

Egelston Township  
Muskegon County, Michigan

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

Year ended June 30, 2014



Egelston Township

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**INDEPENDENT AUDITORS' REPORT**

October 30, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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***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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplemental Information***

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

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

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of Egelston Township, Michigan’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Egelston Township, Michigan’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brickley De Long, P.C." The signature is written in a cursive, flowing style.

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, 2014. 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, Street Light Fund, and Fire Station Construction 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, 2014, the Township's net position from governmental activities totaled \$3,509,525 (51%) and \$3,427,002 (49%) from business-type activities, creating a total government-wide net position total of \$6,936,527.

# 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 \$1,880,815. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$3,427,002 in net position, of which \$1,782,111 is unrestricted net position.

Current and other asset for governmental activities increased reflecting an increase in fund balance in the General Fund and lower costs for fire operations. Capital assets increased by approximately \$1,753,000 due to the construction of a new fire station. Current liabilities decreased due to payables related to the aforementioned construction project that were outstanding at the end of the prior fiscal year. Noncurrent liabilities increased by approximately \$1,987,000 as the Township borrowed money using general obligation bonds to finance the fire station construction project and also recorded a 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*.

Capital assets for the business-type activities decreased by approximately \$131,000 because depreciation exceeded current year capital asset additions. Current liabilities increased due to higher payables due to Muskegon County for wastewater treatment at year-end.

### Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets and other assets	\$ 3,065,942	\$ 2,787,247	\$ 1,926,885	\$ 1,892,581	\$ 4,992,827	\$ 4,679,828
Capital assets	3,627,866	1,875,125	3,156,547	3,287,914	6,784,413	5,163,039
Total assets	6,693,808	4,662,372	5,083,432	5,180,495	11,777,240	9,842,867
Current liabilities	264,884	350,319	174,587	146,188	439,471	496,507
Noncurrent liabilities	2,919,399	932,209	1,481,843	1,519,316	4,401,242	2,451,525
Total liabilities	3,184,283	1,282,528	1,656,430	1,665,504	4,840,713	2,948,032
Net position						
Net investment in capital assets	1,402,866	1,503,682	1,636,704	1,731,598	3,039,570	3,235,280
Restricted	225,844	178,641	8,187	8,281	234,031	186,922
Unrestricted	1,880,815	1,697,521	1,782,111	1,775,112	3,662,926	3,472,633
Total net position	\$ 3,509,525	\$ 3,379,844	\$ 3,427,002	\$ 3,514,991	\$ 6,936,527	\$ 6,894,835



# 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			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 257,589	\$ 242,574	\$ 747,537	\$ 718,198	\$ 1,005,126	\$ 960,772
Operating grants and contributions	2,448	51,450	-	-	2,448	51,450
Capital grants and contributions	9,734	144,863	15,653	40,909	25,387	185,772
General revenues						
Property taxes	1,053,904	913,296	-	-	1,053,904	913,296
Franchise fees	92,180	89,653	-	-	92,180	89,653
Grants and contributions not restricted	760,501	742,681	-	-	760,501	742,681
Unrestricted investment earnings	5,982	10,182	8,576	11,430	14,558	21,612
Miscellaneous	14,073	23,818	-	-	14,073	23,818
Gain on sale of capital assets	-	880	1,850	-	1,850	880
<b>Total revenues</b>	<b>2,196,411</b>	<b>2,219,397</b>	<b>773,616</b>	<b>770,537</b>	<b>2,970,027</b>	<b>2,989,934</b>
Expenses:						
General government	760,891	799,869	-	-	760,891	799,869
Public safety	1,019,011	1,021,083	-	-	1,019,011	1,021,083
Public works	154,267	148,742	-	-	154,267	148,742
Community and economic development	4,083	71,901	-	-	4,083	71,901
Culture and recreation	74,150	87,664	-	-	74,150	87,664
Interest on long term debt	54,328	-	-	-	54,328	-
Sewer	-	-	861,605	800,510	861,605	800,510
<b>Total expenses</b>	<b>2,066,730</b>	<b>2,129,259</b>	<b>861,605</b>	<b>800,510</b>	<b>2,928,335</b>	<b>2,929,769</b>
Change in net position	129,681	90,138	(87,989)	(29,973)	41,692	60,165
Net position - Beginning	3,379,844	3,289,706	3,514,991	3,544,964	6,894,835	6,834,670
<b>Net position - Ending</b>	<b>\$ 3,509,525</b>	<b>\$ 3,379,844</b>	<b>\$ 3,427,002</b>	<b>\$ 3,514,991</b>	<b>\$ 6,936,527</b>	<b>\$ 6,894,835</b>

For the year ended June 30, 2014, net position changed by \$129,681 and (\$87,989) in governmental activities and business-type activities, respectively. This resulted in an overall increase of \$41,692 government wide.

