

Township of Grant

St. Clair County, Michigan

Audited Financial Report
March 31, 2012

KING & KING CPAs LLC

Marlette - Imlay City
Michigan

Township of Grant
 Annual Financial Report
 For The Year Ended March 31, 2012

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Members of the Township Board
Township of Grant
St. Clair County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Grant, Michigan as of and for the year ended March 31, 2012, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Grant, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted the 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 the audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Grant, Michigan as of March 31, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison information listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of Management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Grant, Michigan's basic financial statements. The accompanying 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lehn King

Certified Public Accountant

May 7, 2012

Township of Grant

Jeddo, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Grant, Michigan's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2012. 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 assets 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 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 assets as of the current date and compared to the most recent audited year's net assets.

	Governmental Activities	
	3/31/2012	3/31/2010
Current Assets	\$ 630,241	\$ 669,868
Noncurrent Assets	904,477	957,609
Total Assets	1,534,718	1,627,476
Current Liabilities	10,531	42,230
Noncurrent Liabilities	-	40,000
Total Liabilities	10,531	82,230
Net Assets:		
Invested in Capital Assets -		
Net of Related Debt	904,477	882,609
Restricted	427,354	-
Unrestricted	192,356	662,637
Total Net Assets	\$ 1,524,188	\$ 1,545,246

Township of Grant

Jeddo, Michigan

Condensed Financial Information – Continued

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

	Governmental Activities	
	3/31/2012	3/31/2010
Revenues		
Program Revenues:		
Charges for Services	\$ 8,696	\$ 12,745
Grants & Contrib's	1,939	11,000
General Revenues:		
Property Taxes	311,320	379,067
State-Shared Revenues	140,941	102,219
Interest	1,235	4,318
Other Revenues	49,095	18,684
Total Revenues	513,227	528,032
Program Expenses		
General Government	\$ 168,302	\$ 138,771
Public Safety	116,473	102,329
Public Works	247,974	197,430
Recreation & Culture	15,646	10,849
Interest on L/T Debt	1,234	5,298
Total Program Expenses	549,629	454,676
Change in Net Assets	\$ (36,402)	\$ 73,356

The Township as a Whole

- The Township's Governmental Activities net assets decreased by \$36,402 this year. This compares to a net increase of \$73,356 in the previous audit year.
- The Township's primary source of revenue is from state shared revenues and property taxes, which represents 88% of total revenue.

Township of Grant

Jeddo, Michigan

The Township's Fund

Our analysis of the Township's major funds begins on page 4, 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, 2012 include the General Fund, Fire Equipment Fund, Road Maintenance Fund, Garbage Collection Fund, and Parks & Recreation Fund.

General Fund Budgetary Highlights

The Township made amendments to the budget throughout the year to cover the expenditures incurred. However, there were still some items which were over budget.

Capital Asset and Debt Administration

During the fiscal year ended March 31, 2012, the Township purchased land for \$1,903 in the General Fund.

Additional information regarding the Township's capital assets can be found in Note 6 to the financial statements.

The Township did not incur any additional Long-Term Debt in the fiscal year ended March 31, 2012. The Township made a final payment of \$40,000 on the existing Long-Term Debt. As of the fiscal year end March 31, 2012, the Township did not have any Long-Term Debt.

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 at the Township Hall in Jeddo, Michigan by telephone at (810) 327-6775.

Township of Grant
Statement of Net Assets (Deficit)
March 31, 2012

	Primary Governmental Activities
<u>Assets</u>	
Cash & Cash Equivalents	\$ 589,670.79
Property Tax Receivable	20,833.33
Prepaid Expenses	18,020.00
Due From Other Funds	1,717.18
Capital Assets (Net of Accumulated Depreciation)	904,477.11
Total Assets	1,534,718.41
<u>Liabilities</u>	
Accounts Payable	9,580.55
Performance Bonds Payable	950.00
Total Liabilities	10,530.55
Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	904,477.11
Restricted	427,354.30
Unrestricted	192,356.45
Total Net Assets (Deficit)	\$ 1,524,187.86

The notes are an integral part of the statements.

