

Egelston Township
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

June 30, 2016



Egelston Township

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BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

November 30, 2016

Township Board
Egelston Township
Muskegon, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Egelston Township, Michigan as of and for the year ended June 30, 2016, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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November 30, 2016
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Egelston Township, Michigan, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and schedule of funding progress for other postemployment benefits plan on pages 4 through 11 and 40 through 43 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 Supplemental Information

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

The combining 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, on our consideration of Egelston Township, Michigan’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Egelston Township, Michigan’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brickley De Long, P.C." The signature is written in a cursive style with a large, prominent 'B' and 'D'.

Muskegon, Michigan

As management of Egelston Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2016. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Township's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development and culture and recreation activities. The business-type activities of the Township are sewer services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories - governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Street Light Fund which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The Township has one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its sewer operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund, Fire Fund, and Street Light Fund.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary information.

Government-wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net position for the Township. As stated earlier, the net position may be used as an indicator of a government's financial health. As of June 30, 2016, the Township's net position from governmental activities totaled \$3,708,575 (54%) and \$3,145,115 (46%) from business-type activities, creating a total government-wide net position total of \$6,853,690.

Egelston Township

Management's Discussion and Analysis

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities actually depicts a balance of \$2,073,511. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$3,145,115 in net position, of which \$1,756,148 is unrestricted net position.

Capital assets for governmental activities increased because of a deposit made for a new fire pumper truck. Current liabilities increased due to higher accrued payroll resulting from the timing of the final payroll for the year. Noncurrent liabilities increased as the Township increased the liability for its unfunded annual required contribution for other postemployment benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* offset by scheduled debt payments.

Current assets and current liabilities for business-type activities both decreased as payables related to a Stormwater, Asset Management, and Wastewater grant that was underway at prior year-end were paid. Capital assets for the business-type activities decreased because depreciation exceeded current year capital asset additions.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets and other assets	\$ 3,341,040	\$ 3,319,065	\$ 2,060,961	\$ 2,238,523	\$ 5,402,001	\$ 5,557,588
Capital assets	3,563,041	3,501,182	2,869,906	3,012,140	6,432,947	6,513,322
Total assets	6,904,081	6,820,247	4,930,867	5,250,663	11,834,948	12,070,910
Current liabilities	210,061	179,191	231,425	412,674	441,486	591,865
Noncurrent liabilities	2,985,445	2,977,823	1,554,327	1,548,368	4,539,772	4,526,191
Total liabilities	3,195,506	3,157,014	1,785,752	1,961,042	4,981,258	5,118,056
Net position						
Net investment in capital assets	1,390,665	1,298,806	1,382,778	1,473,772	2,773,443	2,772,578
Restricted	244,399	225,885	6,189	6,231	250,588	232,116
Unrestricted	2,073,511	2,138,542	1,756,148	1,809,618	3,829,659	3,948,160
Total net position	\$ 3,708,575	\$ 3,663,233	\$ 3,145,115	\$ 3,289,621	\$ 6,853,690	\$ 6,952,854

Egelston Township

Management's Discussion and Analysis

The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows changes in net position.

Change in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 281,666	\$ 333,560	\$ 825,897	\$ 758,478	\$ 1,107,563	\$ 1,092,038
Operating grants and contributions	7,356	5,250	103,662	339,443	111,018	344,693
Capital grants and contributions	5,728	28,873	19,378	75,969	25,106	104,842
General revenues						
Property taxes	1,068,492	1,053,841	-	-	1,068,492	1,053,841
Franchise fees	102,255	96,952	-	-	102,255	96,952
Grants and contributions not restricted	780,497	781,223	-	-	780,497	781,223
Unrestricted investment earnings	5,161	7,435	6,167	7,080	11,328	14,515
Miscellaneous	22,524	19,077	-	-	22,524	19,077
Gain on sale of capital assets	-	2,874	-	-	-	2,874
Total revenues	2,273,679	2,329,085	955,104	1,180,970	3,228,783	3,510,055
Expenses:						
General government	732,677	738,040	-	-	732,677	738,040
Public safety	1,155,840	1,129,612	-	-	1,155,840	1,129,612
Public works	176,428	151,590	-	-	176,428	151,590
Community and economic development	6,448	6,640	-	-	6,448	6,640
Culture and recreation	82,814	75,165	-	-	82,814	75,165
Interest on long term debt	74,130	74,330	-	-	74,130	74,330
Sewer	-	-	1,099,610	1,318,351	1,099,610	1,318,351
Total expenses	2,228,337	2,175,377	1,099,610	1,318,351	3,327,947	3,493,728
Change in net position	45,342	153,708	(144,506)	(137,381)	(99,164)	16,327
Net position - Beginning	3,663,233	3,509,525	3,289,621	3,427,002	6,952,854	6,936,527
Net position - Ending	\$ 3,708,575	\$ 3,663,233	\$ 3,145,115	\$ 3,289,621	\$ 6,853,690	\$ 6,952,854

For the year ended June 30, 2016, net position changed by \$45,342 and (\$144,506) in governmental activities and business-type activities, respectively. This resulted in an overall decrease of \$99,164 government wide.

Governmental Activities

Charges for services revenue decreased by approximately \$52,000 due to additional building activity in the Township which increased permit revenue and also additional revenue from cell towers in the prior year. Capital grants and contributions were down by approximately \$23,000 as a grant for fire services was completed.

