

**Williamstown Township
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2016

Williamstown Township
Ingham County, Michigan
March 31, 2016

BOARD OF TRUSTEES

Wanda Bloomquist	Supervisor
Shirley Mitchell	Clerk
Michael Fielek	Treasurer
Janet Eyster	Trustee
Robert Hayes	Trustee
Rod Imhoff	Trustee
Rick Williams	Trustee

Williamstown Township

TABLE OF CONTENTS

March 31, 2016

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i-ii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iii-v
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Fund	
Statement of Assets and Liabilities	7
Notes to Financial Statements	8-17
REQUIRED SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Budgetary Comparison Schedule	18-20
POLICE SERVICES FUND	
Budgetary Comparison Schedule	21
Note to Required Supplementary Information	22
OTHER SUPPLEMENTARY INFORMATION	
GENERAL FUND	
Schedule of Revenues and Expenditures - Construction Code	23



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Williamstown Township
Williamstown, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamstown Township as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Williamstown Township as of March 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

Other Matters

Required Supplementary Information

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

Other Information

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

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



Certified Public Accountants

East Lansing, Michigan
September 15, 2016

Williamstown Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2016. Please read it in conjunction with the Township's financial statements.

Financial Highlights

To maintain accountability, revenue and expenditures are separated into police services, cemetery maintenance and services, and the general fund for all other governmental activities. The following represents the most significant financial highlights from the Governmental Funds Balance Sheet for these three funds.

- The State shared revenue, our largest revenue source in the General Fund, decreased by \$6,286 this year, while tax revenue from the current Township levy increased by \$209 from the previous year.
- Overall revenue for the General Fund increased by \$452 and expenditures decreased by \$10,207 due to careful control of expenditures.
- With General Fund revenue of \$705,725 and expenditures and transfers out of \$544,628 and \$26,000, respectively, the fund balance increased \$135,097 (10%).
- Police services are funded by a special assessment which has decreased from \$150 per residence in the first fiscal year to \$110 in the fifth fiscal year ending March 31, 2016.
- The Cemetery fund receives revenue primarily from charges for services (\$39,500), a contribution from the City of Williamston (\$15,000) and from the Township's General Fund (\$26,000).

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position (page 1) and the statement of activities (page 2) provide information about the activities of Williamstown Township as a whole and present a longer-term view of the Township's finances. This longer-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 (page 3) 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 operations of Williamstown Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows, in a condensed format, the net position as of March 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 2,229,628	\$ 2,067,950
Capital assets, net	<u>1,008,234</u>	<u>1,003,777</u>
Total assets	3,237,862	3,071,727
Liabilities		
Current liabilities	83,389	68,574
Noncurrent liabilities	<u>4,092</u>	<u>5,580</u>
Total liabilities	87,481	74,154
Net Position		
Investment in capital assets	1,008,234	1,003,777
Restricted	577,925	582,535
Unrestricted	<u>1,564,222</u>	<u>1,411,261</u>
Total net position	<u>\$ 3,150,381</u>	<u>\$ 2,997,573</u>

Williamstown Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

The Township's total net position was \$3,150,381 at March 31, 2016. The net position investment in capital assets was \$1,008,234. The restricted net position of \$577,925 includes \$10,584 for parks and recreation, \$45,807 for cemetery operations and \$521,534 available only for police services. Unrestricted net position (the part of net position that can be used to finance day-to-day operations) was \$1,564,222 at the end of the fiscal year.

The following table shows the changes in net position during the current year.

	<u>2016</u>	<u>2015</u>
Revenue		
Program Revenue		
Charges for services	\$ 140,319	\$ 124,020
Operating grants and contributions	19,511	20,247
Special assessments	227,605	226,452
General revenues		
Property taxes	194,110	193,901
State shared revenue	374,048	380,334
Investment earnings	8,586	9,213
Other revenue	<u>27,661</u>	<u>28,859</u>
 Total revenue	 991,840	 983,026
 Program Expenses		
General government	443,139	422,280
Public safety		
Police services	223,733	217,126
Inspections	15,950	12,938
Public works	68,702	22,899
Community and economic development	39,327	42,910
Recreation and cultural	<u>48,181</u>	<u>77,590</u>
 Total program expenses	 <u>839,032</u>	 <u>795,743</u>
 Change in Net Position	 <u>\$ 152,808</u>	 <u>\$ 187,283</u>

Governmental Activities

The Township's governmental revenues totaled \$991,840 with the greatest revenue source being State shared revenue, which makes up approximately 38% of total governmental revenue. This was followed by the Police Services Special Assessment (23%). Williamstown's share of property taxes raised roughly 20% of total governmental revenue. The Township incurred expenses of \$839,032 during the year. General government makes up approximately 53% of total governmental expenses. General government includes Township Board, Supervisor, Clerk, Treasurer, Building and Grounds, Township Office, Cemetery, and various other functions. Police services cost \$223,733 or about 27% of the total expenses.