### **Governmental Activities**

Property taxes increased by approximately \$141,000 due to a new voter-approved millage for debt retirement related to the new fire station. Operating grants and contributions and community and economic development expenses decreased by approximately \$49,000 and \$68,000, respectively as the Township acted as a pass-through entity for a Community Development Block Grant with a local company in the prior year. Interest on long-term debt of \$54,328 is new this year as the Township begins to make payments on the bonds issued for the construction of a new fire station. Capital grants and contributions decreased by approximately \$135,000 as the Township received a grant in the prior year for improvements to Sunset Beach.

### **Business-type Activities**

Charges for services increased by approximately \$29,000 due to a rate increase and additional users. Capital grants and contributions fluctuate based on the amount of new hookups to the Township's sewer system. Sewer Fund expenses increased approximately \$61,000 due to higher charges by the County for sewer treatment.

### **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, 2014, the governmental funds reported a combined unassigned fund balance of \$1,312,407, 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 \$1,307,640 for various capital improvements and other anticipated projects.

The General Fund is the chief operating fund of the Township. At June 30, 2014, the General Fund fund balance was \$2,672,527, an increase of \$319,760. 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 127% 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 \$87,989.

### **General Fund Budget**

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

- The licenses and permits revenues budget was increased by \$39,500 as building permits were higher than expected.

# Egelston Township

## Management's Discussion and Analysis

- The charges for services revenues budget was increased by \$13,252 as the Township budgeted conservatively for certain services such as cemetery activity and adjusted its budget based on actual revenues.
- The maintenance expenditures budget was increased by \$12,887 due to the need for a new well and some electrical improvements in the maintenance building.
- The capital outlay expenditures budget was increased by \$63,754 for paving of the Township's parking lot.

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

- Licenses and permit revenues were over the final budget because development was even higher than expected after budget amendments.
- Payroll benefits were under the final budget by \$53,776 due to savings from changes to health insurance.
- Transfers out were under the final budget by \$99,234 as the Fire Fund spent less than budgeted and therefore did not require an operating subsidy from the General Fund.

### Capital Assets Administration

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2014 totaled \$6,784,413 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, office equipment, equipment, utility systems and vehicles.

Major capital asset additions during the current year included the repaving of the Township parking lot and the construction of a new fire station.

### Capital Assets (Net of Accumulated Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 355,707	\$ 355,707	\$ 7,934	\$ 7,934	\$ 363,641	\$ 363,641
Construction in progress	-	460,715	-	-	-	460,715
Land improvements	322,198	282,928	-	-	322,198	282,928
Buildings and improvements	2,465,622	265,136	9,541	10,006	2,475,163	275,142
Utility systems	-	-	1,820,795	1,898,732	1,820,795	1,898,732
Equipment	194,806	183,701	40,995	29,423	235,801	213,124
Office equipment	10,333	5,577	-	-	10,333	5,577
Vehicles	279,200	321,361	6,418	9,751	285,618	331,112
Access rights	-	-	1,270,864	1,332,068	1,270,864	1,332,068
<b>Total</b>	<b>\$ 3,627,866</b>	<b>\$ 1,875,125</b>	<b>\$ 3,156,547</b>	<b>\$ 3,287,914</b>	<b>\$ 6,784,413</b>	<b>\$ 5,163,039</b>

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

# Egelston Township

## Management's Discussion and Analysis

### Long-Term Debt

At June 30, 2014, the Township had total outstanding debt of \$4,505,109 consisting of general obligation bonds, compensated absences, and other postemployment benefits.

#### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligations						
bonds	\$ 2,225,000	\$ 371,443	\$ 1,519,843	\$ 1,556,316	\$ 3,744,843	\$ 1,927,759
Compensated absences	32,645	28,231	3,222	3,034	35,867	31,265
Other postemployment						
benefits	724,399	590,766	-	-	724,399	590,766
Total	<u>\$ 2,982,044</u>	<u>\$ 990,440</u>	<u>\$ 1,523,065</u>	<u>\$ 1,559,350</u>	<u>\$ 4,505,109</u>	<u>\$ 2,549,790</u>

The Township's total debt increased by \$1,955,319 during the fiscal year. The increase came as a result of the Township recording a liability for its unfunded annual required contribution for other postemployment benefits and also new general obligation bonds used to finance the fire station construction project.