Business-type Activities

Operating grants and contributions for both years is related to a Stormwater, Asset Management, and Wastewater grant. Capital grants and contributions decreased by approximately \$57,000 due to fewer connection fees. Sewer expenses decreased approximately \$218,000 due to less activity related to the Stormwater, Asset Management, and Wastewater grant.

Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2016, the governmental funds reported a combined unassigned fund balance of \$1,393,709, all of which is in the General Fund. The Township also has fund balance that is nonspendable as it has been spent on prepaid items for the following year or is restricted for debt service, fire protection, street lights, the Township festival, or employee health insurance. The Township has also committed \$1,047,301 for various capital improvements and other anticipated projects and assigned fund balance for the subsequent year's budget appropriations in the amount of \$478,650.

The General Fund is the chief operating fund of the Township. At June 30, 2016, the General Fund fund balance was \$2,967,739, a decrease of \$38,591. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 128% of the General Fund expenditures.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sewer Fund decreased by \$144,506.

General Fund Budget

During the current fiscal year, the Township made several amendments to its original budget as follows:

- The licenses and permits revenue budget was increased by \$42,122 as building permits for new homes and commercial projects were higher than expected.
- The charges for services revenues budget was increased by \$26,569 as the Township budgeted conservatively for certain services such as cemetery activity.

Egelston Township

Management's Discussion and Analysis

- The other revenues budget was increased by \$23,054 due to additional elections and library reimbursements.
- The parks and recreation budget was increased by \$10,602 for a washout at Sunset Beach and to put lights on the basketball court.

The following comments summarize the major variations from the final budget to actual revenues and expenditures:

- Intergovernmental revenues – State were under the final budget by \$18,476 as the Township received less revenue sharing than expected.
- Transfers out were under the final budget by \$166,483 as the General Fund budgeted the full cost of a new fire pumper truck in the Fire Fund but only paid the deposit before year-end with the remaining costs deferred until next year.

Capital Assets Administration

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2016 totaled \$6,432,947 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office equipment, equipment, utility systems and vehicles.

Major capital asset additions during the current year included new software and a deposit on a new fire pumper truck.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 355,707	\$ 355,707	\$ 7,934	\$ 7,934	\$ 363,641	\$ 363,641
Construction in progress	198,042	-	-	-	198,042	-
Land improvements	291,460	317,075	-	-	291,460	317,075
Buildings and improvements	2,362,341	2,428,028	8,609	9,076	2,370,950	2,437,104
Utility systems	-	-	1,664,922	1,742,858	1,664,922	1,742,858
Equipment	136,439	155,779	39,983	39,527	176,422	195,306
Office equipment	19,126	7,554	-	-	19,126	7,554
Vehicles	199,926	237,039	-	3,085	199,926	240,124
Access rights	-	-	1,148,458	1,209,660	1,148,458	1,209,660
Total	<u>\$ 3,563,041</u>	<u>\$ 3,501,182</u>	<u>\$ 2,869,906</u>	<u>\$ 3,012,140</u>	<u>\$ 6,432,947</u>	<u>\$ 6,513,322</u>

Additional information on the Township's capital assets can be found in Note E of the "Notes to Financial Statements" of this report.

Egelston Township

Management's Discussion and Analysis

Long-Term Debt

At June 30, 2016, the Township had total outstanding debt of \$4,630,469 consisting of general obligation bonds, compensated absences, and other postemployment benefits.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligations						
bonds	\$ 2,172,376	\$ 2,202,376	\$ 1,487,128	\$ 1,538,368	\$ 3,659,504	\$ 3,740,744
Compensated absences	20,557	29,833	3,140	2,586	23,697	32,419
Other postemployment						
benefits	843,069	805,447	104,199	50,000	947,268	855,447
Total	\$ 3,036,002	\$ 3,037,656	\$ 1,594,467	\$ 1,590,954	\$ 4,630,469	\$ 4,628,610

The Township's total debt increased by \$1,859 during the fiscal year. The increase came as a result of the Township recording a liability for its unfunded annual required contribution for other postemployment benefits offset by scheduled debt service.

Additional information on the Township's long-term debt can be found in Note G of the "Notes to Financial Statements" of this report.

General Economic Overview

The Township's General Fund has two major revenue sources, state revenue sharing and property tax revenue. Those two sources comprise approximately 76% of the General Fund revenue sources. In fiscal year 2017, the Township budgeted for both revenue streams to remain about the same. No other significant changes are expected from operating revenues.

The Township is expecting operating expenditures to increase by the rate of inflation in the coming year in the General Fund with a couple of exceptions. The Township is working with the County to provide a police officer for assistance with law enforcement with details and cost to be determined. The Township has also budgeted \$174,000 for various street improvements throughout the Township. The Township has not currently budgeted any significant capital projects in the General Fund. As part of its budget, the Township has appropriated approximately \$418,000 to transfer to the Fire Fund to support fire operations and capital purchases.

In the Fire Fund, operations are expected to be similar to last year. The Fire Fund has budgeted approximately \$220,000 for a new fire pumper. The General Fund will assist in the purchase of this vehicle with the aforementioned transfer.

