Joyfield Township

10-1090

Benzie County, Michigan

Audited Financial Statements

For the Year Ended March 31, 2004

Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98), Formerly L-3147

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ City ☒ Township ☐ Village ☐ Other	JOYFIELD TOWNSHIP	BENZIE

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
3-31-04	8-25-04	9-16-04

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.

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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.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)			
JL STEPHAN CO PC			
Street Address	City	State	ZIP
862 E. EIGHTH ST	TRAVERSE CITY	MI	49686

Accountant Signature [signature] CPA

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INTRODUCTORY SECTION

Joyfield Township

Comments and Recommendations

We have audited the financial statements of Joyfield Township, Benzie County, for the year ended March 31, 2004 and issued our report thereon dated August 25, 2004. As part of our audit, we studied and evaluated the Township's internal control structure. Because the study and evaluation were only part of the overall audit plan regarding the financial statements, our study was more limited than would be necessary to express an opinion on the system of internal control taken as a whole. Accordingly, we do not express an opinion on the system of internal control of the Township taken as a whole. As the result of conditions we noted while performing your audit, we would like to make the following comments and recommendations.

Opening Comments

Your Clerk and Treasurer maintained the records of the Township in good condition. Recorded revenues were deposited timely and in tact. In a continuing effort to enhance internal control and improve the accounting system, financial reporting, and overall management, we offer the following comments and recommendations.

Operating Reports

The current clerk does not currently prepare quarterly or year end operating reports. We recommend that year end or quarterly operating reports be prepared that reflects year to date actual and budgeted revenues and expenditures. We further recommend that the report include beginning and ending cash balances and that these cash balances be reconciled with the Treasurer's records.

General Fixed Assets

We noted that the Township is not keeping a formal inventory of its general fixed assets. The totals of the Township's general fixed assets is required in order to conform with generally accepted accounting principles. Because the Township's financial statements are presented on the cash basis, it is not mandatory that the general fixed assets be included.

GASB 34

The Township is required to adopt GASB 34 and adhere to its requirements for fiscal year ending March 31, 2005. We recommend the Township Board familiarize itself with the general requirements of the pronouncement and contact us with questions regarding conversion to this new pronouncement.

Metro Act Money

In July 2004, the Village received money from the State of Michigan in accordance with the Metro Act. This money can only be used for expenditures allowed under the metro act. We recommend that the Village Council determine what expenditures need to be made with these monies and set up a new activity in the General Fund, or establish a new fund if significant amounts are to be carried over from year to year.

Fidelity Bond Coverage

State law requires fidelity bond coverage for the Clerk and Treasurer and their deputies. The Township should review their surety bond coverage to make sure that it is current.

Contracts
We noted that the cemetery maintenance contract has not been updated for several years, even though the amount has changed and has been recorded in the minutes. We recommend that the cemetery maintenance contract be updated and renewed.

Closing Comments
We will be happy to discuss any of these recommendations with you and assist you in their implementation. We further appreciate the courtesy extended our field auditors in the conduct of this audit engagement. Should any questions arise on this audit report and the conduct of our audit, please call upon us.

These comments and recommendations are intended for the information and use of the Township Board and Elected Officials of the Township and the Michigan Department of Treasury Local Audit Division, and are not intended to be used by anyone other than those specified parties.

FINANCIAL SECTION

J L Stephan Co PC

Certified Public Accountants

Jerry L. Stephan, CPA
John P. Morse, CPA

Marty Szasz, CPA
David Skibowski, Jr., CPA

Independent Auditor's Report

To the Township Board
Joyfield Township
Frankfort, MI 49635

We have audited the accompanying general purpose financial statements of Joyfield Township, Benzie County, Michigan, as of and for the year ended March 31, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the General Fixed Asset Account Group, which is required in order to conform with generally accepted accounting principles. The Township has not determined the amount of its General Fixed Assets.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Joyfield Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted I the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as Supplemental Data in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township. This information has been subjected to the auditing procedures applied in the examination 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.

J L Stephan Co PC

August 25, 2004

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Joyfield Township

Exhibit A

Combined Balance Sheet
All Fund Types and Account Groups
Cash Basis
As of March 31, 2004

	Governmental Fund Types	*Fiduciary Fund Types*		
	General Fund	*Cemetery Perpetual Care Fund*	*Agency Funds*	*Totals (Memo Only)*
Assets				
Cash	$ 28,613	$ 1,521	$ 3	$ 30,137
Certificates of Deposit	82,568	15,817	-	98,385
Due from Other Funds	-	-	-	-
General Fixed Assets	-	-	-	-
Total Assets	$ 111,181	$ 17,338	$ 3	$ 128,522
Liabilities and Fund Equity				
Liabilities				
Due to Other Funds	$ -	$ -	$ -	$ -
Due to Other Units	-	-	-	-
Due to Others	-	-	3	3
Total Liabilities	-	-	3	3
Fund Equity				
Fund Balance	111,181	17,338	-	128,519
Total Fund Equity	111,181	17,338	-	128,519
Total Liabilities and Fund Equity	$ 111,181	$ 17,338	$ 3	$ 128,522

