

Egelston Township  
Muskegon County, Michigan

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

June 30, 2017



Egelston Township

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**INDEPENDENT AUDITOR'S REPORT**

November 21, 2017

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, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Township Board  
Egelston Township  
November 21, 2017  
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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, 2017, 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 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 21, 2017, 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 solely 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 effectiveness of Egelston Township, Michigan’s 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 DeLong, P.C." The signature is written in a cursive style with a large, looped initial 'B'.

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, 2017. 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, 2017, the Township's net position from governmental activities totaled \$3,923,437 (56%) and \$3,097,803 (44%) from business-type activities, creating a total government-wide net position total of \$7,021,240.

# 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 \$2,250,664. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$3,097,803 in net position, of which \$1,787,299 is unrestricted net position.

Current assets and other assets for governmental activities increased due to an increase in fund balance in the General Fund. Noncurrent liabilities remained steady 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* was 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		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current assets and other assets	\$ 3,535,665	\$ 3,341,040	\$ 2,058,214	\$ 2,060,961	\$ 5,593,879	\$ 5,402,001
Capital assets	3,535,344	3,563,041	2,742,920	2,869,906	6,278,264	6,432,947
Total assets	7,071,009	6,904,081	4,801,134	4,930,867	11,872,143	11,834,948
Current liabilities	172,831	210,061	197,433	231,425	370,264	441,486
Noncurrent liabilities	2,974,741	2,985,445	1,505,898	1,554,327	4,480,639	4,539,772
Total liabilities	3,147,572	3,195,506	1,703,331	1,785,752	4,850,903	4,981,258
Net position						
Net investment in capital assets	1,392,968	1,390,665	1,304,607	1,382,778	2,697,575	2,773,443
Restricted	279,805	244,399	5,897	6,189	285,702	250,588
Unrestricted	2,250,664	2,073,511	1,787,299	1,756,148	4,037,963	3,829,659
Total net position	\$ 3,923,437	\$ 3,708,575	\$ 3,097,803	\$ 3,145,115	\$ 7,021,240	\$ 6,853,690



# 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			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 308,746	\$ 281,666	\$ 881,091	\$ 825,897	\$ 1,189,837	\$ 1,107,563
Operating grants and contributions	24,261	7,356	116,565	103,662	140,826	111,018
Capital grants and contributions	-	5,728	59,251	19,378	59,251	25,106
General revenues						
Property taxes	1,027,283	1,068,492	-	-	1,027,283	1,068,492
Franchise fees	106,325	102,255	-	-	106,325	102,255
Grants and contributions not restricted	906,611	780,497	-	-	906,611	780,497
Unrestricted investment earnings	8,031	5,161	8,154	6,167	16,185	11,328
Miscellaneous	28,703	22,524	-	-	28,703	22,524
Gain on sale of capital assets	108,039	-	1,733	-	109,772	-
<b>Total revenues</b>	<b>2,517,999</b>	<b>2,273,679</b>	<b>1,066,794</b>	<b>955,104</b>	<b>3,584,793</b>	<b>3,228,783</b>
Expenses:						
General government	757,963	732,677	-	-	757,963	732,677
Public safety	1,098,427	1,155,840	-	-	1,098,427	1,155,840
Public works	284,794	176,428	-	-	284,794	176,428
Community and economic development	8,487	6,448	-	-	8,487	6,448
Culture and recreation	80,148	82,814	-	-	80,148	82,814
Interest on long term debt	73,318	74,130	-	-	73,318	74,130
Sewer	-	-	1,114,106	1,099,610	1,114,106	1,099,610
<b>Total expenses</b>	<b>2,303,137</b>	<b>2,228,337</b>	<b>1,114,106</b>	<b>1,099,610</b>	<b>3,417,243</b>	<b>3,327,947</b>
Change in net position	214,862	45,342	(47,312)	(144,506)	167,550	(99,164)
Net position - Beginning	3,708,575	3,663,233	3,145,115	3,289,621	6,853,690	6,952,854
<b>Net position - Ending</b>	<b>\$ 3,923,437</b>	<b>\$ 3,708,575</b>	<b>\$ 3,097,803</b>	<b>\$ 3,145,115</b>	<b>\$ 7,021,240</b>	<b>\$ 6,853,690</b>

For the year ended June 30, 2017, net position changed by \$214,862 and (\$47,312) in governmental activities and business-type activities, respectively. This resulted in an overall increase of \$167,550 in government-wide net position.

