

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**



**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

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DECEMBER 31, 2015**

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# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board  
Charter Township of Fort Gratiot  
Fort Gratiot, 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 the Charter Township of Fort Gratiot, Michigan as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

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

## *Other Matters*

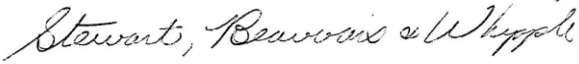
### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Fort Gratiot, Michigan's basic financial statements. The combining and individual nonmajor governmental fund statements, the water and sewer fund combining schedules, and the combining statements of assets and liabilities of the agency funds (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed under the table of contents is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Certified Public Accountants

June 1, 2016

# CHARTER TOWNSHIP OF FORT GRATIOT

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Charter Township of Fort Gratiot's 2015 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplemental information, which presents combining statements for nonmajor governmental and proprietary funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

#### *Government-wide Financial Statements*

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, liabilities, and deferred inflows/outflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net position and how they have changed. Net position, defined as the difference between the Township's assets and liabilities and deferred inflows of resources, is one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into two categories:

**Governmental activities** - most of the Township's basic services are included here, such as the police, fire, public works, and general administration. Property taxes, state-shared revenue, and charges for services, provide most of the funding.

**Business-type activities** - the Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer operations are treated as business-type activities.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

**Governmental funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

**Proprietary funds** - Services for which the Township charges customers a fee are generally reported in the Water and Sewer Fund, a proprietary fund. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

**Fiduciary funds** - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of assets and liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

### FINANCIAL OVERVIEW (Government-wide financial analysis)

The Township has combined total net position of \$23.1 million. This is an increase from 2014 of \$44,676. Government-type activities comprise \$8.4 million, and business-type activities make up \$14.7 million of the total net position. In a condensed format, the table below shows net position as of the December 31, 2015 and 2014.

	Governmental Activities		Business-type Activities	
	2015	Restated 2014	2015	Restated 2014
<b>Assets</b>				
Current assets	\$ 5,663,339	\$ 6,944,160	\$ 2,151,162	\$ 1,943,788
Restricted assets	65,550	68,718	1,336,146	1,488,526
Noncurrent assets	7,384,261	5,396,534	13,805,254	14,075,929
	<u>13,113,150</u>	<u>12,409,412</u>	<u>17,292,562</u>	<u>17,508,243</u>
<b>Liabilities</b>				
Current liabilities	873,813	317,267	453,257	411,799
Liabilities payable from restricted assets	-	-	58,276	262,124
Non-current liabilities	1,045,589	1,060,792	2,105,569	2,244,122
	<u>1,919,402</u>	<u>1,378,059</u>	<u>2,617,102</u>	<u>2,918,045</u>
Deferred Inflows of Resources	<u>2,755,970</u>	<u>2,552,989</u>	-	-
<b>Net Position</b>				
Net investment in capital assets	6,867,137	4,830,617	12,428,477	12,606,491
Restricted	374,759	352,080	692,870	591,402
Unrestricted	1,195,882	3,295,667	1,554,113	1,392,305
	<u>8,437,778</u>	<u>8,478,364</u>	<u>14,675,460</u>	<u>14,590,198</u>
Total Net Position	<u>\$ 8,437,778</u>	<u>\$ 8,478,364</u>	<u>\$ 14,675,460</u>	<u>\$ 14,590,198</u>

The Township governmental activities experienced a net change in position of \$(40,586). The business-type activities experienced a net change in position of \$85,262.

The following table shows the changes in net position for 2015 and 2014:

	Governmental Activities		Business-type Activities	
	2015	Restated 2014	2015	Restated 2014
Revenues -				
Program revenues:				
Charges for services	\$ 1,013,589	\$ 911,835	\$ 3,203,834	\$ 3,171,219
Operating grants and contributions	59,138	54,200	-	-
Capital grants and contributions	-	33,662	128,921	229,959
General revenues				
Property taxes	1,886,811	1,939,924	-	-
Unrestricted grants	1,058,211	1,011,944	-	-
Unrestricted investments	6,120	10,085	28,149	27,014
	<u>4,023,869</u>	<u>3,961,650</u>	<u>3,360,904</u>	<u>3,428,192</u>
Program Expenses -				
General government	1,109,875	1,011,605	-	-
Public safety	1,773,550	1,620,971	-	-
Public works	974,285	996,743	-	-
Recreation and cultural	206,745	200,955	-	-
Water and sewer operations	-	-	3,275,642	3,181,560
	<u>4,064,455</u>	<u>3,830,274</u>	<u>3,275,642</u>	<u>3,181,560</u>
Transfers	-	(21,000)	-	21,000
Change in net position	<u>\$ (40,586)</u>	<u>\$ 110,376</u>	<u>\$ 85,262</u>	<u>\$ 267,632</u>