Additional information on the Township's long-term debt can be found in Note F 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 over 77% of the General Fund revenue sources. In fiscal year 2015, the Township budgeted for both revenue streams to remain about the same. No other significant changes are expected from operating revenues. The Township has also listed an unused parcel of land for sale that could potentially generate additional income.

The Township is expecting operating expenditures to increase by the rate of inflation in the coming year in the General Fund. The Township has not currently budgeted any significant capital project in the General Fund but is considering reroofing the Township complex. The Township is investigating the cost of the project and is uncertain as to whether this will be done in fiscal year 2015 or fiscal year 2016. As part of its budget, the Township has appropriated approximately \$153,000 to transfer to the Fire Fund to support fire operations.

In the Fire Fund, operations are expected to be similar to last year except the Township has filled the vacant fire chief position and expects to see an increase in corresponding salaries and other costs. The Township is in the final year of a Staffing for Adequate Fire and Emergency Response grant of approximately \$128,000 which supports training costs. The Fire Fund has no significant capital purchases budgeted. However, the Township is early in the process of considering the replacement of a fire tanker in the next two years.

Although the Township has no current plans to increase its rates in the Sewer Fund, it is carefully monitoring treatment costs at Muskegon County and will adjust rates if necessary. The Township has received a Stormwater, Asset Management, and Wastewater Grant from the State of Michigan for approximately \$625,000 which it will use to form an asset management plan and evaluate the current condition of the sewer system. This project will be ongoing over the next three years.

### **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, 2014

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 2,631,468	\$ 1,598,110	\$ 4,229,578
Receivables	26,478	278,011	304,489
Due from other governmental units	372,553	-	372,553
Prepaid items	35,443	3,066	38,509
Total current assets	3,065,942	1,879,187	4,945,129
Noncurrent assets			
Special assessments receivable, less amounts due within one year	-	47,698	47,698
Capital assets, net			
Nondepreciable	355,707	7,934	363,641
Depreciable	3,272,159	3,148,613	6,420,772
Total noncurrent assets	3,627,866	3,204,245	6,832,111
Total assets	6,693,808	5,083,432	11,777,240
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	195,304	23,006	218,310
Due to other governmental units	3,955	110,359	114,314
Unearned revenues - fees for subsequent year	2,980	-	2,980
Bonds and other obligations, due within one year	62,645	41,222	103,867
Total current liabilities	264,884	174,587	439,471
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	2,919,399	1,481,843	4,401,242
Total liabilities	3,184,283	1,656,430	4,840,713
<b>NET POSITION</b>			
Net investment in capital assets	1,402,866	1,636,704	3,039,570
Restricted			
Debt service	35,260	-	35,260
Fire operations	30,976	-	30,976
Street lights	80,901	-	80,901
Festival	27,249	-	27,249
Employee health insurance	51,458	8,187	59,645
Unrestricted	1,880,815	1,782,111	3,662,926
Total net position	<b>\$ 3,509,525</b>	<b>\$ 3,427,002</b>	<b>\$ 6,936,527</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities							
General government	\$ 760,891	\$ 53,937	\$ 2,448	\$ -	\$ (704,506)	\$ -	\$ (704,506)
Public safety	1,019,011	137,333	-	9,734	(871,944)	-	(871,944)
Public works	154,267	-	-	-	(154,267)	-	(154,267)
Community and economic development	4,083	-	-	-	(4,083)	-	(4,083)
Culture and recreation	74,150	66,319	-	-	(7,831)	-	(7,831)
Interest on long-term debt	54,328	-	-	-	(54,328)	-	(54,328)
Total governmental activities	2,066,730	257,589	2,448	9,734	(1,796,959)	-	(1,796,959)
Business-type activities							
Sewer	861,605	747,537	-	15,653	-	(98,415)	(98,415)
Total government	<b>\$ 2,928,335</b>	<b>\$ 1,005,126</b>	<b>\$ 2,448</b>	<b>\$ 25,387</b>	(1,796,959)	(98,415)	(1,895,374)
General revenues							
Property taxes, levied for							
General purposes					286,365	-	286,365
Specific purposes					767,539	-	767,539
Franchise fees					92,180	-	92,180
Grants and contributions not restricted to specific programs					760,501	-	760,501
Unrestricted investment earnings					5,982	8,576	14,558
Miscellaneous					14,073	-	14,073
Gain on sale of capital assets					-	1,850	1,850
Total general revenues					1,926,640	10,426	1,937,066
Change in net position					129,681	(87,989)	41,692
Net position at July 1, 2013					3,379,844	3,514,991	6,894,835
Net position at June 30, 2014					<b>\$ 3,509,525</b>	<b>\$ 3,427,002</b>	<b>\$ 6,936,527</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2014