The Township continues to monitor treatment costs from Muskegon County and adjust rates as necessary. At this point, the Township does not anticipate any significant increase in rates to customers in the upcoming fiscal year. The Township has received a Stormwater, Asset Management, and Wastewater Grant from the State of Michigan for approximately \$625,000 which it will continue to use to form an asset management plan and evaluate the current condition of the sewer system. This is the final year for this project.

Requests for Information

This financial report is designed to provide a general overview of Egelston Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Egelston Township, 5428 E. Apple Ave., Muskegon, Michigan, 49442, (231) 788-2308.

Egelston Township
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 2,966,788	\$ 1,667,843	\$ 4,634,631
Receivables	29,910	320,036	349,946
Due from other governmental units	309,483	33,391	342,874
Prepaid items	34,859	18,390	53,249
Total current assets	3,341,040	2,039,660	5,380,700
Noncurrent assets			
Special assessments receivable, less amounts due within one year	-	21,301	21,301
Capital assets, net			
Nondepreciable	553,749	7,934	561,683
Depreciable	3,009,292	2,861,972	5,871,264
Total noncurrent assets	3,563,041	2,891,207	6,454,248
Total assets	6,904,081	4,930,867	11,834,948
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	143,793	41,975	185,768
Due to other governmental units	11,896	149,310	161,206
Unearned revenues - fees for subsequent year	3,815	-	3,815
Bonds and other obligations, due within one year	50,557	40,140	90,697
Total current liabilities	210,061	231,425	441,486
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	2,985,445	1,554,327	4,539,772
Total liabilities	3,195,506	1,785,752	4,981,258
NET POSITION			
Net investment in capital assets	1,390,665	1,382,778	2,773,443
Restricted			
Debt service	49,905	-	49,905
Fire operations	20,736	-	20,736
Street lights	98,317	-	98,317
Festival	33,490	-	33,490
Employee health insurance	41,951	6,189	48,140
Unrestricted	2,073,511	1,756,148	3,829,659
Total net position	\$ 3,708,575	\$ 3,145,115	\$ 6,853,690

The accompanying notes are an integral part of this statement.

Egelston Township
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 732,677	\$ 60,221	\$ 7,356	\$ 247	\$ (664,853)	\$ -	\$ (664,853)
Public safety	1,155,840	147,564	-	5,481	(1,002,795)	-	(1,002,795)
Public works	176,428	-	-	-	(176,428)	-	(176,428)
Community and economic development	6,448	-	-	-	(6,448)	-	(6,448)
Culture and recreation	82,814	73,881	-	-	(8,933)	-	(8,933)
Interest on long-term debt	74,130	-	-	-	(74,130)	-	(74,130)
Total governmental activities	2,228,337	281,666	7,356	5,728	(1,933,587)	-	(1,933,587)
Business-type activities							
Sewer	1,099,610	825,897	103,662	19,378	-	(150,673)	(150,673)
Total government	\$ 3,327,947	\$ 1,107,563	\$ 111,018	\$ 25,106	(1,933,587)	(150,673)	(2,084,260)
General revenues							
Property taxes, levied for							
General purposes					292,605	-	292,605
Specific purposes					775,887	-	775,887
Franchise fees					102,255	-	102,255
Grants and contributions not restricted to specific programs					780,497	-	780,497
Unrestricted investment earnings					5,161	6,167	11,328
Miscellaneous					22,524	-	22,524
Total general revenues					1,978,929	6,167	1,985,096
Change in net position					45,342	(144,506)	(99,164)
Net position at July 1, 2015					3,663,233	3,289,621	6,952,854
Net position at June 30, 2016					\$ 3,708,575	\$ 3,145,115	\$ 6,853,690

The accompanying notes are an integral part of this statement.

Egelston Township
BALANCE SHEET
 Governmental Funds
 June 30, 2016

	General Fund	Fire Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,748,471	\$ 11,349	\$ 107,904	\$ 99,064	\$ 2,966,788
Accounts receivable	29,910	-	-	-	29,910
Due from other governmental units	259,244	50,239	-	-	309,483
Due from other funds	-	22,537	-	-	22,537
Prepaid items	17,477	16,736	-	646	34,859
Total assets	\$ 3,055,102	\$ 100,861	\$ 107,904	\$ 99,710	\$ 3,363,577
LIABILITIES					
Accounts payable	\$ 18,672	\$ 5,619	\$ 9,587	\$ -	\$ 33,878
Accrued liabilities	36,115	61,300	-	-	97,415
Due to other governmental units	10,039	1,857	-	-	11,896
Due to other funds	22,537	-	-	-	22,537
Unearned revenues - fees for subsequent year	-	-	-	3,815	3,815
Total liabilities	87,363	68,776	9,587	3,815	169,541
FUND BALANCES					
Nonspendable - prepaid items	17,477	16,736	-	646	34,859
Restricted					
Debt service	-	-	-	62,405	62,405
Fire protection	-	4,000	-	-	4,000
Street lights	-	-	98,317	-	98,317
Festival	-	-	-	32,844	32,844
Employee health insurance	30,602	11,349	-	-	41,951
Committed					
Community center improvements	292,640	-	-	-	292,640
Park improvements	47,661	-	-	-	47,661
Cemetery expansion and improvements	8,000	-	-	-	8,000
Townhall and library capital improvements	115,000	-	-	-	115,000
Fire vehicle	70,000	-	-	-	70,000
Other vehicle replacement	13,000	-	-	-	13,000
Road improvements	51,000	-	-	-	51,000
Other capital improvements	450,000	-	-	-	450,000
Assigned - subsequent year's budget appropriations	478,650	-	-	-	478,650
Unassigned	1,393,709	-	-	-	1,393,709
Total fund balances	2,967,739	32,085	98,317	95,895	3,194,036
Total liabilities and fund balances	\$ 3,055,102	\$ 100,861	\$ 107,904	\$ 99,710	\$ 3,363,577

The accompanying notes are an integral part of this statement.