### ***Governmental Activities***

Revenues for governmental activities totaled \$4,023,869 in 2015. Of this amount, \$1,886,811 was received from taxes or special service assessments, which was a decrease of \$53,113 from the prior year. The next largest revenue source was unrestricted grant revenue of \$1,058,211, an increase of \$46,267 from 2014.

### ***Business-type Activities***

The Township has one business-type activity, the water and sewer operations. Total revenues including interest income and transfers in were \$3,360,904 and expenses were \$3,275,642, for a change in net position of \$85,262. During the year, the charges for services increased by \$32,615 or approximately 1%. Expenses increased by \$94,082 or approximately 3%.

## **FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS**

### ***Governmental Fund***

The General Fund ended 2015 with a fund balance of \$1,776,026, with \$64,120 nonspendable for prepaid expenditures and \$771,427 committed for specific purposes. The commitments at December 31, 2015 were \$700,000 for budget stabilization and \$71,427 for retirees' health insurance. The general fund had a net change in fund balance of \$(72,333). The final budget expected expenditures to exceed revenues by \$240,711. The General Fund had revenue under expenditures of \$72,333, primarily due to a transfer to the Municipal Building Fund (Capital Projects Fund) of \$347,863 to cover building construction costs for the new Township Hall.



The Townships other major governmental funds had the following change in fund balance:

- The Fire Fund had revenues over expenditures of \$9,392.
- The Police Fund had expenditures over revenues of \$95,355.
- The Garbage Collection Fund had revenue over expenditures of \$31,402.
- The Municipal Building Fund had expenditures over revenues of \$1,714,172.

Over the course of the year, the Township administration and Board monitors the budgets, and if necessary, amends the budget to take into account unanticipated events that occur during the year. The only significant budget adjustment was in the General Fund to increase Transfers Out to the Municipal Building Fund budget by \$234,000 for the costs of a new Township Hall in the Municipal Building Fund.

Since the original budget and amended budgets are estimates of what is expected, there were insignificant differences between the budgets and actual results.

*Proprietary Funds – See prior discussion of Business-type Activities*

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

The Township had \$19.8 million invested in capital assets for its government and business-type activities (net of accumulated depreciation) as of December 31, 2015. The investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles and water and sewer lines. During the year, the Township added capital assets of \$2,306,830 in the government-activities and \$221,528 in the business-type activities. The governmental activities capital expenditures included \$2,162,794 for construction in progress for the new Township Hall and the remainder for land improvements, equipment, etc. The business type activities capital expenditures included \$69,648 construction in progress for a sewer project, \$48,120 in utility systems, and \$103,760 in equipment.

Additional information on the Township's capital assets can be found in Note 7.

### *Long-Term Debt*

At December 31, 2015, the Township had \$2,528,901 in long-term debt, compared to \$2,720,355 at December 31, 2014, a decrease of \$191,454. No new debt was issued during 2015.

Additional information on the Township's long-term debt can be found in Note 8.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In November 2015, Fort Gratiot voters approved an increase to pay for our contracted police services, and the 2016 budget was balanced and approved. We are seeing an increase in taxable values, property tax revenue, and our revenue sharing allocation. The Fort Gratiot Municipal Center opened in 2015 but was not complete; some of the construction carried over into 2016. While the Township is over the time budget for the project, it is still under the \$4 million cost estimate. The Township has three large commercial developments currently under construction that will be completed in 2016. Fort Gratiot is constructing a public dog park this year with funding from a grant won in 2015 and assistance from St. Clair County Parks Commission.