The Township's Funds

The analysis of the Township's funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not Williamstown Township as a whole. Williamstown Township's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages and special assessments. The Township's major funds for the fiscal year ended March 31, 2016, include the General Fund and the Police Services Fund.

Williamstown Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Minor budget amendments were made during the fiscal year.

The Township Board expenditures were far under budget due to our general government function. The general government line items had a remaining balance of approximately \$330,883. The Township has been diligent in reviewing and controlling expenditures. Recurring expenses are periodically reviewed to determine if less costly alternatives can provide equal or better service.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had \$1,008,234 invested in a broad range of capital assets, including land, buildings, and equipment. This is about 5% higher than last year. See Note D in the financial statements for more details.

The Township purchased a multifunctional copier/printer through a capital lease during the 2015 fiscal year and had \$5,580 outstanding as of the fiscal year-end. See Note E in the financial statements for more details related to the Township's long-term debt.

Current Economic Factors

State of Michigan revenue sharing and Williamstown Township's share of property taxes will remain approximately the same during the next year. Williamstown Township will continue to receive revenue from use of the community room and fees contributing to park recreation field expenditures. Revenues from the special assessment for police services are expected to remain about the same.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers and customers with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall.

BASIC FINANCIAL STATEMENTS

Williamstown Township
STATEMENT OF NET POSITION
March 31, 2016

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 1,401,360
Investments	472,833
Receivables	15,333
Prepays	3,835
Total current assets	1,893,361
Noncurrent assets	
Investments	336,267
Capital assets not being depreciated	461,957
Capital assets, net of accumulated depreciation	546,277
Total noncurrent assets	1,344,501
TOTAL ASSETS	3,237,862
LIABILITIES	
Current liabilities	
Accounts payable	73,585
Accrued liabilities	8,316
Current portion of long-term debt	1,488
Total current liabilities	83,389
Noncurrent liabilities	
Noncurrent portion of long-term debt	4,092
TOTAL LIABILITIES	87,481
NET POSITION	
Investment in capital assets	1,008,234
Restricted for police services	521,534
Restricted for cemetery operations	45,807
Restricted for parks and recreation	10,584
Unrestricted	1,564,222
TOTAL NET POSITION	\$ 3,150,381

See accompanying notes to financial statements.

Williamstown Township

STATEMENT OF ACTIVITIES

Year Ended March 31, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants, Contributions, and Special Assessments	
Governmental activities				
General government	\$ 443,139	\$ 81,315	\$ 15,000	\$ (346,824)
Public safety				
Police services	223,733	55	227,605	3,927
Inspections	15,950	-	-	(15,950)
Public works	68,702	8,791	4,511	(55,400)
Community and economic development	39,327	44,526	-	5,199
Recreation and cultural	48,181	5,632	-	(42,549)
	<u>\$ 839,032</u>	<u>\$ 140,319</u>	<u>\$ 247,116</u>	(451,597)
General revenues				
Property taxes				194,110
State shared revenue				374,048
Investment earnings				8,586
Miscellaneous				27,661
				<u>604,405</u>
				152,808
				<u>2,997,573</u>
				<u>\$ 3,150,381</u>

See accompanying notes to financial statements.