### **Governmental Activities**

Charges for services revenue increased by approximately \$27,000 due to additional building activity in the Township which increased permit revenue. Grants and contributions not restricted increased by approximately \$126,000 due to personal property tax replacement revenue received from the State of Michigan. Public works expenses increased by approximately \$108,000 due to street improvements on Chatterson Road.

### **Business-type Activities**

Charges for services revenues increased by approximately \$55,000 due to a small rate increase and additional flow. Operating grants and contributions for both years is related to a Stormwater, Asset Management, and Wastewater grant. Capital grants and contributions increased by approximately \$40,000 due to additional connection fees.

### **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, 2017, the governmental funds reported a combined unassigned fund balance of \$1,562,212, 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 \$1,071,737 for various capital improvements and other anticipated projects and assigned fund balance for the subsequent year's budget appropriations in the amount of \$484,987.

The General Fund is the chief operating fund of the Township. At June 30, 2017, the General Fund fund balance was \$3,166,030, an increase of \$198,291. 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 122% 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 \$47,312.

### **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 \$77,110 as building permits for new homes and commercial projects were higher than expected.
- The intergovernmental revenues – State budget was increased by \$85,678 due to personal property tax replacement monies, a voting machine grant, and additional revenue sharing received from the State of Michigan.
- The charges for services revenues budget was increased by \$28,617 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 \$18,013 due to additional library reimbursements.
- The sheriff expenditures budget was increased to \$18,000 due to contracting with the County for a Partnership and Neighborhood Safety (PINS) officer.
- The payroll benefits expenditures budget was decreased by \$27,440 due to lower than expected insurance costs.
- The proceeds from sale of capital assets budget was increased by \$233,646 for the sale of a parcel of land.

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

- Maintenance expenditures were under the final budget by \$19,153 as a position was vacant for a portion of the year.
- Roads expenditures were under the final budget by \$23,524 as road improvements were less than expected.
- Payroll benefits expenditures were under the final budget by \$31,124 due to budgeting fringe benefits conservatively.
- Transfers out were under the final budget by \$138,332 as the General Fund transferred only as much as was needed to the Fire Fund to prevent a fund deficit.

### Capital Assets Administration

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$6,278,264 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office equipment, equipment, utility systems and vehicles.

Capital asset additions during the current year included a new fire pumper truck, a dump truck, two mowers, and some smaller equipment.

### Capital Assets (Net of Accumulated Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 233,707	\$ 355,707	\$ 7,934	\$ 7,934	\$ 241,641	\$ 363,641
Construction in progress	-	198,042	-	-	-	198,042
Land improvements	265,845	291,460	-	-	265,845	291,460
Buildings and improvements	2,296,654	2,362,341	8,144	8,609	2,304,798	2,370,950
Utility systems	-	-	1,606,699	1,664,922	1,606,699	1,664,922
Equipment	138,871	136,439	32,889	39,983	171,760	176,422
Office equipment	13,750	19,126	-	-	13,750	19,126
Vehicles	586,517	199,926	-	-	586,517	199,926
Access rights	-	-	1,087,254	1,148,458	1,087,254	1,148,458
Total	\$ 3,535,344	\$ 3,563,041	\$ 2,742,920	\$ 2,869,906	\$ 6,278,264	\$ 6,432,947

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, 2017, the Township had total outstanding debt of \$4,577,048 consisting of general obligation bonds, compensated absences, and other postemployment benefits.

#### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligations						
bonds	\$ 2,142,376	\$ 2,172,376	\$ 1,438,313	\$ 1,487,128	\$ 3,580,689	\$ 3,659,504
Compensated absences	24,117	20,557	3,292	3,140	27,409	23,697
Other postemployment						
benefits	862,365	843,069	106,585	104,199	968,950	947,268
Total	\$ 3,028,858	\$ 3,036,002	\$ 1,548,190	\$ 1,594,467	\$ 4,577,048	\$ 4,630,469

The Township's total debt decreased by \$53,421 during the fiscal year. The decrease came as a result of scheduled debt service offset by the Township recording a liability for its unfunded annual required contribution for other postemployment benefits.