Township of Grant
Statement of Activities
For the Year Ended March 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 168,302.10	\$ 8,696.45	\$ -	\$ -	\$ (159,605.65)
Public Safety	116,473.12	-	-	1,939.00	(114,534.12)
Public Works	247,973.82	-	-	-	(247,973.82)
Recreation & Culture	15,645.53	-	-	-	(15,645.53)
Interest on Long-Term Debt	1,234.00	-	-	-	(1,234.00)
<u>Total Governmental Activities</u>	<u>\$ 549,628.57</u>	<u>\$ 8,696.45</u>	<u>\$ -</u>	<u>\$ 1,939.00</u>	<u>(538,993.12)</u>
General Revenues:					
Property Taxes					\$ 311,320.48
Intergovernmental Revenues					140,941.00
Interest					1,234.61
Other Revenues					49,095.13
Total General Revenues, Special Items & Transfers					<u>502,591.22</u>
Change in Net Assets					(36,401.90)
Net Assets (Deficit) - Beginning of Year					<u>1,560,589.76</u>
Net Assets (Deficit) - End of Year					<u>\$ 1,524,187.86</u>

The notes are an integral part of the statements.

Township of Grant

Governmental Funds

Balance Sheet

March 31, 2012

	General Fund	Fire Equipment Fund	Road Maintenance Fund	Garbage Collection Fund	Parks & Recreation Fund	Totals Governmental Funds
<u>Assets</u>						
Cash & Certificates of Deposit	\$ 189,480.36	\$ 192,265.51	\$ 109,160.56	\$ 62,575.32	\$ 36,189.04	\$ 589,670.79
Property Taxes Receivable	4,180.45	4,161.69	7,365.30	5,125.89	-	20,833.33
Prepaid Expenses	18,020.00	-	-	-	-	18,020.00
Due From Other Gov't Units	-	-	-	-	-	-
Due From Other Funds	1,717.18	-	-	-	-	1,717.18
	Total Assets	\$ 196,427.20	\$ 116,525.86	\$ 67,701.21	\$ 36,189.04	\$ 630,241.30
<u>Liabilities & Fund Equity</u>						
<u>Liabilities</u>						
Accounts Payable	\$ -	\$ -	\$ 1,328.53	\$ 6,180.48	\$ -	\$ 7,509.01
Accrued Payroll Taxes	2,071.54	-	-	-	-	2,071.54
Performance Bonds Payable	950.00	-	-	-	-	950.00
Due To Other Funds	-	-	-	-	-	-
	Total Liabilities	-	1,328.53	6,180.48	-	10,530.55
<u>Fund Equity</u>						
Fund Balances						
Nonspendable - Prepaids	18,020.00	-	-	-	-	18,020.00
Restricted For:						
Fire Equipment	-	196,427.20	-	-	-	196,427.20
Road Maintenance	-	-	115,197.33	-	-	115,197.33
Garbage Collection	-	-	-	61,520.73	-	61,520.73
Recreation & Culture	-	-	-	-	31,207.00	31,207.00
Assigned For:						
Recreation & Culture	-	-	-	-	4,982.04	4,982.04
Unassigned	192,356.45	-	-	-	-	192,356.45
	Total Fund Balances	196,427.20	115,197.33	61,520.73	36,189.04	619,710.75
	Total Liabilities & Fund Equity	\$ 196,427.20	\$ 116,525.86	\$ 67,701.21	\$ 36,189.04	\$ 630,241.30

The notes are an integral part of the statements.