Williamstown Township

Governmental Funds

BALANCE SHEET

March 31, 2016

	General	Police Services	Nonmajor Governmental Fund (Cemetery)	Total Governmental Funds
ASSETS				
Cash	\$ 877,659	\$ 464,510	\$ 59,191	\$ 1,401,360
Investments	605,653	102,726	100,721	809,100
Receivables				
Accounts	815	-	-	815
Special assessments	-	7,785	-	7,785
Taxes	5,964	-	-	5,964
Interest	438	46	285	769
Prepays	3,835	-	-	3,835
TOTAL ASSETS	\$ 1,494,364	\$ 575,067	\$ 160,197	\$ 2,229,628
LIABILITIES				
Accounts payable	\$ 19,872	\$ 53,533	\$ 180	\$ 73,585
Accrued liabilities	7,903	-	413	8,316
TOTAL LIABILITIES	27,775	53,533	593	81,901
FUND BALANCES				
Nonspendable				
Prepays	3,835	-	-	3,835
Restricted				
Police services	-	521,534	-	521,534
Cemetery operations	-	-	45,807	45,807
Parks and recreation	10,584	-	-	10,584
Committed				
Roads	204,451	-	-	204,451
Capital outlay infrastructure	146,456	-	-	146,456
Minimum fund balance	200,000	-	-	200,000
Assigned				
Cemetery operations	-	-	113,797	113,797
Subsequent year's expenditures	358,772	-	-	358,772
Unassigned	542,491	-	-	542,491
TOTAL FUND BALANCES	1,466,589	521,534	159,604	2,147,727
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,494,364	\$ 575,067	\$ 160,197	\$ 2,229,628

See accompanying notes to financial statements.

Williamstown Township

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

March 31, 2016

Total fund balances - governmental funds **\$ 2,147,727**

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:

The cost of capital assets is	\$ 1,370,395	
Accumulated depreciation is	<u>(362,161)</u>	
		1,008,234

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Capital leases	<u>(5,580)</u>
----------------	----------------

Net position of governmental activities **\$ 3,150,381**

Williamstown Township

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2016

	General	Police Services	Nonmajor Governmental Fund (Cemetery)	Total Governmental Funds
REVENUES				
Taxes	\$ 199,723	\$ -	\$ -	\$ 199,723
Licenses and permits	57,206	1,130	-	58,336
Intergovernmental	378,559	-	15,000	393,559
Charges for services	20,118	-	39,500	59,618
Interest and rents	10,758	1,820	960	13,538
Other	39,361	227,605	100	267,066
TOTAL REVENUES	705,725	230,555	55,560	991,840
EXPENDITURES				
Current				
General government	371,957	-	70,616	442,573
Public safety	15,950	223,733	-	239,683
Public works	68,702	-	-	68,702
Community and economic development	39,327	-	-	39,327
Recreation and cultural	48,181	-	-	48,181
Other	511	-	-	511
Capital outlay	-	-	6,000	6,000
TOTAL EXPENDITURES	544,628	223,733	76,616	844,977
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	161,097	6,822	(21,056)	146,863
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	26,000	26,000
Transfer out	(26,000)	-	-	(26,000)
TOTAL OTHER FINANCING SOURCES (USES)	(26,000)	-0-	26,000	-0-
NET CHANGE IN FUND BALANCES	135,097	6,822	4,944	146,863
Fund balances, beginning of year	1,331,492	514,712	154,660	2,000,864
Fund balances, end of year	<u>\$ 1,466,589</u>	<u>\$ 521,534</u>	<u>\$ 159,604</u>	<u>\$ 2,147,727</u>

See accompanying notes to financial statements.

Williamstown Township

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2016

Net change in fund balances - total governmental funds \$ 146,863

Amounts reported for governmental activities in the statement of activities are different because:

In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 42,591	
Depreciation expense	<u>(38,134)</u>	
Excess of capital outlay over depreciation expense		4,457

Repayment of long-term debt and borrowing of long-term debt are reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consisted of:

Principal retirements	<u>1,488</u>
-----------------------	--------------

Change in net position of governmental activities \$ 152,808

Williamstown Township

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 76</u>
LIABILITIES	
Due to others	<u>\$ 76</u>

See accompanying notes to financial statements.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Williamstown Township, Michigan (the Township) was organized as a township in 1937 under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board that consists of a Supervisor, Clerk, Treasurer, and four Trustees, and provides services to its residents in many areas including roads and planning.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present all financial activities of Williamstown Township. The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township contain all the funds controlled by the Township Board.

2. Jointly Governed Organizations

The Township participates in the following activity, which is considered to be a jointly governed organization in relation to the Township due to there being no ongoing financial interest or responsibility.

Northeast Ingham Emergency Service Authority (NIESA) - The Township, in conjunction with the City of Williamston, Locke Township, Wheatfield Township, Leroy Township, and the Village of Webberville, entered into an agreement effective January 1, 1999, to create the NIESA to provide fire and emergency services to the constituent municipalities. The Williamston Community Fire and Ambulance Board ceased operations on December 31, 1998.