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 72% of the General Fund revenue sources. In fiscal year 2018, 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. The Township is currently considering some significant road improvements but has not committed to going forward with them or budgeted for them at this time. 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.

In the Fire Fund, operations are expected to be similar to last year. No significant capital purchases are expected in the Fire Fund.

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 completed a Stormwater, Asset Management, and Wastewater Grant from the State of Michigan in the previous year. Based on the results of this program, various improvements are planned for the sewer system over the next several years but no large projects are budgeted for the upcoming year.

### **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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 3,194,465	\$ 1,707,619	\$ 4,902,084
Receivables	30,177	309,781	339,958
Due from other governmental units	270,143	-	270,143
Prepaid items	40,880	10,695	51,575
Total current assets	3,535,665	2,028,095	5,563,760
Noncurrent assets			
Special assessments receivable, less amounts due within one year	-	30,119	30,119
Capital assets, net			
Nondepreciable	233,707	7,934	241,641
Depreciable	3,301,637	2,734,986	6,036,623
Total noncurrent assets	3,535,344	2,773,039	6,308,383
Total assets	7,071,009	4,801,134	11,872,143
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	105,746	28,011	133,757
Due to other governmental units	3,708	127,130	130,838
Unearned revenues - fees for subsequent year	9,260	-	9,260
Bonds and other obligations, due within one year	54,117	42,292	96,409
Total current liabilities	172,831	197,433	370,264
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	2,974,741	1,505,898	4,480,639
Total liabilities	3,147,572	1,703,331	4,850,903
<b>NET POSITION</b>			
Net investment in capital assets	1,392,968	1,304,607	2,697,575
Restricted			
Debt service	63,239	-	63,239
Fire operations	26,615	-	26,615
Street lights	117,327	-	117,327
Festival	32,062	-	32,062
Employee health insurance	40,562	5,897	46,459
Unrestricted	2,250,664	1,787,299	4,037,963
Total net position	<b>\$ 3,923,437</b>	<b>\$ 3,097,803</b>	<b>\$ 7,021,240</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2017

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities							
General government	\$ 757,963	\$ 61,059	\$ 2,843	\$ -	\$ (694,061)	\$ -	\$ (694,061)
Public safety	1,098,427	172,077	-	-	(926,350)	-	(926,350)
Public works	284,794	-	21,418	-	(263,376)	-	(263,376)
Community and economic development	8,487	-	-	-	(8,487)	-	(8,487)
Culture and recreation	80,148	75,610	-	-	(4,538)	-	(4,538)
Interest on long-term debt	73,318	-	-	-	(73,318)	-	(73,318)
Total governmental activities	2,303,137	308,746	24,261	-	(1,970,130)	-	(1,970,130)
Business-type activities							
Sewer	1,114,106	881,091	116,565	59,251	-	(57,199)	(57,199)
Total government	<b>\$ 3,417,243</b>	<b>\$ 1,189,837</b>	<b>\$ 140,826</b>	<b>\$ 59,251</b>	(1,970,130)	(57,199)	(2,027,329)
General revenues							
Property taxes, levied for							
General purposes					283,065	-	283,065
Specific purposes					744,218	-	744,218
Franchise fees					106,325	-	106,325
Grants and contributions not restricted to specific programs					906,611	-	906,611
Unrestricted investment earnings					8,031	8,154	16,185
Miscellaneous					28,703	-	28,703
Gain on sale of capital assets					108,039	1,733	109,772
Total general revenues					2,184,992	9,887	2,194,879
Change in net position					214,862	(47,312)	167,550
Net position at July 1, 2016					3,708,575	3,145,115	6,853,690
Net position at June 30, 2017					<b>\$ 3,923,437</b>	<b>\$ 3,097,803</b>	<b>\$ 7,021,240</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2017