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Street Light Fund</b>	<b>Fire Station Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$ 2,411,457	\$ 52,240	\$ 91,638	\$ 179	\$ 75,954	\$ 2,631,468
Accounts receivable	26,469	8	1	-	-	26,478
Due from other governmental units	256,105	11,448	-	105,000	-	372,553
Prepaid items	17,765	17,063	-	-	615	35,443
Total assets	<b>\$ 2,711,796</b>	<b>\$ 80,759</b>	<b>\$ 91,639</b>	<b>\$ 105,179</b>	<b>\$ 76,569</b>	<b>\$ 3,065,942</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 9,242	\$ 9,118	\$ 10,738	\$ 105,132	\$ -	\$ 134,230
Accrued liabilities	25,040	23,434	-	-	-	48,474
Due to other governmental units	3,467	488	-	-	-	3,955
Unearned revenues - fees for subsequent year	1,520	-	-	-	1,460	2,980
Total liabilities	39,269	33,040	10,738	105,132	1,460	189,639
<b>FUND BALANCES</b>						
Nonspendable - prepaid items	17,765	17,063	-	-	615	35,443
Restricted						
Debt service	-	-	-	-	47,860	47,860
Fire protection	-	13,913	-	-	-	13,913
Street lights	-	-	80,901	-	-	80,901
Festival	-	-	-	-	26,634	26,634
Employee health insurance	34,715	16,743	-	-	-	51,458
Committed						
Community center improvements	292,640	-	-	-	-	292,640
Park improvements	45,000	-	-	-	-	45,000
Cemetery expansion and improvements	10,000	-	-	-	-	10,000
Townhall roof	35,000	-	-	-	-	35,000
Townhall and library capital improvements	25,000	-	-	-	-	25,000
Fire vehicle	300,000	-	-	-	-	300,000
Other vehicle replacement	25,000	-	-	-	-	25,000
Road improvements	125,000	-	-	-	-	125,000
Other capital improvements	450,000	-	-	47	-	450,047
Unassigned	1,312,407	-	-	-	-	1,312,407
Total fund balances	2,672,527	47,719	80,901	47	75,109	2,876,303
Total liabilities and fund balances	<b>\$ 2,711,796</b>	<b>\$ 80,759</b>	<b>\$ 91,639</b>	<b>\$ 105,179</b>	<b>\$ 76,569</b>	<b>\$ 3,065,942</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, 2014

Total fund balance—governmental funds		\$ 2,876,303
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	\$ 5,472,367	
Accumulated depreciation	<u>(1,844,501)</u>	3,627,866
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	(12,600)	
Bonds payable	(2,225,000)	
Compensated absences	(32,645)	
Other postemployment benefits	<u>(724,399)</u>	<u>(2,994,644)</u>
Net position of governmental activities		<u><u>\$ 3,509,525</u></u>

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, 2014

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Street Light Fund</u>	<u>Fire Station Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property taxes	\$ 286,365	\$ 518,437	\$ 138,248	\$ -	\$ 110,854	\$ 1,053,904
Licenses and permits	177,843	-	-	-	-	177,843
Intergovernmental revenues						
Federal	-	9,734	-	-	-	9,734
State	760,501	-	-	-	-	760,501
Charges for services	66,267	53,181	-	-	-	119,448
Fines and forfeitures	1,441	-	-	-	-	1,441
Investment earnings	5,775	-	109	-	84	5,968
Other	51,924	4,642	-	-	11,006	67,572
Total revenues	1,350,116	585,994	138,357	-	121,944	2,196,411
<b>EXPENDITURES</b>						
Current						
General government	516,199	-	-	-	-	516,199
Public safety	89,444	577,964	-	48,379	-	715,787
Public works	5,389	-	134,685	-	-	140,074
Community and economic development	3,756	-	-	-	-	3,756
Culture and recreation	43,743	-	-	-	9,291	53,034
Other governmental functions	307,822	-	-	-	-	307,822
Debt service						
Principal	-	-	-	-	30,000	30,000
Interest and fees	-	-	-	-	41,728	41,728
Capital outlay	63,754	-	-	1,826,670	-	1,890,424
Total expenditures	1,030,107	577,964	134,685	1,875,049	81,019	3,698,824
Excess of revenues over (under) expenditures	320,009	8,030	3,672	(1,875,049)	40,925	(1,502,413)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	-	-	1,883,557	-	1,883,557
Transfers in	-	-	-	249	8,710	8,959
Transfers out	(249)	-	-	(8,710)	-	(8,959)
Total other financing sources (uses)	(249)	-	-	1,875,096	8,710	1,883,557
Net change in fund balances	319,760	8,030	3,672	47	49,635	381,144
Fund balances at July 1, 2013	2,352,767	39,689	77,229	-	25,474	2,495,159
Fund balances at June 30, 2014	<b>\$ 2,672,527</b>	<b>\$ 47,719</b>	<b>\$ 80,901</b>	<b>\$ 47</b>	<b>\$ 75,109</b>	<b>\$ 2,876,303</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, 2014