The Township has one (1) representative on the seven (7) member board. The Township and each constituent municipality levy 1.9326 mills of tax to support the operations of NIESA. The Township has no other financial responsibility.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Police Services Fund is used to account for restricted special assessment financial resources that are used for police services.

The Township also reports agency funds to account for assets held by the Township as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The Township's agency fund is the Current Tax Collection Fund.

4. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for agency funds since assets equal liabilities.

5. 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. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is sixty (60) days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Budgets and Budgetary Accounting

The General Fund and Major Special Revenue Fund budgets shown as required supplementary information to the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the required supplementary information:

- a. Prior to April 1, the budget is legally adopted on a departmental (activity) level through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between departments within a fund or any revisions that alter the total expenditures of a fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year for the General Fund.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations that are adopted.

7. Cash and Investments

Cash consist of checking and savings accounts. Cash in excess of current requirements is invested in certificates of deposit and disclosed as part of the Township's investments. The certificates of deposit are classified as investments due to having an original maturity of over ninety (90) days.

8. Prepays

Prepays consist of certain insurance premiums and other expenditures representing costs applicable to future periods. Reported prepaid expenditures are equally offset by nonspendable fund balance, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

9. Property Tax

The Township bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1 of the year following the levy. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2016, the Township levied .8465 mills for general governmental services. The total taxable value for the 2015 levy for property within the Township was \$224,163,349.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities column. Capital assets are those with an estimated useful life of more than one (1) year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	5 - 15 years
Vehicles	5 - 10 years

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and fund balance, when applicable, will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance/net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time. In addition to liabilities, the statement of net position and fund balance, when applicable, will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not currently have any items that meet the recognition criteria for classification as deferred inflows of resources or deferred outflows of resources.

12. Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

13. Comparative Data

Comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

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

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE B: CASH AND INVESTMENTS - CONTINUED

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.156 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Deposits

As of March 31, 2016, the carrying amounts and the bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and savings	\$ 1,401,206	\$ 4,047,181
Certificates of deposit	809,100	809,100
	<u>\$ 2,210,306</u>	<u>\$ 4,856,281</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2016, the Township accounts were federally insured for \$2,031,732 and the amount of \$2,824,549 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE B: CASH AND INVESTMENTS - CONTINUED

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying its investments by security type and institution to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The amounts referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of March 31, 2016:

	<u>Primary Government</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash	\$ 1,401,360	\$ 76	\$ 1,401,436
Investments - current	472,833	-	472,833
Investments - noncurrent	336,267	-	336,267
	<u>\$ 2,210,460</u>	<u>\$ 76</u>	<u>\$ 2,210,536</u>

The cash caption on the combined balance sheet and statement of net position include \$230 in petty cash.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to Cemetery Fund from:	
General Fund	<u>\$ 26,000</u>

The transfer to the Cemetery Fund from the General Fund was to fund current year operations.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE D: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2016, was as follows:

Governmental Activities

	Balance April 1, 2015	Additions	Deletions	Balance March 31, 2016
Capital assets not being depreciated				
Land	\$ 403,116	\$ -	\$ -	\$ 403,116
Construction in progress	46,910	11,931	-	58,841
Subtotal	450,026	11,931	-0-	461,957
Capital assets being depreciated				
Buildings and improvements	633,040	-	-	633,040
Vehicles	41,200	30,660	-	71,860
Equipment	216,987	-	(13,449)	203,538
Subtotal	891,227	30,660	(13,449)	908,438
Less accumulated depreciation for:				
Buildings and improvements	(167,223)	(18,748)	-	(185,971)
Vehicles	(41,200)	(511)	-	(41,711)
Equipment	(129,053)	(12,831)	7,405	(134,479)
Subtotal	(337,476)	(32,090)	7,405	(362,161)
Net capital assets being depreciated	553,751	(1,430)	(6,044)	546,277
Total net capital assets	<u>\$ 1,003,777</u>	<u>\$ 10,501</u>	<u>\$ (6,044)</u>	<u>\$ 1,008,234</u>

Depreciation expense was charged to the following governmental activities:

General government	<u>\$ 38,134</u>
--------------------	------------------

The current year depreciation expense in the governmental activities of \$32,090 has been adjusted by \$6,044 for the disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

NOTE E: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended March 31, 2016.