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Street Light Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 2,943,073	\$ 11,678	\$ 127,774	\$ 111,940	\$ 3,194,465
Accounts receivable	28,646	1,515	9	7	30,177
Due from other governmental units	270,143	-	-	-	270,143
Due from other funds	-	36,647	-	-	36,647
Prepaid items	18,210	22,615	-	55	40,880
Total assets	<b>\$ 3,260,072</b>	<b>\$ 72,455</b>	<b>\$ 127,783</b>	<b>\$ 112,002</b>	<b>\$ 3,572,312</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 15,552	\$ 4,300	\$ 10,456	\$ 616	\$ 30,924
Accrued liabilities	32,980	29,342	-	-	62,322
Due to other governmental units	3,188	520	-	-	3,708
Due to other funds	36,647	-	-	-	36,647
Unearned revenues - fees for subsequent year	5,675	-	-	3,585	9,260
Total liabilities	94,042	34,162	10,456	4,201	142,861
<b>FUND BALANCES</b>					
Nonspendable - prepaid items	18,210	22,615	-	55	40,880
Restricted					
Debt service	-	-	-	75,739	75,739
Fire protection	-	4,000	-	-	4,000
Street lights	-	-	117,327	-	117,327
Festival	-	-	-	32,007	32,007
Employee health insurance	28,884	11,678	-	-	40,562
Committed					
Community center improvements	406,286	-	-	-	406,286
Park improvements	44,061	-	-	-	44,061
Cemetery expansion and improvements	8,000	-	-	-	8,000
Townhall and library capital improvements	115,000	-	-	-	115,000
Fire vehicle	70,000	-	-	-	70,000
Other capital improvements	428,390	-	-	-	428,390
Assigned - subsequent year's budget appropriations	484,987	-	-	-	484,987
Unassigned	1,562,212	-	-	-	1,562,212
Total fund balances	3,166,030	38,293	117,327	107,801	3,429,451
Total liabilities and fund balances	<b>\$ 3,260,072</b>	<b>\$ 72,455</b>	<b>\$ 127,783</b>	<b>\$ 112,002</b>	<b>\$ 3,572,312</b>

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, 2017

Total fund balance—governmental funds \$ 3,429,451

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	\$ 5,562,787	
Accumulated depreciation	<u>(2,027,443)</u>	3,535,344

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	(2,142,376)	
Compensated absences	(24,117)	
Other postemployment benefits	<u>(862,365)</u>	<u>(3,041,358)</u>

Net position of governmental activities		<b><u><u>\$ 3,923,437</u></u></b>
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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, 2017

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Street Light Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Property taxes	\$ 283,065	\$ 502,766	\$ 134,059	\$ 107,393	\$ 1,027,283
Licenses and permits	226,446	-	-	-	226,446
Intergovernmental revenues - State	864,079	43,210	11,527	9,212	928,028
Charges for services	78,390	51,636	-	-	130,026
Investment earnings	7,850	-	88	85	8,023
Other	68,658	5,975	-	15,519	90,152
Total revenues	1,528,488	603,587	145,674	132,209	2,409,958
<b>EXPENDITURES</b>					
Current					
General government	585,642	-	-	-	585,642
Public safety	126,021	680,298	-	-	806,319
Public works	151,093	-	126,664	-	277,757
Community and economic development	7,463	-	-	-	7,463
Culture and recreation	52,553	-	-	9,849	62,402
Other governmental functions	298,853	-	-	-	298,853
Debt service					
Principal	-	-	-	30,000	30,000
Interest and fees	-	-	-	73,318	73,318
Capital outlay	62,562	199,137	-	7,136	268,835
Total expenditures	1,284,187	879,435	126,664	120,303	2,410,589
Excess of revenues over (under) expenditures	244,301	(275,848)	19,010	11,906	(631)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	233,646	2,400	-	-	236,046
Transfers in	-	279,656	-	-	279,656
Transfers out	(279,656)	-	-	-	(279,656)
Total other financing sources (uses)	(46,010)	282,056	-	-	236,046
Net change in fund balances	198,291	6,208	19,010	11,906	235,415
Fund balances at July 1, 2016	2,967,739	32,085	98,317	95,895	3,194,036
Fund balances at June 30, 2017	<b>\$ 3,166,030</b>	<b>\$ 38,293</b>	<b>\$ 117,327</b>	<b>\$ 107,801</b>	<b>\$ 3,429,451</b>

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, 2017

Net change in fund balances—total governmental funds \$ 235,415

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	\$ (168,525)	
Capital outlay	<u>268,835</u>	100,310

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining undepreciated cost of the capital assets sold.