Township of Grant
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended March 31, 2012

Total Fund Balances for Governmental Funds \$ 619,710.75

Amounts reported for Governmental Activities in the Statement of
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial
Resources and are not reported in the Funds 904,477.11

Long-Term Bonds Payable are not due and payable in the current
period and are not reported in the Funds -

Net Assets of Governmental Activities \$ 1,524,187.86

Township of Grant
Governmental Funds
Statement of Revenues, Expenditures, And Changes
in Fund Balances
For The Year Ended March 31, 2012

	<u>General Fund</u>	<u>Fire Equipment Fund</u>	<u>Road Maintenance Fund</u>	<u>Garbage Collection Fund</u>	<u>Parks & Recreation Fund</u>	<u>Totals Governmental Funds</u>
Revenues						
Property Taxes	\$ 62,989.93	\$ 57,118.89	\$ 108,307.25	\$ 74,388.48	\$ 8,515.93	\$ 311,320.48
Intergovernmental Revenues	140,941.00	-	-	-	-	140,941.00
Charges for Services	8,696.45	-	-	-	-	8,696.45
Grant Proceeds	-	1,939.00	-	-	-	1,939.00
Interest Earnings	546.01	349.76	222.00	95.98	20.86	1,234.61
Other Revenues	42,873.78	-	-	-	6,221.35	49,095.13
<u>Total Revenues</u>	<u>256,047.17</u>	<u>59,407.65</u>	<u>108,529.25</u>	<u>74,484.46</u>	<u>14,758.14</u>	<u>513,226.67</u>
Expenditures						
General Government	152,353.89	-	-	-	-	152,353.89
Public Safety	71,965.63	4,966.65	-	-	-	76,932.28
Publics Works	4,868.70	-	168,939.16	74,165.96	-	247,973.82
Recreation & Culture	7,066.30	-	-	-	4,937.85	12,004.15
Capital Outlay	1,903.04	-	-	-	-	1,903.04
Debt Service - Principal	40,000.00	-	-	-	-	40,000.00
Debt Service - Interest	1,234.00	-	-	-	-	1,234.00
<u>Total Expenditures</u>	<u>279,391.56</u>	<u>4,966.65</u>	<u>168,939.16</u>	<u>74,165.96</u>	<u>4,937.85</u>	<u>532,401.18</u>
Excess of Revenues Over (Under) Expenditures	(23,344.39)	54,441.00	(60,409.91)	318.50	9,820.29	(19,174.51)
Other Financing Sources (Uses)						
Operating Transfers In (Out)	-	-	-	-	-	-
Net Change in Fund Balances	(23,344.39)	54,441.00	(60,409.91)	318.50	9,820.29	(19,174.51)
Fund Balances - Beginning of Year	233,720.84	141,986.20	175,607.24	61,202.23	26,368.75	638,885.26
Fund Balances - End of Year	<u>\$ 210,376.45</u>	<u>\$ 196,427.20</u>	<u>\$ 115,197.33</u>	<u>\$ 61,520.73</u>	<u>\$ 36,189.04</u>	<u>\$ 619,710.75</u>

The notes are an integral part of the statements.

Township of Grant
 Governmental Funds
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Year Ended March 31, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (19,174.51)

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 1,903.04

Repayment of Bond Principal is an Expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces Long-Term Debt) 40,000.00

Depreciation is an Expenditure for the Statement of Activities, but is not reported in the Governmental Funds (59,130.43)

Change in Net Assets of Governmental Activities \$ (36,401.90)

Township of Grant
Statement of Net Assets (Deficit)
Fiduciary Funds
March 31, 2012

	Fiduciary Fund
	Agency Funds
	Tax Collection Fund
<u>Assets</u>	
Cash - Savings & Certificates	\$ 5,110.99
Due From Other Funds	-
<u>Total Assets</u>	\$ 5,110.99
 <u>Liabilities & Fund Balance</u>	
<u>Liabilities</u>	
Due To Other Funds	\$ 1,717.18
Due To Others	3,393.81
<u>Total Liabilities</u>	5,110.99
 <u>Fund Balances</u>	
Unreserved & Undesignated	-
<u>Total Fund Balances</u>	-
<u>Total Liabilities & Fund Balances</u>	\$ 5,110.99

The notes are an integral part of the statements.

Township of Grant

Notes to the Financial Statements
For The Year Ended March 31, 2012

The accounting methods and procedures adopted by the Township of Grant, St. Clair 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 Grant 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 Grant (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.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) 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.

