of interfund receivables and payables at March 31, 2004, are as follows:

| *Fund* | *Interfund receivables* | *Fund* | *Interfund payables* |
|---|---|---|---|
| General | $ 37,936 | Tax Collection | $ 98,945 |
| Road | 40,473 | | |
| Fire | 20,536 | | |
| | 98,945 | | |
| General | 20,570 | Fire | 20,570 |
| Road | 47,329 | General | 47,329 |
| | $166,844 | | $166,844 |

NOTE 5 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2004, is as follows:

| | |
|---|---|
| Permit revenues | $ 39,544 |
| Expenses: | |
| Direct | (33,956) |
| Indirect | (9,780) |
| Deficiency of revenues over expenses | $ (4,192) |

NOTE 6 - CLAIMS ARISING FROM RISKS OF LOSS:

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability up to $5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated, as follows:

The following schedule sets forth significant budget variations.

| *Fund* | *Function* | *Activity* | *Budget* | *Actual* | *Variance* |
|---|---|---|---|---|---|
| General | General | Supervisor | $18,400 | $19,520 | $ 1,120 |
| | | Elections | - | 1,548 | 1,548 |
| | | Assessor/tax administration | 19,800 | 20,810 | 1,010 |
| | | Clerk | 21,500 | 23,997 | 2,497 |
| | | Cemetery | 30,000 | 41,450 | 11,450 |
| | | Township clean up | 3,000 | 4,049 | 1,049 |
| | | Contributions | 3,500 | 5,087 | 1,587 |
| | | Other | 18,050 | 32,136 | 14,086 |
| | Public safety | Code enforcement | 30,000 | 33,956 | 3,956 |
| | Community and economic development | Planning Commission | 4,800 | 6,960 | 2,160 |
| | Capital outlay | Capital outlay | 55,000 | 108,081 | 53,081 |
| Fire | Public safety | Public safety | 26,500 | 32,889 | 6,389 |

# SUPPLEMENTARY INFORMATION

***Township of Valley***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - *General Fund***

*Year ended March 31, 2004*

| | *Budget* | *Actual* | *Variance favorable (unfavorable)* |
|---|---|---|---|
| REVENUES: | | | |
| Taxes | $ 45,200 | $ 60,231 | $ 15,031 |
| Licenses and permits | 32,000 | 39,544 | 7,544 |
| State grants | 138,600 | 125,613 | (12,987) |
| Charges for services | 24,700 | 16,889 | (7,811) |
| Fines and forfeitures | 3,000 | 225 | (2,775) |
| Interest and rentals | 7,000 | 3,874 | (3,126) |
| Other | - | 1,776 | 1,776 |
| Total revenues | 250,500 | 248,152 | (2,348) |
| EXPENDITURES: | | | |
| Legislative - Township board | 4,200 | 4,204 | (4) |
| General government: | | | |
| Supervisor | 18,400 | 19,520 | (1,120) |
| Elections | - | 1,548 | (1,548) |
| Assessor/tax administration | 19,800 | 20,810 | (1,010) |
| Clerk | 21,500 | 23,997 | (2,497) |
| Board of review | 2,100 | 2,176 | (76) |
| Treasurer | 28,000 | 28,166 | (166) |
| Township hall | 20,000 | 11,544 | 8,456 |
| Cemetery | 30,000 | 41,450 | (11,450) |
| Township clean up | 3,000 | 4,049 | (1,049) |
| Technology | 10,000 | 3,523 | 6,477 |
| Insurance | 6,000 | 6,185 | (185) |
| Legal and accounting | 11,500 | 7,849 | 3,651 |
| Contributions | 3,500 | 5,087 | (1,587) |
| Other | 18,050 | 32,136 | (14,086) |
| Total general government | 191,850 | 208,040 | (16,190) |
| Public safety: | | | |
| Ambulance | 2,500 | 2,500 | - |
| Code enforcement | 30,000 | 33,956 | (3,956) |
| Total public safety | 32,500 | 36,456 | (3,956) |

*Township of Valley*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - *General Fund (Continued)***

*Year ended March 31, 2004*

| | *Budget* | *Actual* | *Variance favorable (unfavorable)* |
|---|---|---|---|
| EXPENDITURES (*Continued):* | | | |
| Public works: | | | |
| Street lighting | $ 1,800 | $ 2,051 | $ (251) |
| Community and economic development: | | | |
| Planning commission | 4,800 | 6,960 | (2,160) |
| Zoning | 14,000 | 11,064 | 2,936 |
| Total community and economic development | 18,800 | 18,024 | 776 |
| Capital outlay | 55,000 | 108,081 | (53,081) |
| Total expenditures | 304,150 | 376,856 | (72,706) |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (53,650) | (128,704) | (75,054) |
| FUND BALANCE - BEGINNING OF YEAR | 318,494 | 318,494 | - |
| FUND BALANCE - END OF YEAR | $ 264,844 | $ 189,790 | $ (75,054) |