Egelston Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 June 30, 2016

Total fund balance—governmental funds \$ 3,194,036

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Cost of capital assets	\$ 5,690,009	
Accumulated depreciation	<u>(2,126,968)</u>	3,563,041

Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest	(12,500)	
Bonds payable	(2,172,376)	
Compensated absences	(20,557)	
Other postemployment benefits	<u>(843,069)</u>	<u>(3,048,502)</u>

Net position of governmental activities		<u>\$ 3,708,575</u>
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The accompanying notes are an integral part of this statement.

Egelston Township
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended June 30, 2016

	General Fund	Fire Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 292,605	\$ 524,268	\$ 139,584	\$ 112,034	\$ 1,068,491
Licenses and permits	194,369	-	-	-	194,369
Intergovernmental revenues					
Federal	-	5,481	-	-	5,481
State	780,744	-	-	-	780,744
Charges for services	78,380	52,918	-	-	131,298
Fines and forfeitures	598	-	-	-	598
Investment earnings	5,053	-	45	57	5,155
Other	68,069	4,143	-	15,329	87,541
Total revenues	1,419,818	586,810	139,629	127,420	2,273,677
EXPENDITURES					
Current					
General government	542,629	-	-	-	542,629
Public safety	97,503	761,742	-	-	859,245
Public works	43,363	-	126,406	-	169,769
Community and economic development	5,331	-	-	-	5,331
Culture and recreation	52,653	-	-	12,646	65,299
Other governmental functions	332,557	-	-	-	332,557
Debt service					
Principal	-	-	-	30,000	30,000
Interest and fees	-	-	-	74,330	74,330
Capital outlay	14,846	198,042	-	-	212,888
Total expenditures	1,088,882	959,784	126,406	116,976	2,292,048
Excess of revenues over (under) expenditures	330,936	(372,974)	13,223	10,444	(18,371)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	369,527	-	-	369,527
Transfers out	(369,527)	-	-	-	(369,527)
Total other financing sources (uses)	(369,527)	369,527	-	-	-
Net change in fund balances	(38,591)	(3,447)	13,223	10,444	(18,371)
Fund balances at July 1, 2015	3,006,330	35,532	85,094	85,451	3,212,407
Fund balances at June 30, 2016	\$ 2,967,739	\$ 32,085	\$ 98,317	\$ 95,895	\$ 3,194,036

The accompanying notes are an integral part of this statement.

Egelston Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended June 30, 2016

Net change in fund balances—total governmental funds \$ (18,371)

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (151,029)	
Capital outlay	<u>212,888</u>	61,859

The issuance of long-term debt provides current financial resources to governmental funds but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Repayment of principal on long-term debt		30,000
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Changes in accrual of interest and amortization of premiums and discounts		
Change in accrued interest payable		200

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	9,276	
Change in other postemployment benefits	<u>(37,622)</u>	<u>(28,346)</u>

Change in net position of governmental activities		<u><u>\$ 45,342</u></u>
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The accompanying notes are an integral part of this statement.

Egelston Township
STATEMENT OF NET POSITION
 Proprietary Fund
 June 30, 2016

	<u>Business-type Activities - Enterprise Fund Sewer</u>
ASSETS	
Current assets	
Cash and investments	\$ 1,667,843
Receivables	
Accounts	305,836
Special assessments	14,200
Due from other governmental units	33,391
Prepaid items	18,390
Total current assets	<u>2,039,660</u>
Noncurrent assets	
Special assessments receivable, less amounts due within one year	21,301
Capital assets	
Land	7,934
Buildings	18,613
Utility system	9,296,139
Equipment	240,606
Vehicles	16,667
Access rights	1,674,280
Less accumulated depreciation and amortization	<u>(8,384,333)</u>
Net capital assets	<u>2,869,906</u>
Total noncurrent assets	<u>2,891,207</u>
Total assets	4,930,867
LIABILITIES	
Current liabilities	
Accounts payable	21,527
Accrued liabilities	20,448
Due to other governmental units	149,310
Bonds and other obligations, due within one year	40,140
Total current liabilities	<u>231,425</u>
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	<u>1,554,327</u>
Total liabilities	1,785,752
NET POSITION	
Net investment in capital assets	1,382,778
Restricted for employee health insurance	6,189
Unrestricted	1,756,148
Total net position	<u><u>\$ 3,145,115</u></u>

The accompanying notes are an integral part of this statement.