Fire Fund - This fund accounts for the purchase of fire equipment. It is primarily funded through government grants and property taxes.

Road Maintenance Fund - This fund accounts for the maintenance of the Township roads. Funding is provided through property taxes.

Garbage Collection Fund - This fund accounts for the collection of garbage from the Township residents. Funding is provided through property taxes.

Parks & Recreation Fund - This fund accounts for the maintenance of and the capital purchases for the Township Park. Funding is provided primarily through the County Voted Millage and general fund contributions.

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

Additionally, the Township reports the following fund types:

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.

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 December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & 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.

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

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 \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings & Building Improvements	35 to 50 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 assets. 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.

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.

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

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.

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 year ended March 31, 2012, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Debt Service - Principal	-	40,000	(40,000)
Debt Service - Interest	-	1,234	(1,234)
Parks & Recreation Fund			
Heritage Days	-	4,938	(4,938)

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

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 two banks for the deposit of Township funds. The Township does not have an investment policy adopted by the Board 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	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	\$ 581,671	\$ 5,111	\$ 586,782

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 586,782

The bank balance of the primary government's deposits is \$586,782, of which \$325,596.18 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.

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 to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had approximately \$261,186 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.

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and must be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	<u>0.7845</u> mills
Road Maintenance Millage	<u>1.9062</u> mills
Fire Equipment Millage	<u>1.0000</u> mills

5. Interfund Receivables, Payables, & 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:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 1,717	Tax Collection Fund	\$ 1,717
Total	<u>\$ 1,717</u>		<u>\$ 1,717</u>

There are no Interfund Transfers reported in the Fund Statements.

	<u>Transferred From</u>	<u>Transferred To</u>
NONE		

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

6. Capital Assets

Capital Assets activity of the Township's governmental activities was as follows:

	<u>Balance April 1, 2011</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance March 31, 2012</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:	\$ 24,460	\$ 1,903	\$ -	\$ 26,363
Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 589,180	\$ -	\$ -	\$ 589,180
Machinery & Equipment	1,107,192	-	-	1,107,192
Total Capital Assets being Depreciated	1,696,371	-	-	1,696,371
Accumulated Depreciation:				
Buildings & Improvements	160,755	15,067	-	175,822
Machinery & Equipment	597,912	43,915	-	641,827
Total Accumulated Depreciation	758,667	58,982	-	817,649
Net Capital Assets being Depreciated	<u>\$ 937,705</u>	<u>\$ (58,982)</u>	<u>\$ -</u>	<u>\$ 878,723</u>
Net Capital Assets	<u><u>\$ 962,165</u></u>	<u><u>\$ (57,079)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 905,086</u></u>

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

Governmental Activities:	
General Government	\$ 15,948
Public Safety	38,562
Recreation & Culture	4,472
Total Governmental Activities	<u><u>\$ 58,982</u></u>

Township of Grant
Notes to the Financial Statements
For The Year Ended March 31, 2012

7. Long -Term Debt

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
U.S. Bank - 1996 General Obligation Unlimited Tax Bonds						
Amount of Issue - \$400,000	5.10% -	\$30,000 -				
Maturing through 2012	5.45%	\$45,000	\$ 40,000	\$ (40,000)	\$ -	\$ -
Total Governmental Activities			<u>\$ 40,000</u>	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending March 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

8. Deferred Compensation Plan

The Township no longer offers its employees a pension plan.

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

None

10. Post Employment Benefits

The Township does not provide any post employment benefits.

11. 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.