***Township of Valley***
**COMBINING BALANCE SHEET -** ***special revenue funds***
*March 31, 2004*

| | *Road* | *Fire* | *Totals (memorandum only)* |
|---|---|---|---|
| ASSETS | | | |
| Taxes receivable | $ 6,769 | $ 3,434 | $ 10,203 |
| Due from other funds | 87,802 | 20,536 | 108,338 |
| TOTAL ASSETS | $ 94,571 | $ 23,970 | $ 118,541 |
| LIABILITIES AND FUND EQUITY | | | |
| LIABILITIES: | | | |
| Accounts payable | - | 3,080 | 3,080 |
| Due to other funds | - | 20,570 | 20,570 |
| Total liabilities | - | 23,650 | 23,650 |
| FUND BALANCE - Unreserved, undesignated | 94,571 | 320 | 94,891 |
| TOTAL LIABILITIES AND FUND BALANCE | $ 94,571 | $ 23,970 | $ 118,541 |

*Township of Valley*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *special revenue funds***

*Year ended March 31, 2004*

| | *Road* | *Fire* | *Totals (memorandum only)* |
|---|---|---|---|
| REVENUES: | | | |
| Taxes | $ 47,229 | $ 23,964 | $ 71,193 |
| Other | 13 | 9,245 | 9,258 |
| Total revenues | 47,242 | 33,209 | 80,451 |
| EXPENDITURES: | | | |
| Public safety | - | 32,889 | 32,889 |
| Public works | 7,129 | - | 7,129 |
| Total expenditures | 7,129 | 32,889 | 40,018 |
| EXCESS OF REVENUES OVER EXPENDITURES | 40,113 | 320 | 40,433 |
| FUND BALANCE - BEGINNING OF YEAR | 54,458 | - | 54,458 |
| FUND BALANCE - END OF YEAR | $ 94,571 | $ 320 | $ 94,891 |

***Township of Valley***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - *Road Fund***

*Year ended March 31, 2004*

| | *Budget* | *Actual* | *Variance favorable (unfavorable)* |
|---|---|---|---|
| REVENUES: | | | |
| Taxes | $ 45,700 | $ 47,229 | $ 1,529 |
| Other | - | 13 | 13 |
| Total revenues | 45,700 | 47,242 | 1,542 |
| EXPENDITURES: | | | |
| Public works | 8,000 | 7,129 | 871 |
| EXCESS OF REVENUES OVER EXPENDITURES | 37,700 | 40,113 | 2,413 |
| FUND BALANCE - BEGINNING OF YEAR | 54,458 | 54,458 | - |
| FUND BALANCE - END OF YEAR | $ 92,158 | $ 94,571 | $ 2,413 |

***Township of Valley***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - *Fire Fund***

*Year ended March 31, 2004*

| | *Budget* | *Actual* | *Variance favorable (unfavorable)* |
|---|---|---|---|
| REVENUES: | | | |
| Taxes | $ 22,700 | $ 23,964 | $ 1,264 |
| Other | 5,000 | 9,245 | 4,245 |
| Total revenues | 27,700 | 33,209 | 5,509 |
| EXPENDITURES: | | | |
| Public safety | 26,500 | 32,889 | (6,389) |
| EXCESS OF REVENUES OVER EXPENDITURES | 1,200 | 320 | (880) |
| FUND BALANCE - BEGINNING OF YEAR | - | - | - |
| FUND BALANCE - END OF YEAR | $ 1,200 | $ 320 | $ (880) |

***Township of Valley***

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**

***Tax Collection Fund***

*Year ended March 31, 2004*

| | *Balance April 1, 2003* | *Additions* | *Deductions* | *Balance March 31, 2004* |
|---|---|---|---|---|
| TAX COLLECTION FUND | | | | |
| ASSETS | | | | |
| Cash | $ 111,529 | $ 1,350,948 | $ 1,363,396 | $ 99,081 |
| LIABILITIES | | | | |
| Accounts payable | $ - | $ 123 | $ 80 | $ 43 |
| Due to other funds | 111,529 | 99,016 | 111,600 | 98,945 |
| Due to other governmental units | - | 1,251,810 | 1,251,717 | 93 |
| TOTAL LIABILITIES | $ 111,529 | $ 1,350,949 | $ 1,363,397 | $ 99,081 |

SiegfriedCrandallPC
Certified Public Accountants & Advisors

246 E. Kilgore Road
Kalamazoo, MI 49002-5599
www.siegfriedcrandall.com

Telephone 269-381-4970
800-876-0979
Fax 269-349-1344

**July 16, 2004**

**Board of Trustees**
**Township of Valley**
**Allegan County, Michigan**

**In planning and performing our audit of the general purpose financial statements of the Township of Valley, Michigan, for the year ended March 31, 2004, we considered the Township's internal control to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.**

**However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 16, 2004, on the general purpose financial statements of the Township of Valley, Michigan.**

**We will review the status of those comments during our next audit engagement. We have already discussed these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.**

Siegfried Crandall P.C.

Member of CPAMERICA INTERNATIONAL

## COMMENTS AND RECOMMENDATIONS

### *BUDGETING:*

The Township violated P.A. 621 of 1978 by incurring expenditures in excess of appropriations in certain of its budgetary funds.

We recommend the Township improve its procedures for monitoring budgetary compliance, and amend the budgets when necessary. Appropriate management personnel should be involved in the budget development and monitoring processes to create a more meaningful management tool and provide appropriate explanations of variations on a timely basis.

### *ACCOUNTING RECORDS:*

The Township's accounting records included funds that were not in balance and were recorded in a single company. Proper accounting and reporting assist financial users in making competent judgments related to financial information.

We recommend the Township evaluate the current procedures to adequately record and report financial information. The Township should consider keeping separate records for each fund or account group. The Township should also establish a process of reviewing the detail records monthly to help correct posting errors in a timely manner.