Net change in fund balances—total governmental funds \$ 381,144

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	\$ (137,683)	
Capital outlay	<u>1,890,424</u>	1,752,741

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.

Issuance of long-term debt	(1,883,557)	
Repayment of principal on long-term debt	<u>30,000</u>	(1,853,557)

Changes in accrual of interest and amortization of premiums and discounts		
Change in accrued interest payable		(12,600)

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	(4,414)	
Change in other postemployment benefits	<u>(133,633)</u>	<u>(138,047)</u>

Change in net position of governmental activities		<u><u>\$ 129,681</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, 2014

	<u><b>Business-type Activities - Enterprise Fund Sewer</b></u>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 1,598,110
Receivables	
Accounts	257,511
Special assessments	20,500
Prepaid items	<u>3,066</u>
Total current assets	1,879,187
Noncurrent assets	
Special assessments receivable, less amounts due within one year	47,698
Capital assets	
Land	7,934
Buildings	18,613
Utility system	9,296,139
Equipment	222,529
Vehicles	16,667
Access rights	1,674,280
Less accumulated depreciation and amortization	<u>(8,079,615)</u>
Net capital assets	<u>3,156,547</u>
Total noncurrent assets	<u>3,204,245</u>
Total assets	5,083,432
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	3,756
Accrued liabilities	19,250
Due to other governmental units	110,359
Bonds and other obligations, due within one year	<u>41,222</u>
Total current liabilities	174,587
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	<u>1,481,843</u>
Total liabilities	1,656,430
<b>NET POSITION</b>	
Net investment in capital assets	1,636,704
Restricted for employee health insurance	8,187
Unrestricted	<u>1,782,111</u>
Total net position	<u><b>\$ 3,427,002</b></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, 2014

	<b>Business-type Activities - Enterprise Fund Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 747,537
<b>OPERATING EXPENSES</b>	
Administration	26,855
Operations	608,325
Depreciation and amortization	155,530
Total operating expenses	790,710
Operating income (loss)	(43,173)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	8,576
Connection fees	15,653
Gain on disposal of capital assets	1,850
Interest expense	(70,895)
Total nonoperating revenues (expenses)	(44,816)
Change in net position	(87,989)
Net position at July 1, 2013	3,514,991
Net position at June 30, 2014	<b>\$ 3,427,002</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF CASH FLOWS**  
 Proprietary Fund  
 For the year ended June 30, 2014

	<b>Business-type Activities - Enterprise Fund Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 779,800
Receipts from interfund services provided	6,009
Payments to suppliers	(439,684)
Payments to employees	(167,615)
Net cash provided by operating activities	178,510
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Connection fees	38,270
Purchases of capital assets	(24,163)
Principal paid on capital debt	(37,172)
Interest paid on capital debt	(70,696)
Proceeds from sales of capital assets	1,850
Net cash used for capital and related financing activities	(91,911)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment earnings	8,576
Net increase in cash and investments	95,175
Cash and investments at July 1, 2013	1,502,935
Cash and investments at June 30, 2014	<b>\$ 1,598,110</b>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (43,173)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization expense	155,530
Change in assets and liabilities	
Receivables	38,272
Prepaid items	(18)
Accounts payable	1,476
Accrued liabilities	(162)
Due to other governmental units	26,585
Net cash provided by operating activities	<b>\$ 178,510</b>

The accompanying notes are an integral part of this statement.