Egelston Township
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Proprietary Fund
 For the year ended June 30, 2016

	Business-type Activities - Enterprise Fund Sewer
OPERATING REVENUES	
Charges for services	\$ 825,897
Operating grant	<u>103,662</u>
Total operating revenues	929,559
OPERATING EXPENSES	
Administration	30,724
Operations	845,603
Depreciation and amortization	<u>151,332</u>
Total operating expenses	<u>1,027,659</u>
Operating income (loss)	(98,100)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	6,167
Connection fees	19,378
Interest expense	<u>(71,951)</u>
Total nonoperating revenues (expenses)	<u>(46,406)</u>
Change in net position	(144,506)
Net position at July 1, 2015	<u>3,289,621</u>
Net position at June 30, 2016	<u><u>\$ 3,145,115</u></u>

The accompanying notes are an integral part of this statement.

Egelston Township
STATEMENT OF CASH FLOWS
Proprietary Fund
For the year ended June 30, 2016

	Business-type Activities - Enterprise Fund Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 769,563
Receipts from operating grant	339,592
Receipts from interfund services provided	6,953
Payments to suppliers	(856,829)
Payments to employees	(169,413)
Net cash provided by operating activities	89,866
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection fees	36,158
Purchases of capital assets	(9,098)
Principal paid on capital debt	(40,063)
Interest paid on capital debt	(59,728)
Net cash used for capital and related financing activities	(72,731)
CASH FLOW FROM INVESTING ACTIVITIES	
Investment earnings	6,167
Net increase in cash and investments	23,302
Cash and investments at July 1, 2015	1,644,541
Cash and investments at June 30, 2016	\$ 1,667,843
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (98,100)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization expense	151,332
Change in assets and liabilities	
Receivables	(49,381)
Due from other governmental units	235,930
Prepaid items	(15,165)
Accounts payable	(256,846)
Accrued liabilities	55,797
Due to other governmental units	66,299
Net cash provided by operating activities	\$ 89,866

The accompanying notes are an integral part of this statement.

Egelston Township
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 Fiduciary Funds
 June 30, 2016

	Agency Funds
ASSETS	
Cash and investments	\$ 14,928
Receivables	3,243
Total assets	\$ 18,171
 LIABILITIES	
Due to other governmental units	\$ 4,363
Other liabilities	13,808
Total liabilities	\$ 18,171

The accompanying notes are an integral part of this statement.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Egelston Township (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Reporting Entity

Egelston Township is a common law Township governed by an elected seven-member Board.

Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—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 of the nonfiduciary activities of the Township. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Township's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Township's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the Township's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued

The Fire Fund is used to account for a special property tax millage levied by the Township for the operations and capital expenditures of the fire department.

The Street Light Fund is used to account for a special property tax millage levied by the Township for the operation and maintenance of the Township's street lights.

The Township reports the following major enterprise fund:

The Sewer Fund operates the Township's sewage pumping station, collection system and pays for access to the County's sewage treatment plant.

Additionally, the Township reports the following fund types:

The Agency Fund is custodial in nature and used to account for assets held by the Township as an agent for another organization or individual.

During the course of operations the Township has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 revenues 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within 60 days of the end of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and improvements	10-50
Utility systems	20-50
Land improvements	10-20
Office equipment	5-7
Equipment	3-25
Vehicles	5-15
Access rights	20

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Township itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township Board has by resolution authorized the executive officers to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and lien on December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2015 state taxable value for real/personal property of the Township totaled approximately \$170,000,000. The ad valorem taxes levied consisted of 1.1803, 3.0, .64, and 0.8 mills for the Township's general operation, fire department operations, debt service, and street lights, respectively. These amounts are recognized in the respective General Fund, Fire Fund, Fire Station Debt Fund, and Street Light Fund.

Compensated Absences

Township employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Upon termination, employees are paid for unused vacation and sick leave under limits that vary by employee group. The liability for these compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The Township may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2016, the Township had the following investments:

Investment Type	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard and Poor's</u>	<u>Percent</u>
External investment pool	\$ 275,688	62	AAAm	100 %

The Township voluntarily invests certain excess funds in an external investment pool (Pool). The Pool is an external investment pool of “qualified” investments for Michigan municipalities. The Pool is not regulated nor registered with the SEC. The fair value of the Township’s investments is the same as the value of the Pool shares.

Deposit and Investment Risks

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2016, \$1,082,905 of the Township's bank balance of \$4,378,867 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Custodial Credit Risk – Investments

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

NOTE D—FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Township the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE D—FAIR VALUE MEASUREMENTS—Continued

External investment pool: The assets are valued based upon the Township’s allocable share of the Michigan CLASS (Pool) pooled investment portfolio. The allocable share is based on the value of the underlying assets owned by the pool, minus its liabilities.

The assets managed by others are valued monthly by the Pool and are allocated based upon each organization’s calculated share of the Pool’s pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the Pool indicating the additions to the investment (via contributions), withdrawals from the investment, and the investment returns allocated via a unitization process. The Township calculates the fair value of its share of the pooled investment assets held by the Pool based on the estimated fair value of the underlying assets. The Pool controls the investments and makes all management and investment decisions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Township believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Township’s assets at fair value on a recurring basis as of June 30, 2016:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
External investment pool	\$ -	\$ 275,688	\$ -	\$ 275,688