(128,007)

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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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	(3,560)	
Change in other postemployment benefits	<u>(19,296)</u>	<u>(22,856)</u>

Change in net position of governmental activities		<u><u>\$ 214,862</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, 2017

	<u><b>Business-type Activities - Enterprise Fund Sewer</b></u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 1,707,619
Receivables	
Accounts	289,781
Special assessments	20,000
Prepaid items	10,695
Total current assets	<u>2,028,095</u>
Noncurrent assets	
Special assessments receivable, less amounts due within one year	30,119
Capital assets	
Land	7,934
Buildings	18,613
Utility system	9,316,132
Equipment	229,240
Vehicles	16,667
Access rights	1,674,280
Less accumulated depreciation and amortization	<u>(8,519,946)</u>
Net capital assets	<u>2,742,920</u>
Total noncurrent assets	<u>2,773,039</u>
Total assets	<u>4,801,134</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	7,394
Accrued liabilities	20,617
Due to other governmental units	127,130
Bonds and other obligations, due within one year	<u>42,292</u>
Total current liabilities	197,433
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	<u>1,505,898</u>
Total liabilities	1,703,331
<b>NET POSITION</b>	
Net investment in capital assets	1,304,607
Restricted for employee health insurance	5,897
Unrestricted	1,787,299
Total net position	<u><u>\$ 3,097,803</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, 2017

	<b>Business-type            Activities -            Enterprise Fund  <u>Sewer</u></b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 881,091
Operating grant	<u>116,565</u>
Total operating revenues	997,656
<b>OPERATING EXPENSES</b>	
Administration	29,241
Operations	887,404
Depreciation and amortization	<u>146,312</u>
Total operating expenses	<u>1,062,957</u>
Operating income (loss)	(65,301)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	8,154
Connection fees	59,251
Gain on disposal of capital assets	1,733
Interest expense	<u>(51,149)</u>
Total nonoperating revenues (expenses)	<u>17,989</u>
Change in net position	(47,312)
Net position at July 1, 2016	<u>3,145,115</u>
Net position at June 30, 2017	<u><b>\$ 3,097,803</b></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, 2017

	<u><b>Business-type Activities - Enterprise Fund Sewer</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 890,242
Receipts from operating grant	149,956
Receipts from interfund services provided	6,904
Payments to suppliers	(765,984)
Payments to employees	(176,272)
Net cash provided by operating activities	104,846
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Connection fees	44,633
Purchases of capital assets	(19,993)
Principal paid on capital debt	(36,759)
Interest paid on capital debt	(63,505)
Proceeds from sales of capital assets	2,400
Net cash used for capital and related financing activities	(73,224)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment earnings	8,154
Net increase in cash and investments	39,776
Cash and investments at July 1, 2016	1,667,843
Cash and investments at June 30, 2017	<b>\$ 1,707,619</b>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (65,301)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization expense	146,312
Change in assets and liabilities	
Receivables	16,055
Due from other governmental units	33,391
Prepaid items	7,695
Accounts payable	(14,133)
Accrued liabilities	3,007
Due to other governmental units	(22,180)
Net cash provided by operating activities	<b>\$ 104,846</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
 Fiduciary Funds  
 June 30, 2017

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 7,723
Receivables	3,153
Total assets	<b>\$ 10,876</b>
 <b>LIABILITIES</b>	
Due to other governmental units	\$ 4,183
Other liabilities	6,693
Total liabilities	<b>\$ 10,876</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**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, 2017

**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, 2017

**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, 2017

**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, 2017

**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, 2017

**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 2016 state taxable value for real/personal property of the Township totaled approximately \$165,000,000. 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, 2017

**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, 2017, the Township had the following investments:

<b>Investment Type</b>	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturity (Days)</u></b>	<b><u>Standard and Poor's</u></b>	<b><u>Percent</u></b>
External investment pool	\$ 959,618	58	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, 2017, \$2,831,164 of the Township's bank balance of \$3,961,267 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**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, 2017.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2017