Required Supplemental Information

Township of Grant
 Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund
 For The Year Ended March 31, 2012

	General Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 66,448.00	\$ 66,448.00	\$ 62,989.93	\$ (3,458.07)
Intergovernmental Revenues	108,340.00	117,440.00	140,941.00	23,501.00
Charges for Services	12,000.00	12,000.00	8,696.45	(3,303.55)
Interest Earnings	1,500.00	1,500.00	546.01	(953.99)
Other Revenues	40,835.00	40,834.98	42,873.78	2,038.80
<u>Total Revenues</u>	<u>229,123.00</u>	<u>238,222.98</u>	<u>256,047.17</u>	<u>17,824.19</u>
<u>Expenditures</u>				
General Government				
Township Board	3,000.00	2,595.90	2,595.90	-
Supervisor	8,771.36	8,771.36	8,771.36	-
Elections	1,000.00	1,406.68	1,406.68	-
Assessor	13,100.00	13,089.96	13,089.96	-
Treasurer	12,421.24	12,026.06	12,026.06	-
Clerk	11,421.24	11,421.24	11,421.24	-
Board of Review	1,000.00	1,915.31	1,915.31	-
Township Hall Expense	36,627.87	41,211.90	41,211.90	-
Cemetery	700.00	761.60	761.60	-
Administration	58,500.00	59,218.88	59,153.88	65.00
<u>Total General Government</u>	<u>146,541.71</u>	<u>152,418.89</u>	<u>152,353.89</u>	<u>65.00</u>
Public Safety				
Planning & Zoning	18,500.00	18,371.20	18,370.78	0.42
Building Inspections	6,800.00	7,086.95	7,086.95	-
Fire Protection	48,017.11	46,507.90	46,507.90	-
<u>Total Public Safety</u>	<u>73,317.11</u>	<u>71,966.05</u>	<u>71,965.63</u>	<u>0.42</u>
Public Works				
Street Lights	2,000.00	2,412.57	2,412.57	-
Drains at Large	264.18	2,456.13	2,456.13	-
<u>Total Public Works</u>	<u>2,264.18</u>	<u>4,868.70</u>	<u>4,868.70</u>	<u>-</u>
Recreation & Culture				
Capital Outlay	5,000.00	7,066.30	7,066.30	-
Debt Service - Principal	2,000.00	1,903.04	1,903.04	-
Debt Service - Interest	-	-	40,000.00	(40,000.00)
	-	-	1,234.00	(1,234.00)
<u>Total Expenditures</u>	<u>229,123.00</u>	<u>238,222.98</u>	<u>279,391.56</u>	<u>(41,168.58)</u>
<u>Excess of Revenues Over (Under) Expend's</u>	-	-	(23,344.39)	58,992.77
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	-	-	(23,344.39)	58,992.77
<u>Fund Balance - Beginning of Year</u>	-	-	233,720.84	233,720.84
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 210,376.45	\$ 292,713.61

Township of Grant
 Required Supplemental Information
 Budgetary Comparison Schedule
 Fire Equipment Fund
 For The Year Ended March 31, 2012

	Fire Equipment Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 56,273.60	\$ 56,273.60	\$ 57,118.89	\$ 845.29
Grant Proceeds	-	-	1,939.00	1,939.00
Interest Earnings	-	-	349.76	349.76
	56,273.60	56,273.60	59,407.65	3,134.05
<u>Expenditures</u>				
Operating Supplies	15,000.00	15,000.00	4,966.65	10,033.35
Capital Outlay	-	-	-	-
	15,000.00	15,000.00	4,966.65	10,033.35
Excess of Revenues Over (Under) Expenditures	41,273.60	41,273.60	54,441.00	13,167.40
<u>Fund Balance - Beginning of Year</u>	-	-	141,986.20	141,986.20
<u>Fund Balance - End of Year</u>	\$ 41,273.60	\$ 41,273.60	\$ 196,427.20	\$ 155,153.60

Township of Grant
 Required Supplemental Information
 Budgetary Comparison Schedule
 Road Maintenance Fund
 For The Year Ended March 31, 2012

	Road Maintenance Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 116,941.18	\$ 116,941.18	\$ 108,307.25	\$ (8,633.93)
Interest Earnings	-	-	222.00	222.00
	116,941.18	116,941.18	108,529.25	(8,411.93)
<u>Expenditures</u>				
Road Maintenance	185,377.52	185,377.52	168,939.16	16,438.36
	185,377.52	185,377.52	168,939.16	16,438.36
Excess of Revenues Over (Under) Expenditures	(68,436.34)	(68,436.34)	(60,409.91)	8,026.43
<u>Fund Balance - Beginning of Year</u>	-	-	175,607.24	175,607.24
<u>Fund Balance - End of Year</u>	\$ (68,436.34)	\$ (68,436.34)	\$ 115,197.33	\$ 183,633.67