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE E—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 355,707	\$ -	\$ -	\$ 355,707
Construction in progress	-	198,042	-	198,042
Total capital assets, not being depreciated	355,707	198,042	-	553,749
Capital assets, being depreciated:				
Land improvements	523,292	-	-	523,292
Buildings and improvements	3,019,533	-	-	3,019,533
Equipment	380,350	-	-	380,350
Office equipment	50,117	14,846	-	64,963
Vehicles	1,148,122	-	-	1,148,122
Total capital assets, being depreciated	5,121,414	14,846	-	5,136,260
Less accumulated depreciation:				
Land improvements	206,217	25,615	-	231,832
Buildings and improvements	591,505	65,687	-	657,192
Equipment	224,571	19,340	-	243,911
Office equipment	42,563	3,274	-	45,837
Vehicles	911,083	37,113	-	948,196
Total accumulated depreciation	1,975,939	151,029	-	2,126,968
Total capital assets, being depreciated, net	3,145,475	(136,183)	-	3,009,292
Capital assets, net	\$ 3,501,182	\$ 61,859	\$ -	\$ 3,563,041

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE E—CAPITAL ASSETS—Continued

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,934	\$ -	\$ -	\$ 7,934
Capital assets, being depreciated:				
Buildings and improvements	18,613	-	-	18,613
Utility systems	9,296,139	-	-	9,296,139
Equipment	231,508	9,098	-	240,606
Vehicles	16,667	-	-	16,667
Access rights	1,674,280	-	-	1,674,280
Total capital assets, being depreciated	11,237,207	9,098	-	11,246,305
Less accumulated depreciation:				
Buildings and improvements	9,537	467	-	10,004
Utility systems	7,553,281	77,936	-	7,631,217
Equipment	191,981	8,642	-	200,623
Vehicles	13,582	3,085	-	16,667
Access rights	464,620	61,202	-	525,822
Total accumulated depreciation	8,233,001	151,332	-	8,384,333
Total capital assets, being depreciated, net	3,004,206	(142,234)	-	2,861,972
Capital assets, net	\$ 3,012,140	\$ (142,234)	\$ -	\$ 2,869,906

Depreciation

Depreciation expense has been charged to functions as follows:

Governmental activities:

General government	\$ 31,762
Public safety	95,341
Public works	6,412
Culture and recreation	17,514
	\$ 151,029

Business-type activities:

Sewer	\$ 151,332
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NOTE F—INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2016 consisted of the General Fund transferring \$369,527 to the Fire Fund for operations and capital outlay.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE G—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the Township for the year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation bonds	\$ 2,202,376	\$ -	\$ 30,000	\$ 2,172,376	\$ 30,000
Compensated absences	29,833	90,375	99,651	20,557	20,557
Other postemployment benefits	805,447	82,255	44,633	843,069	-
Governmental activities long-term liabilities	<u>\$ 3,037,656</u>	<u>\$ 172,630</u>	<u>\$ 174,284</u>	<u>\$ 3,036,002</u>	<u>\$ 50,557</u>
Business-type activities:					
General obligation bonds	\$ 1,377,016	\$ -	\$ 40,063	\$ 1,336,953	\$ 37,000
Premium	161,352	-	11,177	150,175	-
Compensated absences	2,586	10,798	10,244	3,140	3,140
Other postemployment benefits	50,000	54,199	-	104,199	-
Business-type activities long-term liabilities	<u>\$ 1,590,954</u>	<u>\$ 64,997</u>	<u>\$ 61,484</u>	<u>\$ 1,594,467</u>	<u>\$ 40,140</u>

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Governmental activities:			
General obligation bonds			
2013 Unlimited Tax General Obligation Bonds	3.375%	May 2043	<u>\$ 2,172,376</u>
Business-type activities:			
General obligation bonds			
Muskegon County Wastewater Management - Number One Refunding Bonds of 2015	4-5%	Nov 2036	<u>\$ 1,336,953</u>

Egelston Township
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE G—LONG-TERM DEBT—Continued

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The Township has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on June 30, 2016 was approximately \$368,000. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The Township was in compliance in all material respects with all bond ordinances at June 30, 2016.

Annual debt service requirements to maturity for debt outstanding as of June 30, 2016 follow:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 30,000	\$ 73,318	\$ 37,000	\$ 63,504
2018	35,000	72,305	39,000	61,615
2019	35,000	71,124	41,000	59,622
2020	35,000	69,943	43,000	57,526
2021	35,000	68,761	45,000	55,327
2022-2026	235,000	324,401	266,000	239,153
2027-2031	360,000	275,126	335,000	170,588
2032-2036	490,000	206,613	430,000	81,189
2037-2041	645,000	113,801	100,953	2,519
2042-2044	272,376	13,323	-	-
	\$ 2,172,376	\$ 1,288,715	\$ 1,336,953	\$ 791,043

NOTE H—OTHER INFORMATION

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township manages its liability, property and insurance coverage as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MTPP for its insurance coverage. The MTPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE H—OTHER INFORMATION—Continued

Risk Management—Continued

The Township manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Township carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

Commitment

The Township has a contract agreement for the purchase of a fire pumper truck as of June 30, 2016 with a remaining payment of \$198,042. This cost will be paid by the Fire Fund with a transfer from the General Fund.

