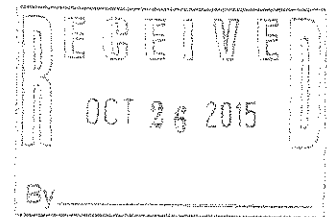


Swartz Creek Area Senior Citizens, Inc.
Genesee County, Michigan

Audited Financial Report
June 30, 2015



KING & KING CPAs LLC

Marlette - Imlay City - North Branch
Michigan

Swartz Creek Area Senior Citizens, Inc.
 Annual Financial Report
 For The Fiscal Year Ended June 30, 2015

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KING & KING CPAs LLC

Lehn L. King, C.P.A.

Ryan L. King, C.P.A.

3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

www.kingandkingcpas.com

1814 S. CEDAR STREET
IMLAY CITY, MI 48444
Phone 810-724-1120
Fax 810-519-1332

Independent Auditor's Report

Members of the Senior Center Board
Swartz Creek Area Senior Citizens, Inc.
Genesee County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Swartz Creek Area Senior Citizens, Inc. as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statement, which collectively comprise the Senior Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Swartz Creek Area Senior Citizens, Inc. as of June 30, 2015 and the respective changes in financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplemental Information

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

Swartz Creek Area Senior Center, Inc. has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of the financial statements.

Lehn King

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

September 3, 2015

Swartz Creek Area Senior Citizens, Inc.

Statement of Net Position

June 30, 2015

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 81,185
Accounts Receivable	29,683
Prepaid Expenses	3,947
Capital Assets (Net of Accumulated Depreciation)	585,842
<u>Total Assets</u>	700,657
 <u>Deferred Outflows of Resources</u>	
-	
<u>Liabilities</u>	
Accrued Wages & Payroll Taxes	740
Accounts Payable	1,978
Deferred Revenues	5,387
<u>Total Liabilities</u>	8,105
 <u>Deferred Inflows of Resources</u>	
-	
<u>Net Position</u>	
Invested in Capital Assets - Net of Related Debt	585,842
Restricted	3,947
Unrestricted	102,763
<u>Total Net Position</u>	\$ 692,552

The notes are an integral part of the statements.

Swartz Creek Area Senior Citizens, Inc.

Statement of Activities

For The Fiscal Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Position	
Primary Governmental Activities:	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Governmental Activities	
Recreation & Culture	\$ 5,193	\$ 36,315	\$ -	\$	(197,992)
<u>Total Governmental Activities</u>	<u>\$ 5,193</u>	<u>\$ 36,315</u>	<u>\$ -</u>	<u>\$</u>	<u>(197,992)</u>
General Revenues:					
Intergovernmental Revenues				\$	170,293
Interest					261
Other Revenues					34,760
<u>Total General Revenues, Special Items & Transfers</u>					<u>205,314</u>
Change in Net Position					7,322
<u>Net Position - Beginning of Year</u>					<u>685,230</u>
<u>Net Position - End of Year</u>				<u>\$</u>	<u>692,552</u>

The notes are an integral part of the statements.

Swartz Creek Area Senior Citizens, Inc.

Governmental Funds

Balance Sheet

June 30, 2015

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>Assets & Deferred Outflows of Resources</u>		
<u>Assets</u>		
Cash & Certificates of Deposit	\$ 81,185	\$ 81,185
Accounts Receivable	29,683	29,683
Prepaid Expenses	3,947	3,947
<u>Total Assets</u>	114,815	114,815
 <u>Deferred Outflows of Resources</u>		
<u>Total Assets & Deferred Outflows</u>	\$ 114,815	\$ 114,815
 <u>Liabilities, Deferred Inflows of Resources & Fund Equity</u>		
<u>Liabilities</u>		
Accrued Wages & Payroll Taxes	\$ 740	\$ 740
Accounts Payable	1,978	1,978
Deferred Revenues	5,387	5,387
<u>Total Liabilities</u>	8,105	8,105
 <u>Deferred Inflows of Resources</u>		
 <u>Fund Equity</u>		
Fund Balance		
Nonspendable	3,947	3,947
Unassigned	102,763	102,763
<u>Total Fund Balance</u>	106,710	106,710
<u>Total Liabilities, Deferred Inflows & Fund Equity</u>	\$ 114,815	\$ 114,815

The notes are an integral part of the statements.