**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, 2017:

	<b>Assets at Fair Value as of June 30, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
External investment pool	\$ -	\$ 959,618	\$ -	\$ 959,618



Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE E—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2017</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 355,707	\$ 6,007	\$ 128,007	\$ 233,707
Construction in progress	198,042	-	198,042	-
Total capital assets, not being depreciated	553,749	6,007	326,049	233,707
<b>Capital assets, being depreciated:</b>				
Land improvements	523,292	-	-	523,292
Buildings and improvements	3,019,533	-	-	3,019,533
Equipment	380,350	21,136	71,238	330,248
Office equipment	64,963	-	-	64,963
Vehicles	1,148,122	439,734	196,812	1,391,044
Total capital assets, being depreciated	5,136,260	460,870	268,050	5,329,080
<b>Less accumulated depreciation:</b>				
Land improvements	231,832	25,615	-	257,447
Buildings and improvements	657,192	65,687	-	722,879
Equipment	243,911	18,704	71,238	191,377
Office equipment	45,837	5,376	-	51,213
Vehicles	948,196	53,143	196,812	804,527
Total accumulated depreciation	2,126,968	168,525	268,050	2,027,443
Total capital assets, being depreciated, net	3,009,292	292,345	-	3,301,637
Capital assets, net	<b>\$ 3,563,041</b>	<b>\$ 298,352</b>	<b>\$ 326,049</b>	<b>\$ 3,535,344</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE E—CAPITAL ASSETS—Continued**

	<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>
	<b>July 1, 2016</b>			<b>June 30, 2017</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 7,934	\$ -	\$ -	\$ 7,934
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	18,613	-	-	18,613
Utility systems	9,296,139	19,993	-	9,316,132
Equipment	240,606	-	11,366	229,240
Vehicles	16,667	-	-	16,667
Access rights	1,674,280	-	-	1,674,280
Total capital assets, being depreciated	11,246,305	19,993	11,366	11,254,932
<b>Less accumulated depreciation:</b>				
Buildings and improvements	10,004	465	-	10,469
Utility systems	7,631,217	78,216	-	7,709,433
Equipment	200,623	6,427	10,699	196,351
Vehicles	16,667	-	-	16,667
Access rights	525,822	61,204	-	587,026
Total accumulated depreciation	8,384,333	146,312	10,699	8,519,946
Total capital assets, being depreciated, net	2,861,972	(126,319)	667	2,734,986
Capital assets, net	<b>\$ 2,869,906</b>	<b>\$ (126,319)</b>	<b>\$ 667</b>	<b>\$ 2,742,920</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 33,446
Public safety	110,552
Public works	6,780
Culture and recreation	17,747
	<b>\$ 168,525</b>

**Business-type activities:**

Sewer	<b>\$ 146,312</b>
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**NOTE F—INTERFUND TRANSFERS**

The composition of interfund transfers as of June 30, 2017 consisted of the General Fund transferring \$279,656 to the Fire Fund for operations and capital outlay.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2017

**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, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 2,172,376	\$ -	\$ 30,000	\$ 2,142,376	\$ 30,000
Compensated absences	20,557	45,102	41,542	24,117	24,117
Other postemployment benefits	843,069	134,592	115,296	862,365	-
Governmental activities long-term liabilities	<b><u>\$ 3,036,002</u></b>	<b><u>\$ 179,694</u></b>	<b><u>\$ 186,838</u></b>	<b><u>\$ 3,028,858</u></b>	<b><u>\$ 54,117</u></b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 1,336,953	\$ -	\$ 36,759	\$ 1,300,194	\$ 39,000
Premium	150,175	-	12,056	138,119	-
Compensated absences	3,140	12,562	12,410	3,292	3,292
Other postemployment benefits	104,199	2,386	-	106,585	-
Business-type activities long-term liabilities	<b><u>\$ 1,594,467</u></b>	<b><u>\$ 14,948</u></b>	<b><u>\$ 61,225</u></b>	<b><u>\$ 1,548,190</u></b>	<b><u>\$ 42,292</u></b>

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Governmental activities:</b>			
<b>General obligation bonds</b>			
2013 Unlimited Tax General Obligation Bonds	3.375%	May 2043	<b><u>\$ 2,142,376</u></b>
<b>Business-type activities:</b>			
<b>General obligation bonds</b>			
Muskegon County Wastewater Management - Number One Refunding Bonds of 2015	4-5%	Nov 2036	<b><u>\$ 1,300,194</u></b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2017

**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, 2017 was approximately \$344,000. 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, 2017.