See Accompanying Notes to Financial Statements

Joyfield Township

Exhibit B

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
Cash Basis
For the Year Ended March 31, 2004

	General Fund	Special Revenue Funds	Total (Memo Only)
Revenues			
Taxes	$ 24,211	$ -	$ 24,211
Licenses and Permits	-	-	-
State Shared Revenue	54,156	-	54,156
Charges for Services	1,632	-	1,632
Interest and Rentals	5,768	-	5,768
Other Revenue	821	-	821
Total Revenues	86,588	-	86,588
Expenditures			
General Government	51,309	-	51,309
Public Safety	18,548	-	18,548
Public Works	118,391	-	118,391
Community Development	-	-	-
Contingency	-	-	-
Total Expenditures	188,248	-	188,248
Excess Revenues Over (Under) Expenditures	(101,660)	-	(101,660)
Other Financing Sources (Uses)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures & Other Uses	(101,660)	-	(101,660)
Fund Balance - Beginning of Year	212,841	-	212,841
Fund Balance - End of Year	$ 111,181	$ -	$ 111,181

See Accompanying Notes to Financial Statements

Joyfield Township

Exhibit C

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
Budget and Actual - Cash Basis
For the Year Ended March 31, 2004

	General Fund		
	Budget	*Actual*	*Favorable (Unfavorable)*
Revenues			
Taxes	$ 16,000	$ 24,211	$ 8,211
Licenses and Permits	-	-	-
State Shared Revenue	54,000	54,156	156
Charges for Services	-	1,632	1,632
Interest and Rentals	5,400	5,768	368
Other Revenue	-	821	821
Total Revenues	75,400	86,588	11,188
Expenditures			
General Government	131,028	51,309	79,719
Public Safety	20,500	18,548	1,952
Public Works	140,000	118,391	21,609
Community Development	-	-	-
Contingency	-	-	-
Total Expenditures	291,528	188,248	103,280
Excess Revenues Over (Under) Expenditures	(216,128)	(101,660)	114,468
Other Financing Sources (Uses)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures & Other Uses	$ (216,128)	(101,660)	$ 114,468
Fund Balance - Beginning of Year		212,841	
Fund Balance - End of Year		$ 111,181	

See Accompanying Notes to Financial Statements

Exhibit D

Joyfield Township

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Proprietary Fund Types and Similar Trust Fund Types
Cash Basis
For the Year Ended March 31, 2004

	Cemetery Perpetual Care Fund
Operating Revenues	
Sale of Lots	$ 100
Total Operating Revenues	100
Operating Expenses	
Contractual Services	-
Other	-
Total Operating Expenses	-
Operating Income (Loss)	100
Non-Operating Revenues (Expenses)	
Interest Earned	8
Other	-
Total Non-Operating Revenues (Expenses)	8
Income (Loss) Before Transfers	108
Operating Transfers In	-
Operating Transfer (Out)	-
Net Transfers In (Out)	-
Net Income (Loss)	108
Fund Balance - Beginning of Year	17,230
Fund Balance - End of Year	$ 17,338

See Accompanying Notes to Financial Statements

Joyfield Township

Exhibit E

Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
Cash Basis
For the Year Ended March 31, 2004

	Cemetery Perpetual Care Fund
Cash Flows from Operating Activities	
Operating income (loss)	$ 100
Net Cash Flows from Operating Activities	100
Net Cash Flows from Capital and Related Financing Activities	-
Cash Flows from Investing Activities	
Interest Income	8
Net Cash Flows from Investing Activities	8
Net Increase (Decrease) in Cash and Cash Equivalents	108
Cash and Cash Equivalents at - Beginning of Year	17,230
Cash and Cash Equivalents at - End of Year	$ 17,338

See Accompanying Notes to Financial Statements

Note 1 - Description of Operations and Fund Types

Joyfield Township is a common law Township as defined by the laws of the State of Michigan. The Township is governed by an elected Supervisor and Township Board. The population as of the 2000 census is 777 and the current state taxable valuation is $18,108,167.

A. Reporting Entity

The criteria established by Statement Number 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of any other organizations are not included in these financial statements.

B. Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, and interest on investments.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Tax Collection Fund belongs to this fund group.