Swartz Creek Area Senior Citizens, Inc.

Governmental Funds

Reconciliation of Fund Balance to the
Statement of Net Position

For The Fiscal Year Ended June 30, 2015

Total Fund Balances for Governmental Funds \$ 106,710

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

Capital Assets used in Governmental Activities are not financial
resources and are not reported in the Funds.

585,842

Net Position of Governmental Activities

\$ 692,552

Swartz Creek Area Senior Citizens, Inc.

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For The Fiscal Year Ended June 30, 2015

	General Fund	Total Governmental Funds
<u>Revenues</u>		
Property Taxes	\$ 170,293	\$ 170,293
Charges for Services	5,193	5,193
Hall Rental	800	800
Interest Earnings	261	261
Contributions & Donations	36,315	36,315
Other Revenues	23,206	23,206
<u>Total Revenues</u>	<u>236,068</u>	<u>236,068</u>
<u>Expenditures</u>		
Recreation & Culture	214,778	214,778
Capital Outlay	38,487	38,487
<u>Total Expenditures</u>	<u>253,265</u>	<u>253,265</u>
Excess of Revenues Over (Under) Expenditures	(17,197)	(17,197)
<u>Other Financing Sources (Uses)</u>		
Sale of Fixed Assets	30,000	30,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	12,803	12,803
<u>Fund Balance - Beginning of Year</u>	<u>93,907</u>	<u>93,907</u>
<u>Fund Balance - End of Year</u>	<u>\$ 106,710</u>	<u>\$ 106,710</u>

The notes are an integral part of the statements.

Swartz Creek Area Senior Citizens, Inc.

Governmental Funds

Reconciliation of Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities

For The Fiscal Year Ended June 30, 2015

Net Change in Fund Balance - Total Governmental Funds	\$	12,803
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report Capital Outlays as Expenditures. In the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as Depreciation.		38,487
Gain (Loss) on the sale of fixed assets is recorded in the Statement of Activities when the asset is sold; it is reported as an Expenditure in the year it is purchased and Revenue in the year it is sold for the Governmental Funds.		(19,246)
Depreciation is an Expenditure for the Statement of Activities, but is not reported in the Governmental Funds.		<u>(24,722)</u>
Net Change in Net Position of Governmental Activities	\$	<u>7,322</u>

The notes are an integral part of the statements.

Swartz Creek Area Senior Citizens, Inc.

Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2015

1. Organization and Purpose

The accounting policies of the **Swartz Creek Area Senior Citizens, Inc.** (the "Senior Center") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the **Swartz Creek Area Senior Citizens, Inc.**

Financial Reporting Entity

The **Swartz Creek Area Senior Citizens, Inc.** was incorporated in March of 1982 under the provisions of the Internal Revenue Code 501(c)(3). As required by generally accepted accounting principles, the financial statements of the reporting entity include only those of the Senior Center (the primary government). The purpose of the Senior Center is to (a.) identify and meet the needs of senior citizens through programs designed to provide services in the areas of information and referral, education, health screening, nutrition, the arts, recreation, leadership development, personal growth, self-worth and community involvement; and (b.) to maintain the Senior Center which shall serve as a community focal point and resource on aging. The governing body of the Senior Center is made up of a nine (9) member board composed of six (6) officials elected from and by the General Membership of the Corporation and three (3) appointed officials to represent the service area.

2. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the Senior Center (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 separate from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separate 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) is 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 Senior Center reports the following major governmental fund:

General Fund - The General Fund is the Senior Center's primary operating fund. It accounts for all financial resources of the general government.