Egelston Township  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
June 30, 2014

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,097
Receivables	<u>3,993</u>
Total assets	<u><b>\$ 7,090</b></u>
<b>LIABILITIES</b>	
Due to other governmental units	\$ 5,849
Other liabilities	<u>1,241</u>
Total liabilities	<u><b>\$ 7,090</b></u>

The accompanying notes are an integral part of this statement.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**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 municipal corporation 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, 2014

**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 Fire Construction Fund is used to account for the construction of the new fire station.

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, 2014

**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, 2014

**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, 2014

**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, 2014

**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 2013 state taxable value for real/personal property of the Township totaled approximately \$168,000,000. 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, 2014

**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, 2014, 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	\$ 274,550	50	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 fair value of the Pool.

**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, 2014, \$2,248,820 of the Township's bank balance of \$3,974,034 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**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—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2014</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 355,707	\$ -	\$ -	\$ 355,707
Construction in progress	460,715	1,783,672	2,244,387	-
Total capital assets, not being depreciated	816,422	1,783,672	2,244,387	355,707
<b>Capital assets, being depreciated:</b>				
Land improvements	475,425	63,754	35,879	503,300
Buildings and improvements	836,304	2,244,387	89,000	2,991,691
Equipment	412,890	36,540	26,000	423,430
Office equipment	55,184	6,458	11,525	50,117
Vehicles	1,148,122	-	-	1,148,122
Total capital assets, being depreciated	2,927,925	2,351,139	162,404	5,116,660
<b>Less accumulated depreciation:</b>				
Land improvements	192,497	24,484	35,879	181,102
Buildings and improvements	571,168	43,901	89,000	526,069
Equipment	229,189	25,435	26,000	228,624
Office equipment	49,607	1,702	11,525	39,784
Vehicles	826,761	42,161	-	868,922
Total accumulated depreciation	1,869,222	137,683	162,404	1,844,501
Total capital assets, being depreciated, net	1,058,703	2,213,456	-	3,272,159
Capital assets, net	<b>\$ 1,875,125</b>	<b>\$ 3,997,128</b>	<b>\$ 2,244,387</b>	<b>\$ 3,627,866</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>
	<b>July 1, 2013</b>			<b>June 30, 2014</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	-	-	9,296,139
Equipment	206,321	24,163	7,955	222,529
Vehicles	34,788	-	18,121	16,667
Access rights	1,674,280	-	-	1,674,280
<b>Total capital assets, being depreciated</b>	<b>11,230,141</b>	<b>24,163</b>	<b>26,076</b>	<b>11,228,228</b>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	8,607	465	-	9,072
Utility systems	7,397,407	77,937	-	7,475,344
Equipment	176,898	12,591	7,955	181,534
Vehicles	25,037	3,333	18,121	10,249
Access rights	342,212	61,204	-	403,416
<b>Total accumulated depreciation</b>	<b>7,950,161</b>	<b>155,530</b>	<b>26,076</b>	<b>8,079,615</b>
Total capital assets, being depreciated, net	3,279,980	(131,367)	-	3,148,613
<b>Capital assets, net</b>	<b>\$ 3,287,914</b>	<b>\$ (131,367)</b>	<b>\$ -</b>	<b>\$ 3,156,547</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 31,402
Public safety	74,169
Public works	12,549
Culture and recreation	19,563
	<b>\$ 137,683</b>

**Business-type activities:**

Sewer	<b>\$ 155,530</b>
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Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE E—INTERFUND TRANSFERS**

The composition of interfund transfers as of June 30, 2014 consisted of the General Fund transferring \$249 to the Fire Station Construction Fund and the Fire Station Construction Fund transferring \$8,710 to the Fire Station Debt Fund for interest expense.

**NOTE F—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, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 371,443	\$ 1,883,557	\$ 30,000	\$ 2,225,000	\$ 30,000
Compensated absences	28,231	53,560	49,146	32,645	32,645
Other postemployment benefits	590,766	178,105	44,472	724,399	-
Governmental activities long-term liabilities	<b>\$ 990,440</b>	<b>\$ 2,115,222</b>	<b>\$ 123,618</b>	<b>\$ 2,982,044</b>	<b>\$ 62,645</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 1,566,594	\$ -	\$ 37,172	\$ 1,529,422	\$ 38,000
Discount	(10,278)	-	(699)	(9,579)	-
Compensated absences	3,034	9,733	9,545	3,222	3,222
Business-type activities long-term liabilities	<b>\$ 1,559,350</b>	<b>\$ 9,733</b>	<b>\$ 46,018</b>	<b>\$ 1,523,065</b>	<b>\$ 41,222</b>

	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>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>\$ 2,225,000</b>
<b>Business-type activities:</b>			
<b>General obligation bonds</b>			
Muskegon County Wastewater Management - Number One Bond of 2006	4.25-5%	Nov 2036	<b>\$ 1,529,422</b>

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE F—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, 2014 was approximately \$428,200. 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, 2014.