NOTE I—PENSION PLAN

Defined Contribution Plan

The Township contributes to the Egelston Township Group Pension Plan (Plan), a defined contribution pension plan, for all of its employees except volunteer firemen and seasonal employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 14 percent of gross earnings. Employees are not required to contributions to the Plan. For the year ended June 30, 2016, the Township recognized pension expense of \$96,197.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Township contributions and earnings on Township contributions after completion of two years of qualified service to the Township. Nonvested Township contributions are forfeited upon termination of employment. Such forfeitures are used to reduce required Township contributions. For the year ended June 30, 2016, there were no forfeitures.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE J—OTHER POST-EMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description

The Township has a retiree healthcare funding vehicle (Retiree Healthcare Plan) administered by the Burnham and Flower Group. The Retiree Healthcare Plan is established under the authority of section 115 of the IRS code and is exempt from taxation. The Retiree Healthcare Plan provides health insurance to eligible retirees through the Township’s group health insurance plan which covers both active and retired members. Act No. 149 of the Public Acts of 1999 of the State of Michigan assigns the authority to establish and amend the benefit provisions of the Retiree Healthcare Plan to the respective employer entities; that authority rests with the Township. A copy of the complete financial report and required supplemental information can be obtained by writing to:

Egelston Township
 5428 E. Apple Ave.
 Muskegon, MI 49442

Funding Policy

Plan members are not required to contribute to the Plan. The contribution requirements of plan members and the Township are established and may be amended by the Township Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Township. For the year ended June 30, 2016, the Township contributed \$44,633 to the Retiree Healthcare Plan, of which \$24,633 were direct payments for retiree insurance and \$20,000 were contributed to the trust, which is 25 percent of the other postemployment benefit (OPEB) cost.

Annual OPEB Cost and Net OPEB Obligation

The Township’s OPEB cost is calculated based on the annual required contribution (ARC). The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township’s annual OPEB cost for the year, the amount actually contributed to the Retiree Healthcare Plan, and changes in the Township’s net OPEB obligation:

Annual required contribution	\$ 131,586
Interest on net OPEB obligation	59,881
Adjustment to annual required contribution	(55,013)
Net OPEB cost	136,454
Payments made to or on behalf of retirees	(24,633)
Contributions made to OPEB trust	(20,000)
Increase in net OPEB obligation	91,821
Net OPEB obligation at beginning of year	855,447
Net OPEB obligation at end of year	\$ 947,268

Egelston Township
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Trend Information

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$ 178,105	25.0 %	\$ 724,399
6/30/15	179,840	27.1	855,447
6/30/16	136,454	32.7	947,268

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

- a. Retirement age for active employees—Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or the first subsequent year in which the member would qualify for benefits.
- b. Marital status—Marital status of members at the calculation date was assumed to continue throughout retirement.
- c. Mortality—Life expectancies were based on mortality tables from the National Vital Statistics Reports, Volume 53, Number 6. The 2007 United States Life Tables for Males and Females were used.
- d. Turnover—Non-specific age-based turnover data from GASB Statement 45 were used as a basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
- e. Healthcare inflation rate—The expected rate of increase in healthcare insurance premiums was based on projections of the National Institutes of Health National Health Expenditure Projections. A rate of 6.9 percent initially, reduced to an ultimate rate of 6.8 percent after six years, was used.
- f. Health insurance premiums—Fiscal 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
- g. Payroll growth rate—The expected long-term payroll growth rate was 2 percent.

A discount rate of 7 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The Retiree Healthcare Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was 30 years.

Egelston Township
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Funded Status and Progress

As of June 30, 2015, the most recent valuation date, the Retiree Healthcare Plan was 9 percent funded. The actuarial accrued liability for benefits was approximately \$1,248,000, and the actuarial value of assets was approximately \$99,000, resulting in an unfunded actuarial liability (UAAL) of approximately \$1,149,000. The covered payroll (annual payroll of active employees covered by the Retiree Healthcare Plan) was approximately \$730,000, and the ratio of the UAAL to the covered payroll was 157 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the Retiree Healthcare Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE K—ECONOMIC DEPENDENCY

State of Michigan shared revenues represent 55 percent of General Fund revenues.

NOTE L—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 75—*Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was issued by the GASB in June 2015 and will be effective for the Township's 2018 fiscal year. The statement requires governments that participate in postemployment benefits other than pensions (OPEB) to report in their Statement of Net Position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The net OPEB liability recorded in the Statement of Net Position on July 1, 2017 will be significant.

GASB Statement 77—*Tax Abatement Disclosures* was issued by the GASB in August 2015 and will be effective for the Township's 2017 fiscal year. This Statement requires the Township to disclose the following information about tax abatement agreements entered into to foster economic growth or otherwise benefit the Township or its citizens: a brief description of the arrangement including the taxes being abated, the gross dollars of the taxes abated during the period, and any additional commitments made by the Township as part of the agreement.