	Balance April 1, 2015	Additions	Deletions	Balance March 31, 2016	Amount Due Within One Year
Capital lease	<u>\$ 7,068</u>	<u>\$ -</u>	<u>\$ (1,488)</u>	<u>\$ 5,580</u>	<u>\$ 1,488</u>

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE E: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt are presented below:

Capital Lease

\$7,440 capital lease payable (multifunctional copier/printer system), dated December 17, 2014, due in monthly installments of \$250 through December 17, 2019.

\$ 5,580

The annual requirements to pay the outstanding long-term debt are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Capital Lease</u>
2017	\$ 1,488
2018	1,488
2019	1,488
2020	<u>1,116</u>
	<u>\$ 5,580</u>

NOTE F: RETIREMENT PLAN

The Township is the sponsor of a retirement plan for the sole benefit of its employees. The Township Pension Plan is a defined contribution pension benefit plan. Contributions are based on a pre-established wage-based contribution schedule with the Township contributing 50% and the employee 50% of the amount. The Township and the employee each contribute 6.2% of gross wages.

All members of the Township board are eligible to participate in the plan. All eligible employees participate in the plan. The plan is administered by Nationwide.

For the year ended March 31, 2016, the Township had a total payroll of \$237,997. The Township Retirement Plan covered a payroll of \$126,710. The Township made contributions of \$7,856. The employee contributions were also \$7,856.

NOTE G: RISK MANAGEMENT

The Township participates in the Michigan Township Participating Plan (the Plan), with other municipalities for auto, property, crime, general liability, boiler and machinery, employee benefits liability, public official liability, electronic data processing (EDP), law enforcement liability, and inland marine losses. The Plan is organized under Public Act 138 of 1982, as amended. The Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to the transfer of risk to U.S. Specialty Insurance Company (USSIC) backing the Michigan Township Participating Plan under a master policy for the period July 1, 2011 to July 1, 2019. Due to the Master Policy purchase, there is no pooling of risk between members, but is instead considered commercial insurance. Settled claims relating to this insurance have not exceeded the amount of insurance coverage in any of the past three (3) fiscal years.

The Township carries commercial insurance for the risk of loss due to workers' compensation claims. Settled claims relating to commercial insurance have not exceed the amount of insurance coverage in any of the past three (3) fiscal years.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE H: INTERGOVERNMENTAL AGREEMENT

The Township has contracted with Meridian Township to provide police services to the Township through December 31, 2016. The contract specified that Meridian Township will provide 80 hours of police patrol coverage within Williamstown Township each week and provide officers for emergency and non-emergency response to all dispatch calls with Williamstown Township twenty-four (24) hours per day, seven days each week. Williamstown Township pays Meridian Township \$207,988 per calendar year, plus \$53.91 per hour for emergency and non-emergency police services beyond the eighty (80) hours of coverage each week. The additional police services charged beyond eighty (80) hours of coverage each week is capped at \$22,500 per quarter.

NOTE I: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five (5) fund balance classifications under this standard.

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Township's highest level of decision-making authority is the Board of Trustees. Formal action that is required to be taken to establish a fund balance commitment is a resolution from the Township Board.

For assigned fund balance, the Township has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Trustees.

The Township has not formally adopted a policy that determines when both restricted and unrestricted fund balances are available which should be used first, therefore restricted resources will be used first, then unrestricted resources if they are needed.

The Township has not formally adopted a policy that determines whether committed, assigned, or unassigned amounts are considered to be spent when an expenditure is incurred for purposes which amounts from any of those fund balance classifications could be used.