Swartz Creek Area Senior Citizens, Inc.

Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2015

3. 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. 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 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 Senior Center. 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 Senior Center's cash and cash equivalent are comprised of multiple checking accounts.

Vacation, Sick Leave and Other Compensated Absences - Vacation days are earned by full time employees at a rate from ten to fifteen days per year with unused days at year-end being forfeited. Sick days are earned by full time employees at a rate of twelve days per year. Sick days are cumulative from year to year, not to exceed ninety (90) days accumulation. The employees do not have a vested right to their sick leave accumulation. When an employee terminates, all unused sick leave accumulation shall be forfeited by the employee. The estimate maximum contingent liability for these benefits (calculated at current pay rates) as of June 30, 2015, is approximately \$18,507.

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 Senior Center as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method.

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 to 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 Senior Center's intent to be used for specific purposes.

- For *committed* fund balances, the Senior Center's highest level of decision-making authority is the Board and it takes a Board 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 Senior Center's policy is that the restricted amounts are considered to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.
- The Senior Center's policy is if it has *committed*, *assigned* or *unassigned* fund balance available when it incurs expenditure it will use the fund balance in the order of committed, assigned and then unassigned.
- The Senior Center 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, the 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.

Swartz Creek Area Senior Citizens, Inc.

Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2015

4. Stewardship, Compliance and Accountability

Budgetary Information

The Senior Center 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.
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 Senior Center's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Senior Center Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. The budget for the General Fund is presented in the required supplemental information.

During the fiscal year ended June 30, 2015, the Senior Center incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
NONE			

Swartz Creek Area Senior Citizens, Inc.

Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2015

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

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

	Governmental Activities	Total Primary Government
Cash & Cash Equivalents	\$ 81,185	\$ 81,185

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 81,185

The bank balance of the primary government's deposits is \$81,185, of which \$81,185 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 Senior Center's name.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Senior Center's deposits may not be returned. The Senior Center does not have a deposit policy for custodial credit risk. At the fiscal year end, the Senior Center had \$-0- of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Senior Center 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 Senior Center's investment policy does not further limit its investment choices.

At the fiscal year end, there were no deposits and investments reported in the basic financial statements with additional credit risk.

Swartz Creek Area Senior Citizens, Inc.

Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2015

6. Capital Assets

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

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance June 30, 2014</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 753,945	\$ 38,487	\$ 46,655	\$ 745,777
Total Capital Assets Being Depreciated	<u>753,945</u>	<u>38,487</u>	<u>46,655</u>	<u>745,777</u>
Accumulated Depreciation:				
Equipment	162,622	24,722	27,409	159,935
Total Accumulated Depreciation	<u>162,622</u>	<u>24,722</u>	<u>27,409</u>	<u>159,935</u>
Net Capital Assets	<u>\$ 591,323</u>	<u>\$ 13,765</u>	<u>\$ 19,246</u>	<u>\$ 585,842</u>

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

Recreation & Culture	\$ 24,722
Total Governmental Activities	<u>\$ 24,722</u>

7. County Millage and Property Taxes

Genesee County passed a millage that will provide revenue to the local senior centers. For the fiscal year then ended June 30, 2015, the Senior Center received \$170,293 from the County.

8. Long -Term Debt

The Senior Center has no long-term debt.

9. Facilities

The City of Swartz Creek contributes approximately one-half of the City Library building, which allows approximately 2,125 square feet of space, for use as a Senior Citizen Center by the organization. The Senior Citizens Center shall serve as a community focal point and resource on aging. Membership is open to all persons who have reached the age of 50 and maintain residency within the service area.

Swartz Creek Area Senior Citizens, Inc.

Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2015

10. Defined Contribution Plan

Swartz Creek Area Senior Citizens, Inc. contributes to a retirement plan for all full-time employees. The contributions are based on 6% of the full-time employee's payroll. The fund is an Individual Retirement Account that is held in the employee's name. Retirement funds are deposited on a quarterly basis and the expense to the Senior Center for the fiscal year ended June 30, 2015, was \$4,980.

11. Post Employment Benefits

The Senior Center does not provide any post employment benefits.

12. Risk Management

The Senior Center 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 Senior Center 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.

13. Subsequent Events

As of September 3, 2015, there were no subsequent events which have a material effect on the financial statements.

Required Supplemental Information

Swartz Creek Area Senior Citizens, Inc.

Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund
 For The Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Property Taxes	\$ 170,255	\$ 170,255	\$ 170,293	\$ 38
Charges for Services - Trips	-	-	5,193	5,193
Hall Rental	-	-	800	800
Interest Earnings	1,825	1,825	261	(1,564)
Contributions & Donations	30,407	37,407	36,315	(1,092)
Other Revenues	22,310	22,310	23,206	896
<u>Total Revenues</u>	<u>224,797</u>	<u>231,797</u>	<u>236,068</u>	<u>4,271</u>
<u>Expenditures</u>				
Recreation & Culture				
Wages & Payroll Taxes	103,344	103,344	103,025	319
Administration	39,495	41,495	38,338	3,157
Operating Activities	76,955	74,455	73,415	1,040
Capital Outlay	35,000	41,387	38,487	2,900
<u>Total Expenditures</u>	<u>254,794</u>	<u>260,681</u>	<u>253,265</u>	<u>7,416</u>
Excess of Revenues Over (Under) Expenditures	(29,997)	(28,884)	(17,197)	11,687
<u>Other Financing Sources (Uses)</u>				
Sale of Fixed Assets	30,000	30,000	30,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3	1,116	12,803	11,687
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>93,907</u>	<u>93,907</u>
<u>Fund Balance - End of Year</u>	<u>\$ 3</u>	<u>\$ 1,116</u>	<u>\$ 106,710</u>	<u>\$ 105,594</u>

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Phone 810-724-1120
Fax 810-519-1332

September 3, 2015

Swartz Creek Area Senior Citizens, Inc.
8095 Civic Drive
Swartz Creek, MI 48473

To the Members of the Board:

In planning and performing our audit of the financial statements, as of and for the fiscal year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the **Swartz Creek Area Senior Citizens, Inc.**'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

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

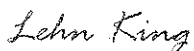
A deficiency in internal control exists when the design or operation does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that we have not identified.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the **Swartz Creek Area Senior Citizens, Inc.**'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 Senior Center segregate duties whenever possible.

This information is intended solely for the information and use of management, **Swartz Creek Area Senior Citizens, Inc.**, and others within the organization, and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,



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

KING & KING CPAs LLC

Lehn L. King, C.P.A.

Ryan L. King, C.P.A.

3531 MAIN STREET
MARLETTE, MI 48453
Phone 989-635-3113
Fax 989-635-5580

www.kingandkingcpas.com

1814 S. CEDAR STREET
IMLAY CITY, MI 48444
Phone 810-724-1120
Fax 810-519-1332

September 3, 2015

Swartz Creek Area Senior Citizens, Inc.
8095 Civic Drive
Swartz Creek, MI 48473

To the Members of the Council:

We have audited the financial statements of the governmental activities of the **Swartz Creek Area Senior Citizens, Inc.** for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 3, 2015. 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 September 25, 2012, 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 **Swartz Creek Area Senior Citizens, Inc.** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2015. We noted no transactions entered into by the governmental unit during the fiscal year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Difficulties Encountered in Performing the Audit

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

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Audit Adjustments (Corrected and Uncorrected Misstatements)

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 3, 2015.

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" in 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 **Swartz Creek Area Senior Citizens, Inc.**, and Federal and State agencies and is not intended to be, nor should it be used by anyone other than these specified parties.

Sincerely,

Lehn King

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