Annual debt service requirements to maturity for debt outstanding as of June 30, 2014 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>
2015	\$ 30,000	\$ 75,094	\$ 38,000	\$ 69,090
2016	30,000	74,081	40,000	67,422
2017	30,000	73,069	42,000	65,676
2018	35,000	72,056	44,000	63,850
2019	35,000	70,875	46,000	61,946
2020-2024	190,000	336,656	263,000	277,662
2025-2029	320,000	296,156	330,000	212,192
2030-2034	430,000	235,406	419,000	127,063
2035-2039	580,000	152,719	307,422	23,552
2040-2043	545,000	45,056	-	-
	<b>\$ 2,225,000</b>	<b>\$ 1,431,168</b>	<b>\$ 1,529,422</b>	<b>\$ 968,453</b>

**NOTE G—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, 2014

**NOTE G—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 H—PENSION PLAN**

**Defined Contribution Plan**

The Township maintains a defined contribution retirement plan with John Hancock Funds, Inc. that covers all employees except volunteer firemen and seasonal employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 14 percent of the employees' gross earnings. Participants are not required to contribute to the plan. The Township contributed \$85,446 during the year ended June 30, 2014.

**NOTE I—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

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2014

**NOTE I—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***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, 2014, the Township contributed \$44,472 to the Retiree Healthcare Plan, of which \$29,472 were direct payments for retiree insurance and \$15,000 were contributed to the trust, which is 25 percent of the other postemployment benefit (OPEB) cost.

***Annual OPEB Cost and Net OPEB Obligation***

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

Annual required contribution	\$	170,432
Interest on net OPEB obligation		41,354
Adjustment to annual required contribution		(33,681)
Net OPEB cost		178,105
Payments made to or on behalf of retirees		(29,472)
Contributions made to OPEB trust		(15,000)
Increase in net OPEB obligation		133,633
Net OPEB obligation at beginning of year		590,766
Net OPEB obligation at end of year	\$	<b>724,399</b>

**Trend Information**

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 189,023	17.7 %	\$ 451,099
6/30/13	176,290	20.8	590,766
6/30/14	178,105	25.0	724,399

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE I—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***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 2012 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 3 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, 2012 was 30 years.

***Funded Status and Progress***

As of June 30, 2012, the most recent valuation date, the Retiree Healthcare Plan was 2 percent funded. The actuarial accrued liability for benefits was approximately \$1,542,000, and the actuarial value of assets was approximately \$33,000, resulting in an unfunded actuarial liability (UAAL) of approximately \$1,509,000. The covered payroll (annual payroll of active employees covered by the Retiree Healthcare Plan) was approximately \$777,000, and the ratio of the UAAL to the covered payroll was 194 percent.

Egelston Township  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE I—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***Funded Status and Progress—Continued***

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 J—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 56 percent of General Fund revenues.

**REQUIRED SUPPLEMENTARY INFORMATION**

Egelston Township  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 279,890	\$ 284,748	\$ 286,365	\$ 1,617
Licenses and permits	120,600	160,100	177,843	17,743
Intergovernmental revenues - State	758,773	758,773	760,501	1,728
Charges for services	49,842	63,094	66,267	3,173
Fines and forfeitures	-	-	1,441	1,441
Investment earnings	7,300	7,300	5,775	(1,525)
Other	48,497	57,985	51,924	(6,061)
Total revenues	1,264,902	1,332,000	1,350,116	18,116
<b>EXPENDITURES</b>				
Current				
General government				
Township board	23,750	23,750	22,420	1,330
Supervisor	44,861	45,691	43,515	2,176
Elections	10,400	16,400	13,828	2,572
Board of review	3,200	3,200	1,760	1,440
Clerk	90,497	91,327	89,463	1,864
Treasurer	80,285	74,665	69,044	5,621
Assessor	65,100	65,100	63,125	1,975
Township hall	48,285	51,525	45,603	5,922
Cemetery	29,414	29,164	26,345	2,819
Professional services	14,500	15,275	15,393	(118)
Office clerk	29,462	35,912	32,781	3,131
Maintenance	83,961	96,848	92,922	3,926
Public safety				
Inspection department	91,119	92,769	89,444	3,325
Public works				
Landfill	3,645	5,335	5,330	5
Roads	300	300	59	241
Community and economic development				
Planning	15,750	15,750	3,526	12,224
Zoning board of appeals	1,250	1,250	230	1,020
Culture and recreation				
Recreation programs and park maintenance	29,468	30,938	28,626	2,312
Library	16,287	17,527	15,117	2,410
Other governmental functions				
Payroll benefits	326,925	316,046	262,270	53,776
Insurance	36,000	33,225	30,524	2,701
Other	17,778	20,018	15,028	4,990
Capital outlay	-	63,754	63,754	-
Total expenditures	1,062,237	1,145,769	1,030,107	115,662
Excess of revenues over (under) expenditures	202,665	186,231	320,009	133,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Transfers out	(94,488)	(99,483)	(249)	99,234
Total other financing sources (uses)	(93,488)	(98,483)	(249)	98,234
Net change in fund balance	<u>\$ 109,177</u>	<u>\$ 87,748</u>	319,760	<u>\$ 232,012</u>
Fund balance at July 1, 2013			2,352,767	
Fund balance at June 30, 2014			<u>\$ 2,672,527</u>	



Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Fire Fund  
 For the year ended June 30, 2014

	<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	\$ 516,295	\$ 517,180	\$ 518,437	\$ 1,257
Intergovernmental revenue - Federal	-	9,716	9,734	18
Charges for services	47,516	51,232	53,181	1,949
Other	-	3,957	4,642	685
Total revenues	563,811	582,085	585,994	3,909
<b>EXPENDITURES</b>				
Current				
Public safety	658,299	678,501	577,964	100,537
Excess of revenues over (under) expenditures	(94,488)	(96,416)	8,030	104,446
<b>OTHER FINANCING SOURCES</b>				
Transfers in	94,488	98,583	-	(98,583)
Net change in fund balance	\$ -	\$ 2,167	8,030	\$ 5,863
Fund balance at July 1, 2013			39,689	
Fund balance at June 30, 2014			\$ 47,719	

Egelston Township  
 Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
 Street Light Fund  
 For the year ended June 30, 2014

	<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	\$ 86,132	\$ 138,285	\$ 138,248	\$ (37)
Investment earnings	197	197	109	(88)
Total revenues	86,329	138,482	138,357	(125)
<b>EXPENDITURES</b>				
Current				
Public works	156,700	156,700	134,685	22,015
Net change in fund balance	<b>\$ (70,371)</b>	<b>\$ (18,218)</b>	3,672	<b>\$ 21,890</b>
Fund balance at July 1, 2013			77,229	
Fund balance at June 30, 2014			<b>\$ 80,901</b>	

Egelston Township  
 Required Supplementary Information  
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS PLAN**  
 For the year ended June 30, 2014

*(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

Additional actuarial data is not available and will be provided in subsequent years.

**OTHER SUPPLEMENTAL INFORMATION**

Egelston Township  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 June 30, 2014

	<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	\$ 75,954	\$ 28,094	\$ 47,860
Prepaid items	615	615	-
Total assets	<b>\$ 76,569</b>	<b>\$ 28,709</b>	<b>\$ 47,860</b>
 <b>LIABILITIES</b>			
Unearned revenues - fees for subsequent year	\$ 1,460	\$ 1,460	\$ -
 <b>FUND BALANCES</b>			
Nonspendable - prepaid items	615	615	-
Restricted			
Debt service	47,860	-	47,860
Festival	26,634	26,634	-
Total fund balances	75,109	27,249	47,860
Total liabilities and fund balances	<b>\$ 76,569</b>	<b>\$ 28,709</b>	<b>\$ 47,860</b>

Egelston Township  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2014

	<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	\$ 110,854	\$ -	\$ 110,854
Investment earnings	84	60	24
Other	11,006	11,006	-
Total revenues	121,944	11,066	110,878
<b>EXPENDITURES</b>			
Current			
Culture and recreation	9,291	9,291	-
Debt service			
Principal	30,000	-	30,000
Interest and fees	41,728	-	41,728
Total expenditures	81,019	9,291	71,728
Excess of revenues over (under) expenditures	40,925	1,775	39,150
<b>OTHER FINANCING SOURCES</b>			
Transfers in	8,710	-	8,710
Net change in fund balances	49,635	1,775	47,860
Fund balances at July 1, 2013	25,474	25,474	-
Fund balances at June 30, 2014	<b>\$ 75,109</b>	<b>\$ 27,249</b>	<b>\$ 47,860</b>