Non-Expendable Trust Funds - These funds are used to account for funds restricted for the future benefit for the local unit. The Cemetery Perpetual Care Fund belongs to this fund group.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The Township's policy is to prepare its financial statements on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when cash is disbursed rather than when the obligation is incurred. Agency Funds of the township also recognize assets and liabilities on the cash basis.

Note 2 - Summary of Significant Accounting Policies - continued

B. Budgets
The General Fund is under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the combined 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.

Encumbrance accounting is not used and appropriations normally lapse at year end.

C. Fixed Assets
Fixed assets used in governmental fund type operations (general fixed assets) are not accounted for in the General Fixed Assets Account Group by the Township. Under the cash basis of accounting, the Township records capital outlay as expenditures in the General Fund.

D. Property Taxes
Property taxes are collected by the Township between December 1 and February 28. Any uncollected real property taxes which become delinquent March 1 are purchased (paid) by Benzie County approximately 90 days after the Township's year end.

E. Total Column
The total column on the financial statements is captioned (Memo Only) to indicate that it is presented only to facilitate financial analysis. Data in this column 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. Inter-fund eliminations have not been made in the aggregation of this data.

Note 3 - Material Violations of Legal and Contractual Provisions

A. Budget Compliance
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. During the year ended March 31, 2004, the Township had no expenditures in excess of amounts appropriated.

The 2003/2004 budget did not include prior year's actual revenues and expenditures and fund balances as required by the Uniform Budget Act.

Note 4 - Deposits with Financial Institutions

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Public Act 20 of 1943, as amended by Public Act No 217 of 1982 and Public Act 196 of 1997, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States.

2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the financial institution complies with subsection (2).

3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase.

4. In United States government or Federal agency obligation repurchase agreements.

5. In banker's acceptances of United States banks.

6. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

B. Type of Deposits and Investments

The Township maintains all its surplus funds in the form of a savings account, checking accounts and a certificate of deposit. Interpreting the FDIC insurance coverage of $100,000 per deposit to apply to the total savings/time deposits separately from checking/demand deposits for purposes of applying the $100,000 limit, the bank balances as of March 31, 2004 appear to be $101,562 insured and $26,961 uninsured for total deposits of $128,523.

Note 5 - Risk Management

The Township pays an annual premium to the Michigan Township Participating Plan. The Township carries coverage for property damage, liability, valuable paper, crime, and inland marine claims. Also, the Township carries worker's compensation insurance with Accident Fund Company. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Joyfield Township

Schedule 1

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Cash Basis
For the Year Ended March 31, 2004

	Budget	Actual	Favorable (Unfavorable)
Revenues			
Property Tax	$ 16,000	$ 24,211	$ 8,211
Licenses & Permits	-	-	-
State Shared Revenue	54,000	54,156	156
Charges for Services	-	1,632	1,632
Interest Earned	5,400	5,768	368
Other	-	821	821
Total Revenues	75,400	86,588	11,188
Expenditures			
General Government			
Township Board	15,000	11,955	3,045
Supervisor	6,000	4,000	2,000
Elections	2,000	390	1,610
Assessor	10,000	7,355	2,645
Clerk	10,000	6,465	3,535
Treasurer	15,000	12,223	2,777
Board of Review	3,000	900	2,100
Township Hall	15,000	1,668	13,332
Cemetery	10,000	4,853	5,147
Other General Government	45,028	1,500	43,528
Public Safety			
Liquor Law Enforcement	500	440	60
Fire	20,000	18,108	1,892
Public Works			
Roads	140,000	118,391	21,609
Community Development			
Zoning Administration	-	-	-
Contingency	-	-	-
Total Expenditures	291,528	188,248	103,280
Excess Revenues (Expenditures)	(216,128)	(101,660)	114,468
Other Financing Sources (Uses)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess Revenues & Other Sources Over (Under) Expenditures & Other Uses	$ (216,128)	(101,660)	$ 114,468
Fund Balance - Beginning of Year		212,841	
Fund Balance - End of Year		$ 111,181	

See Accompanying Notes to Financial Statements

Joyfield Township

Schedule 2

Trust and Agency Funds
Statement of Changes in Assets and Liabilities
Cash Basis
For the Year Ended March 31, 2004

Tax Collection Fund	*Beginning Balance*	*Additions*	*Deductions*	*Ending Balance*
Assets				
Cash in Bank	$ 13	$ 407,950	$ 407,960	$ 3
Liabilities				
Due to Other Units	$ -	$ 386,111	$ 386,111	$ -
Due to General Fund	-	20,839	20,839	-
Due to Others	13	1,000	1,010	3
Total Liabilities	$ 13	$ 407,950	$ 407,960	$ 3

See Accompanying Notes to Financial Statements