The Township has adopted a policy which states the Township will maintain a minimum General Fund balance equal to or exceeding the anticipated Township revenue from winter property taxes, or \$200,000, whichever is larger.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE J: UPCOMING ACCOUNTING PRONOUNCEMENTS

In March 2015, the GASB issued Statement No. 72, *Fair Value and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted for the 2016-2017 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The Township is evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Williamstown Township

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Current tax levy	\$ 185,659	\$ 185,659	\$ 190,920	\$ 5,261
Trailer tax	160	160	160	-
Interest and penalties	2,000	2,000	3,030	1,030
Administrative fees	5,580	5,580	5,613	33
Total taxes	193,399	193,399	199,723	6,324
Licenses and permits				
Cable television license	25,240	25,240	30,096	4,856
Building permits	16,000	16,000	27,110	11,110
Total licenses and permits	41,240	41,240	57,206	15,966
Intergovernmental				
Sales and use tax	383,115	383,115	374,048	(9,067)
Metro act	4,800	4,800	4,511	(289)
Total intergovernmental	387,915	387,915	378,559	(9,356)
Charges for services				
Planning fees	6,500	6,500	17,416	10,916
Wireless internet	3,400	3,400	2,624	(776)
Copies	200	200	78	(122)
Total charges for services	10,100	10,100	20,118	10,018
Interest and rents				
Interest	6,890	6,890	5,806	(1,084)
Rentals	6,000	6,000	4,952	(1,048)
Total interest and rents	12,890	12,890	10,758	(2,132)
Other				
Special assessments	5,600	5,600	6,167	567
Donations	-	-	6,380	6,380
Refunds and rebates	1,600	1,600	20,427	18,827
Miscellaneous	9,005	9,005	6,387	(2,618)
Total other	16,205	16,205	39,361	23,156
TOTAL REVENUES	661,749	661,749	705,725	43,976

Williamstown Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended March 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
General government				
Township board	\$ 166,159	\$ 166,159	\$ 82,403	\$ 83,756
Supervisor	47,141	47,141	37,769	9,372
Clerk	52,416	52,416	44,516	7,900
Board of review	2,519	2,519	1,539	980
Treasurer	59,474	59,474	48,780	10,694
Assessor	47,753	49,931	50,458	(527)
Elections	21,098	21,098	15,151	5,947
Building and grounds	68,293	68,293	48,161	20,132
Board of appeals	2,577	2,577	1,427	1,150
Township office	55,207	55,207	41,753	13,454
Total general government	522,637	524,815	371,957	152,858
Public safety				
Building inspection	17,074	17,074	15,950	1,124
Public works				
Drains at large	10,000	10,000	6,766	3,234
Road improvements and maintenance	137,557	137,557	51,492	86,065
Recycling/transfer station	14,690	14,690	10,444	4,246
Total public works	162,247	162,247	68,702	93,545
Community and economic development				
Planning commission	68,101	68,101	38,748	29,353
Red cedar	1,500	1,500	367	1,133
Zoning administrator	1,600	1,600	212	1,388
Total community and economic development	71,201	71,201	39,327	31,874
Recreation and cultural				
Park land maintenance	59,560	59,560	45,506	14,054
Historical committee	1,200	1,200	1,675	(475)
Senior grant	1,092	1,092	1,000	92
Total recreation and cultural	61,852	61,852	48,181	13,671

Williamstown Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended March 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Other	\$ 40,500	\$ 38,322	\$ 511	\$ 37,811
TOTAL EXPENDITURES	875,511	875,511	544,628	330,883
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(213,762)	(213,762)	161,097	374,859
OTHER FINANCING (USES)				
Transfer out	(26,000)	(26,000)	(26,000)	-0-
NET CHANGE IN FUND BALANCE	(239,762)	(239,762)	135,097	374,859
Fund balance, beginning of year	1,331,492	1,331,492	1,331,492	-0-
Fund balance, end of year	\$ 1,091,730	\$ 1,091,730	\$ 1,466,589	\$ 374,859

Williamstown Township

Police Services Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 500	\$ 500	\$ 1,130	\$ 630
Interest	396	396	1,820	1,424
Other				
Special assessments	227,385	227,385	227,605	220
TOTAL REVENUES	228,281	228,281	230,555	2,274
EXPENDITURES				
Current				
Public safety	315,924	315,924	223,733	92,191
NET CHANGE IN FUND BALANCE	(87,643)	(87,643)	6,822	94,465
Fund balance, beginning of year	514,712	514,712	514,712	-0-
Fund balance, end of year	\$ 427,069	\$ 427,069	\$ 521,534	\$ 94,465

Williamstown Township

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended March 31, 2016

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

The Township's budgeted expenditures in the General Fund have been shown at the departmental (activity) level. The approved budgets of the Township have been adopted at the departmental (activity) level.