Township of Grant
 Required Supplemental Information
 Budgetary Comparison Schedule
 Garbage Collection Fund
 For The Year Ended March 31, 2012

	Garbage Collection Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 80,664.63	\$ 80,664.63	\$ 74,388.48	\$ (6,276.15)
Interest Earnings	-	-	95.98	95.98
	80,664.63	80,664.63	74,484.46	(6,180.17)
<u>Expenditures</u>				
Contracted Services	74,200.00	74,200.00	74,165.96	34.04
	74,200.00	74,200.00	74,165.96	34.04
Excess of Revenues Over (Under) Expenditures	6,464.63	6,464.63	318.50	(6,146.13)
<u>Fund Balance - Beginning of Year</u>	-	-	61,202.23	61,202.23
<u>Fund Balance - End of Year</u>	\$ 6,464.63	\$ 6,464.63	\$ 61,520.73	\$ 55,056.10

Township of Grant
 Required Supplemental Information
 Budgetary Comparison Schedule
 Parks & Recreation Fund
 For The Year Ended March 31, 2012

	Parks & Recreation Fund			Variance with Amended Budget
	Original Budget	Amended Budget	Actual	
<u>Revenues</u>				
County Voted Millage	\$ 7,500.00	\$ 7,500.00	\$ 8,515.93	\$ 1,015.93
Heritage Days Revenue	-	-	6,221.35	6,221.35
Interest Earnings	-	-	20.86	20.86
<u>Total Revenues</u>	7,500.00	7,500.00	14,758.14	7,258.14
<u>Expenditures</u>				
Heritage Days Expenditures	-	-	4,937.85	(4,937.85)
<u>Total Expenditures</u>	-	-	4,937.85	(4,937.85)
Excess of Revenues Over (Under) Expenditures	7,500.00	7,500.00	9,820.29	2,320.29
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	7,500.00	7,500.00	9,820.29	2,320.29
<u>Fund Balance - Beginning of Year</u>	-	-	26,368.75	26,368.75
<u>Fund Balance - End of Year</u>	\$ 7,500.00	\$ 7,500.00	\$ 36,189.04	\$ 28,689.04

Other Supplemental Information

Township of Grant
 Other Supplemental Information
 Schedule of Indebtedness
 March 31, 2012

1996 General Obligation Unlimited Tax Bond
1996 Township Hall Construction

Dated November 1, 1996
Original Issue \$400,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding</u>		<u>Annual Interest Payable</u>
		<u>2012</u>	<u>2011</u>	
5.45%	5/1/2011	\$ -	\$ 40,000	\$ -
<u>Total General Obligation Bond</u>		<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>
<u>Total General Obligation Bonds & Installment Loans</u>		<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>

KING & KING CPAs LLC

Lehn L. King, C.P.A.

Ryan L. King, C.P.A.

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IMLAY CITY, MI 48444
Phone 810-724-1120
Fax 810-519-1332

May 7, 2012

Grant Township
7942 Wildcat Road
Jeddo, MI 48032

To the Members of the Board:

In planning and performing our audit of the financial statements, as of and for the year ended March 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Grant'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.

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 of Grant'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 Grant, 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

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

KING & KING CPAs LLC

Lehn L. King, C.P.A.

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May 7, 2012

Grant Township

7942 Wildcat Road
Jeddo, MI 48032

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Grant for the year ended March 31, 2012, and have issued our report thereon dated May 7, 2012. 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 February 16, 2011, 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 Grant are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending March 31, 2012. 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.

KING & KING CPAs LLC

Lehn L. King, C.P.A.

Ryan L. King, C.P.A.

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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 May 7, 2012.

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 Grant, 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 King

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