## **CONTACTING THE TOWNSHIP**

This financial report is designed to provide a general overview of the Township's finances to our residents and other interested parties in understanding the Township's financial condition. If you have questions about this report or need additional financial information, please contact the Township at (810) 385-4489.

## **BASIC FINANCIAL STATEMENTS**

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,437,709	\$ 1,348,708	\$ 3,786,417
Receivables (net of allowance)	3,223,087	623,834	3,846,921
Inventory	-	32,726	32,726
Internal balances	( 111,222)	111,222	-
Prepaid expenses/deposits	113,765	34,672	148,437
Restricted Assets -			
Cash and cash equivalents	-	980,663	980,663
Investments	65,550	-	65,550
Special assessment receivable	-	355,483	355,483
Capital assets (net of accumulated depreciation)			
Assets not being depreciated	1,454,793	1,213,603	2,668,396
Assets being depreciated	5,929,468	11,214,874	17,144,342
Sewer capacity rights	-	1,376,777	1,376,777
Total Assets	<u>13,113,150</u>	<u>17,292,562</u>	<u>30,405,712</u>
<b>Liabilities:</b>			
Payables and accrued liabilities	275,019	427,145	702,164
Advances and deposits	598,794	26,112	624,906
Liabilities Payable From Restricted Assets			
Bonds payable (current)	-	50,000	50,000
Accrued interest	-	8,276	8,276
Non-current liabilities			
Due within one year	48,793	95,427	144,220
Due in more than one year	468,331	1,866,350	2,334,681
Net OPEB obligation	528,465	143,792	672,257
Total Liabilities	<u>1,919,402</u>	<u>2,617,102</u>	<u>4,536,504</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for subsequent period	<u>2,755,970</u>	-	<u>2,755,970</u>
<b>Net Position:</b>			
Net investment in capital assets	6,867,137	12,428,477	19,295,614
Restricted			
Acquisition/construction of capital assets	-	564,821	564,821
Debt retirement	-	128,049	128,049
Cemetery perpetual care			
Expendable	30,070	-	30,070
Nonexpendable	35,480	-	35,480
Parks and recreation	40,961	-	40,961
Public safety	176,797	-	176,797
Public works	91,451	-	91,451
Unrestricted	<u>1,195,882</u>	<u>1,554,113</u>	<u>2,749,995</u>
Total Net Position	<u>\$ 8,437,778</u>	<u>\$ 14,675,460</u>	<u>\$ 23,113,238</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General Government	\$ 1,109,875	\$ 49,150	\$ -	\$ -
Public Safety	1,773,550	252,094	8,875	-
Public Works	974,285	711,025	4,159	-
Recreation and Culture	206,745	1,320	46,104	-
Total governmental activities	4,064,455	1,013,589	59,138	-
Business type activities				
Utilities (Water/Sewer)	3,275,642	3,203,834	-	128,921
Total Primary Government	\$ 7,340,097	\$ 4,217,423	\$ 59,138	\$ 128,921

General revenues:

Property taxes  
Grants and contribution not  
restricted to specific programs  
Unrestricted investment income  
Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated

Net position at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Position

Primary Government		
Governmental Activities	Business Type Activities	Total
\$( 1,060,725)	\$ -	\$( 1,060,725)
( 1,512,581)	-	( 1,512,581)
( 259,101)	-	( 259,101)
<u>( 159,321)</u>	<u>-</u>	<u>( 159,321)</u>
( 2,991,728)	-	( 2,991,728)
<u>-</u>	<u>57,113</u>	<u>57,113</u>
<u>( 2,991,728)</u>	<u>57,113</u>	<u>( 2,934,615)</u>
1,886,811	-	1,886,811
1,058,211	-	1,058,211
6,120	28,149	34,269
<u>2,951,142</u>	<u>28,149</u>	<u>2,979,291</u>
( 40,586)	85,262	44,676
<u>8,478,364</u>	<u>14,590,198</u>	<u>23,068,562</u>
<u>\$ 8,437,778</u>	<u>\$ 14,675,460</u>	<u>\$ 23,113,238</u>