During the year ended March 31, 2016, the Township incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Assessor	\$ 49,931	\$ 50,458	\$ 527
Recreation and cultural			
Historical committee	1,200	1,675	475

OTHER SUPPLEMENTARY INFORMATION

Williamstown Township

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2016

REVENUES

Licenses and permits	
Building permits	\$ 27,110
Charges for services	
Planning fees	<u>17,416</u>
 TOTAL REVENUES	 44,526

EXPENDITURES

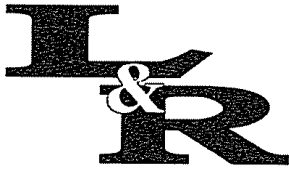
Public safety	
Building inspection	15,950
Community and economic development	
Zoning administrator	212
Planning commission	<u>38,748</u>

TOTAL EXPENDITURES 54,910

EXCESS OF REVENUES (UNDER) EXPENDITURES (10,384)

Code enforcement (deficit), beginning of year (581,047)

Code enforcement (deficit), end of year \$ (591,431)



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS

To the Township Board
Township of Williamstown, Michigan
Williamston, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Williamstown, Michigan, as of and for the year ended March 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Williamstown, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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 such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 deficiencies in the Township of Williamstown, Michigan's internal control to be significant deficiencies:

- 2016-1** During the course of our audit, we noted instances where expenditures were incurred in excess of amounts appropriated. This issue was noted in the General Fund. Michigan Public Act 621 of 1978, as amended, provides that the Board shall adopt formal budgets for the General and all Special Revenue funds and shall not incur expenditures in excess of the amounts appropriated. The budget must include all anticipated expenditures and the related revenue and fund equity to fund these expenditures. While immaterial, we recommend the Township Board monitor adopted budgets against actual expenditures and make adjustments as appropriate throughout the year.

This communication is intended solely for the information and use of management, the Township Board and others within the Township, and applicable departments of the State of Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
September 15, 2016

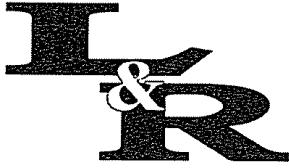
1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Trustees
Williamstown Township
Williamston, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

In planning and performing our audit of the financial statements of Williamstown Township, as of and for the year ended March 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Williamstown Township's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances 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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and 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. We previously communicated to you about the Township's internal control in our letter dated September 15, 2016. This letter does not affect our report dated September 15, 2016, on the financial statements of Williamstown Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Williamstown Township's 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 the recommendations.

This communication is intended solely for the information and use of management, Williamstown Township, and others within the Township, and is not intended to be, and should not be, used by anyone other than those specified parties.

East Lansing, Michigan
September 15, 2016

Certified Public Accountants

MEMORANDUM

PRIOR YEAR RECOMMENDATIONS

12-1 Segregation of Duties

Due to the limited number of people working in the office, many critical duties are combined and given to the available employees. Presently, one individual who is an authorized check signer is also in charge of the bank reconciliations. In order to maintain proper segregation of duties and strengthen internal controls, we recommend the Township segregate bank account reconciliation duties from cash receipts and/or cash disbursement duties. **Current year status: This recommendation has not been implemented.**

13-1 Cash Receipts

Our audit procedures disclosed that the cash receipt process used by the Township is adequately designed; however, the step of reconciling the BS & A cash receipts to the actual deposit slip is not performed before the deposit is taken to the bank. Performing this procedure greatly strengthens internal controls over cash receipts and ensures all checks received are being deposited into the bank. We recommend this procedure be completed on a timely basis and any differences resolved before the deposit is taken to the bank. **Current year status: This recommendation has not been implemented.**

15-1 Journal Entries

Currently, all journal entries are approved, and a copy of the entry is filed in a binder. However, the support is not filed with the entries. We recommend a copy of all necessary supporting documents be filed with the entries to strengthen the audit trail and to demonstrate their purposes. **Current year status: This recommendation has not been implemented.**

CURRENT YEAR RECOMMENDATIONS

16-1 Endorsement

We noted during our audit there is no standard procedure for endorsing checks at the Township office. We recommend all checks be endorsed "For deposit only" immediately after they are opened.

16-2 Cash Receipts

It was noted during our audit process that although lists are currently made of all cash receipts when mail is opened, the lists are never compared to what is actually deposited into the bank. We recommend someone who is independent from the cash receipt function compare and reconcile the bank validated deposit slips to the cash receipts log to ensure all receipts were deposited intact and on a timely basis.