REQUIRED SUPPLEMENTARY INFORMATION

Egelston Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Property taxes	\$ 284,670	\$ 287,652	\$ 292,605	\$ 4,953
Licenses and permits	144,900	187,022	194,369	7,347
Intergovernmental revenues - State	790,000	799,220	780,744	(18,476)
Charges for services	49,842	76,411	78,380	1,969
Fines and forfeitures	-	-	598	598
Investment earnings	5,800	5,800	5,053	(747)
Other	48,497	71,551	68,069	(3,482)
Total revenues	1,323,709	1,427,656	1,419,818	(7,838)
EXPENDITURES				
Current				
General government				
Township board	24,300	24,300	22,445	1,855
Supervisor	46,402	46,402	44,498	1,904
Elections	10,500	13,379	9,128	4,251
Board of review	3,200	3,200	1,786	1,414
Clerk	94,602	94,602	92,731	1,871
Treasurer	79,872	79,872	75,570	4,302
Assessor	61,700	61,750	61,675	75
Township hall	62,013	59,565	50,752	8,813
Cemetery	30,250	30,250	28,100	2,150
Professional services	16,000	24,000	22,027	1,973
Office clerk	46,150	46,150	43,939	2,211
Maintenance	90,095	94,365	89,978	4,387
Public safety				
Inspection department	100,196	100,196	97,503	2,693
Public works				
Landfill	3,645	5,415	5,414	1
Roads	38,000	38,000	37,949	51
Community and economic development				
Planning	6,000	6,000	4,005	1,995
Zoning board of appeals	1,250	1,950	1,326	624
Culture and recreation				
Recreation programs and park maintenance	28,763	39,365	38,148	1,217
Library	16,966	16,966	14,505	2,461
Other governmental functions				
Payroll benefits	310,375	289,547	279,774	9,773
Insurance	36,000	35,145	30,056	5,089
Other	20,749	26,787	22,727	4,060
Capital outlay	17,000	17,000	14,846	2,154
Total expenditures	1,144,028	1,154,206	1,088,882	65,324
Excess of revenues over (under) expenditures	179,681	273,450	330,936	57,486
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Transfers out	(536,010)	(536,010)	(369,527)	166,483
Total other financing sources (uses)	(535,010)	(535,010)	(369,527)	165,483
Net change in fund balance	<u>\$ (355,329)</u>	<u>\$ (261,560)</u>	(38,591)	<u>\$ 222,969</u>
Fund balance at July 1, 2015			3,006,330	
Fund balance at June 30, 2016			<u>\$ 2,967,739</u>	

Egelston Township
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Fire Fund
 For the year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Property taxes	\$ 521,764	\$ 522,718	\$ 524,268	\$ 1,550
Intergovernmental revenue - Federal	-	6,127	5,481	(646)
Charges for services	47,516	50,556	52,918	2,362
Other	-	1,768	4,143	2,375
Total revenues	569,280	581,169	586,810	5,641
EXPENDITURES				
Current				
Public safety	755,290	784,004	761,742	22,262
Capital outlay	350,000	333,175	198,042	135,133
Total expenditures	1,105,290	1,117,179	959,784	157,395
Excess of revenues over (under) expenditures	(536,010)	(536,010)	(372,974)	163,036
OTHER FINANCING SOURCES				
Transfers in	536,010	536,010	369,527	(166,483)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,447)	<u>\$ (3,447)</u>
Fund balance at July 1, 2015			35,532	
Fund balance at June 30, 2016			<u>\$ 32,085</u>	

Egelston Township
 Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
 Street Light Fund
 For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 138,637	\$ 138,637	\$ 139,584	\$ 947
Investment earnings	100	100	45	(55)
Total revenues	138,737	138,737	139,629	892
EXPENDITURES				
Current				
Public works	138,437	138,437	126,406	12,031
Net change in fund balance	\$ 300	\$ 300	13,223	\$ 12,923
Fund balance at July 1, 2015			85,094	
Fund balance at June 30, 2016			\$ 98,317	

Egelston Township
 Required Supplementary Information
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS PLAN
 For the year ended June 30, 2016

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/09	\$ -	\$ 1,392	\$ 1,392	- %	\$ 817	170 %
6/30/12	33	1,542	1,509	2	777	194
6/30/15	99	1,248	1,149	9	730	157

OTHER SUPPLEMENTAL INFORMATION

Egelston Township
COMBINING BALANCE SHEET
 Other Governmental Funds
 June 30, 2016

	Total Other Governmental Funds	Special Revenue Fund Festival	Debt Service Fund Fire Station Debt
ASSETS			
Cash and investments	\$ 99,064	\$ 36,659	\$ 62,405
Prepaid items	646	646	-
Total assets	\$ 99,710	\$ 37,305	\$ 62,405
 LIABILITIES			
Unearned revenues - fees for subsequent year	\$ 3,815	\$ 3,815	\$ -
 FUND BALANCES			
Nonspendable - prepaid items	646	646	-
Restricted			
Debt service	62,405	-	62,405
Festival	32,844	32,844	-
Total fund balances	95,895	33,490	62,405
Total liabilities and fund balances	\$ 99,710	\$ 37,305	\$ 62,405

Egelston Township
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**
Other Governmental Funds
For the year ended June 30, 2016

	Total Other Governmental Funds	Special Revenue Fund <u>Festival</u>	Debt Service Fund <u>Fire Station Debt</u>
REVENUES			
Property taxes	\$ 112,034	\$ -	\$ 112,034
Investment earnings	57	23	34
Other	15,329	15,329	-
Total revenues	127,420	15,352	112,068
EXPENDITURES			
Current			
Culture and recreation	12,646	12,646	-
Debt service			
Principal	30,000	-	30,000
Interest and fees	74,330	-	74,330
Total expenditures	116,976	12,646	104,330
Net change in fund balances	10,444	2,706	7,738
Fund balances at July 1, 2015	85,451	30,784	54,667
Fund balances at June 30, 2016	\$ 95,895	\$ 33,490	\$ 62,405