**CHARTER TOWNSHIP OF FORT GRATIOT**

**St. Clair County, Michigan**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Garbage Collection</u>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,922,045	\$ 137,770	\$ 4,664	\$ 91,451
Receivables -				
Property taxes	551,883	665,114	739,678	557,400
Interest and accounts	40,169	-	-	-
Special assessments	867	-	-	-
Due from other governmental units - State	315,192	-	-	-
Due from other funds	134,889	-	-	-
Prepays/deposits	64,120	48,363	-	-
	<u>3,029,165</u>	<u>851,247</u>	<u>744,342</u>	<u>648,851</u>
<b>Restricted assets:</b>				
Investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,029,165</u>	<u>\$ 851,247</u>	<u>\$ 744,342</u>	<u>\$ 648,851</u>
<b>Liabilities:</b>				
Accounts payable	\$ 9,117	\$ 3,918	\$ 56,343	\$ -
Accrued liabilities	8,993	7,696	-	-
Due to other funds	84,352	3,000	-	-
Advances and deposits	598,794	-	-	-
	<u>701,256</u>	<u>14,614</u>	<u>56,343</u>	<u>-</u>
Total Liabilities	<u>701,256</u>	<u>14,614</u>	<u>56,343</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Taxes levied for subsequent period	<u>551,883</u>	<u>665,114</u>	<u>739,678</u>	<u>557,400</u>
<b>Fund Balance (Deficit):</b>				
Nonspendable for:				
Prepays/Deposits	64,120	48,363	-	-
Perpetual Care	-	-	-	-
Restricted for:				
Cemetery	-	-	-	-
Fire	-	123,156	-	-
Garbage Collection	-	-	-	91,451
Parks	-	-	-	-
Inspections	-	-	-	-
Committed for:				
Budget Stabilization	700,000	-	-	-
Retirees Health Insurance	71,427	-	-	-
Unassigned	940,479	-	( 51,679)	-
	<u>1,776,026</u>	<u>171,519</u>	<u>( 51,679)</u>	<u>91,451</u>
Total Fund Balance (Deficit)	<u>1,776,026</u>	<u>171,519</u>	<u>( 51,679)</u>	<u>91,451</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	<u>\$ 3,029,165</u>	<u>\$ 851,247</u>	<u>\$ 744,342</u>	<u>\$ 648,851</u>

The accompanying notes are an integral part of these financial statements.

<u>Municipal Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 35,811	\$ 245,968	\$ 2,437,709
-	241,895	2,755,970
-	-	40,169
-	-	867
-	-	315,192
279,293	-	414,182
-	1,282	113,765
<u>315,104</u>	<u>489,145</u>	<u>6,077,854</u>
-	65,550	65,550
<u>\$ 315,104</u>	<u>\$ 554,695</u>	<u>\$ 6,143,404</u>
\$ 182,882	\$ -	\$ 252,260
-	6,070	22,759
132,222	194,941	414,515
-	-	598,794
<u>315,104</u>	<u>201,011</u>	<u>1,288,328</u>
-	241,895	2,755,970
-	1,282	113,765
-	35,480	35,480
-	30,070	30,070
-	-	123,156
-	-	91,451
-	40,961	40,961
-	3,996	3,996
-	-	700,000
-	-	71,427
-	-	888,800
<u>-</u>	<u>111,789</u>	<u>2,099,106</u>
<u>\$ 315,104</u>	<u>\$ 554,695</u>	<u>\$ 6,143,404</u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

Fund Balances - total governmental funds	\$ 2,099,106
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	9,636,972
Accumulated depreciation	( 2,252,711)
Long - term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Net OPEB obligation	( 528,465)
Drain districts	( 517,124)
Net position of governmental activities	<u>\$ 8,437,778</u>

The accompanying notes are an integral part of these financial statements.