Annual debt service requirements to maturity for debt outstanding as of June 30, 2017 follow:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	35,000	67,580	48,000	53,004
2023-2027	265,000	316,470	279,000	225,841
2028-2032	380,000	262,976	351,000	155,512
2033-2037	520,000	190,076	454,194	59,092
2038-2042	680,000	92,032	-	-
2043	122,376	4,130	-	-
	<b>\$ 2,142,376</b>	<b>\$ 1,215,397</b>	<b>\$ 1,300,194</b>	<b>\$ 727,539</b>

**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, 2017

**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.

**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, 2017, the Township recognized pension expense of \$91,076.

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, 2017 there were no forfeitures.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2017

**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, 2017, the Township contributed \$115,296 to the Retiree Healthcare Plan, of which \$40,296 were direct payments for retiree insurance and \$75,000 were contributed to the trust, which is 84 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	66,310
Adjustment to annual required contribution	(60,918)
Net OPEB cost	136,978
Payments made to or on behalf of retirees	(40,296)
Contributions made to OPEB trust	(75,000)
Increase in net OPEB obligation	21,682
Net OPEB obligation at beginning of year	947,268
Net OPEB obligation at end of year	<b>\$ 968,950</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2017

**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>
6/30/15	\$ 179,840	27.1 %	\$ 855,447
6/30/16	136,455	32.7	947,268
6/30/17	136,978	84.2	968,950

**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, 2017

**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 54 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 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the Township's 2020 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

Egelston Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 277,326	\$ 277,326	\$ 283,065	\$ 5,739
Licenses and permits	148,900	226,010	226,446	436
Intergovernmental revenues - State	790,000	875,678	864,079	(11,599)
Charges for services	49,842	78,459	78,390	(69)
Investment earnings	4,800	4,800	7,850	3,050
Other	47,597	65,610	68,658	3,048
Total revenues	1,318,465	1,527,883	1,528,488	605
<b>EXPENDITURES</b>				
Current				
General government				
Township board	24,300	24,300	20,021	4,279
Supervisor	46,700	46,700	44,066	2,634
Elections	14,500	36,686	33,729	2,957
Board of review	3,200	3,200	2,029	1,171
Clerk	96,000	96,000	91,559	4,441
Treasurer	80,650	79,539	66,688	12,851
Assessor	61,700	62,000	61,825	175
Township hall	54,663	54,100	47,756	6,344
Cemetery	32,600	33,300	29,593	3,707
Professional services	16,000	25,000	21,759	3,241
Office clerk	101,500	102,611	96,162	6,449
Maintenance	91,920	89,608	70,455	19,153
Public safety				
Inspection department	100,596	115,508	108,034	7,474
Sheriff	-	18,000	17,987	13
Public works				
Landfill	4,645	4,645	617	4,028
Roads	174,000	174,000	150,476	23,524
Community and economic development				
Planning	8,950	8,950	6,788	2,162
Zoning board of appeals	1,250	1,250	675	575
Culture and recreation				
Recreation programs and park maintenance	33,863	38,775	37,754	1,021
Library	19,466	19,466	14,799	4,667
Other governmental functions				
Payroll benefits	314,875	287,435	256,311	31,124
Insurance	36,000	29,500	27,073	2,427
Other	20,749	20,749	15,469	5,280
Capital outlay	42,000	62,570	62,562	8
Total expenditures	1,380,127	1,433,892	1,284,187	149,705
Excess of revenues over (under) expenditures	(61,662)	93,991	244,301	150,310
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,000	234,646	233,646	(1,000)
Transfers out	(417,988)	(417,988)	(279,656)	138,332
Total other financing sources (uses)	(416,988)	(183,342)	(46,010)	137,332
Net change in fund balance	<u>\$ (478,650)</u>	<u>\$ (89,351)</u>	198,291	<u>\$ 287,642</u>
Fund balance at July 1, 2016			2,967,739	
Fund balance at June 30, 2017			<u>\$ 3,166,030</u>	

Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Fire Fund  
 For the year ended June 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 503,097	\$ 503,097	\$ 502,766	\$ (331)
Intergovernmental revenue - State	-	43,211	43,210	(1)
Charges for services	50,555	50,555	51,636	1,081
Other	-	2,857	5,975	3,118
Total revenues	553,652	599,720	603,587	3,867
<b>EXPENDITURES</b>				
Current				
Public safety	756,640	756,640	680,298	76,342
Capital outlay	220,000	220,000	199,137	20,863
Total expenditures	976,640	976,640	879,435	97,205
Excess of revenues over (under) expenditures	(422,988)	(376,920)	(275,848)	101,072
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	5,000	5,000	2,400	(2,600)
Transfers in	417,988	371,920	279,656	(92,264)
Total other financing sources	422,988	376,920	282,056	(94,864)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,208	<u>\$ 6,208</u>
Fund balance at July 1, 2016			<u>32,085</u>	
Fund balance at June 30, 2017			<u>\$ 38,293</u>	

Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Street Light Fund  
 For the year ended June 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 134,232	\$ 134,232	\$ 134,059	\$ (173)
Intergovernmental revenue - State	-	11,528	11,527	(1)
Investment earnings	100	100	88	(12)
Total revenues	134,332	145,860	145,674	(186)
<b>EXPENDITURES</b>				
Current				
Public works	131,700	131,700	126,664	5,036
Net change in fund balance	<b>\$ 2,632</b>	<b>\$ 14,160</b>	19,010	<b>\$ 4,850</b>
Fund balance at July 1, 2016			98,317	
Fund balance at June 30, 2017			<b>\$ 117,327</b>	

Egelston Township  
 Required Supplementary Information  
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS PLAN**  
 For the year ended June 30, 2017

*(Dollar amounts in thousands)*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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, 2017

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Fund  Festival</b>	<b>Debt Service Fund  Fire Station Debt</b>
<b>ASSETS</b>			
Cash and investments	\$ 111,940	\$ 36,208	\$ 75,732
Accounts receivable	7	-	7
Prepaid items	55	55	-
Total assets	<b>\$ 112,002</b>	<b>\$ 36,263</b>	<b>\$ 75,739</b>
 <b>LIABILITIES</b>			
Accounts payable	\$ 616	\$ 616	\$ -
Unearned revenues - fees for subsequent year	3,585	3,585	-
Total liabilities	4,201	4,201	-
 <b>FUND BALANCES</b>			
Nonspendable - prepaid items	55	55	-
Restricted			
Debt service	75,739	-	75,739
Festival	32,007	32,007	-
Total fund balances	107,801	32,062	75,739
Total liabilities and fund balances	<b>\$ 112,002</b>	<b>\$ 36,263</b>	<b>\$ 75,739</b>

Egelston Township  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2017

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Fund <u>Festival</u></b>	<b>Debt Service Fund <u>Fire Station Debt</u></b>
<b>REVENUES</b>			
Property taxes	\$ 107,393	\$ -	\$ 107,393
Intergovernmental revenues - State	9,212	-	9,212
Investment earnings	85	38	47
Other	15,519	15,519	-
Total revenues	<u>132,209</u>	<u>15,557</u>	<u>116,652</u>
<b>EXPENDITURES</b>			
Current			
Culture and recreation	9,849	9,849	-
Debt service			
Principal	30,000	-	30,000
Interest and fees	73,318	-	73,318
Capital outlay	7,136	7,136	-
Total expenditures	<u>120,303</u>	<u>16,985</u>	<u>103,318</u>
Net change in fund balances	11,906	(1,428)	13,334
Fund balances at July 1, 2016	<u>95,895</u>	<u>33,490</u>	<u>62,405</u>
Fund balances at June 30, 2017	<u><u>\$ 107,801</u></u>	<u><u>\$ 32,062</u></u>	<u><u>\$ 75,739</u></u>