**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Fire	Police	Garbage Collection
<b>Revenues:</b>				
Taxes	\$ 417,136	\$ 652,782	\$ 576,691	\$ -
Licenses and permits	12,841	-	-	-
Intergovernmental -				
Federal/State	893,642	-	8,875	-
Local	-	-	-	-
Charges for services	196,738	75,260	-	-
Fines and forfeits	12,522	-	-	-
Interest and rent	8,650	-	-	-
Other	176,691	-	-	561,890
Total Revenues	1,718,220	728,042	585,566	561,890
<b>Expenditures:</b>				
General Government	943,635	-	-	-
Public Safety	101,988	718,650	680,921	-
Public Works	203,213	-	-	530,488
Recreation and Cultural	198,229	-	-	-
Total Expenditures	1,447,065	718,650	680,921	530,488
Excess of revenues over (under) expenditures	271,155	9,392	( 95,355)	31,402
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	4,375	-	-	-
Transfers to other funds	( 347,863)	-	-	-
Total Other Financing Sources (Uses)	( 343,488)	-	-	-
Net Change in Fund Balance	( 72,333)	9,392	( 95,355)	31,402
Fund Balances at beginning of year	1,848,359	162,127	43,676	60,049
Fund Balances (Deficit) at end of year	\$ 1,776,026	\$ 171,519	\$( 51,679)	\$ 91,451

The accompanying notes are an integral part of these financial statements.

Municipal Building	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 240,202	\$ 1,886,811
-	-	12,841
-	-	902,517
-	46,104	46,104
-	126,983	398,981
-	-	12,522
7	( 2,537)	6,120
5,092	14,300	757,973
<u>5,099</u>	<u>425,052</u>	<u>4,023,869</u>
2,262,075	-	3,205,710
-	153,479	1,655,038
-	240,202	973,903
-	843	199,072
<u>2,262,075</u>	<u>394,524</u>	<u>6,033,723</u>
<u>( 2,256,976)</u>	<u>30,528</u>	<u>( 2,009,854)</u>
542,804	-	547,179
-	( 199,316)	( 547,179)
<u>542,804</u>	<u>( 199,316)</u>	<u>-</u>
( 1,714,172)	( 168,788)	( 2,009,854)
<u>1,714,172</u>	<u>280,577</u>	<u>4,108,960</u>
<u>\$ -</u>	<u>\$ 111,789</u>	<u>\$ 2,099,106</u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2015**

Net change in fund balances - total governmental funds		\$( 2,009,854)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		2,306,830
Depreciation expense	(	196,324)
Loss on disposal of capital asset	(	122,779)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Private grants	(	33,662)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.</p>		
Payment on drain notes		48,793
<p>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 funds.</p>		
Increase in net OPEB obligation		<u>( 33,590)</u>
Change in net position of governmental activities		<u><u>\$( 40,586)</u></u>

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF FORT GRATIOT**

**St. Clair County, Michigan**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND - WATER AND SEWER FUND  
DECEMBER 31, 2015**

**Assets:**

Current Assets:	
Cash and cash equivalents	\$ 1,348,708
Accounts receivable	623,834
Due from other funds	132,222
Inventory	32,726
Prepaid expense	34,672
Total Current Assets	<u>2,172,162</u>
Restricted Assets:	
Cash and cash equivalents	980,663
Special assessment receivable	355,483
Total Restricted Assets	<u>1,336,146</u>
Capital Assets:	
Buildings	1,199,704
Equipment	1,071,814
Mains and extensions	20,236,897
Construction in progress	1,213,603
	<u>23,722,018</u>
Less - accumulated depreciation	( 11,293,541)
Capital Assets, net	<u>12,428,477</u>
Other Assets:	
Sewer Capacity Rights	1,376,777
Total Assets	<u>17,313,562</u>

**Liabilities:**

Current Liabilities:	
Accounts payable	418,653
Accrued expenses	8,492
Due to other funds	21,000
Contracts payable (current portion)	95,427
Deposits	26,112
Total Current Liabilities	<u>569,684</u>
Current Liabilities - (Payable from restricted assets):	
Bonds payable (current portion)	50,000
Accrued interest	8,276
Total Current Liabilities - (Payable from restricted assets)	<u>58,276</u>
Long-Term Liabilities (less current portions):	
Net OPEB obligation	143,792
Contracts payable	1,281,350
Bonds payable	585,000
Total Long-Term Liabilities (less current portions)	<u>2,010,142</u>
Total Liabilities	<u>2,638,102</u>

**Net Position:**

Net investment in capital assets	12,428,477
Reserved -	
Equipment replacement	564,821
Debt retirement	128,049
Unrestricted	1,554,113
Total Net Position	<u>\$ 14,675,460</u>

The notes to the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND - WATER AND SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Operating Revenues:</b>	
Licenses and permits	\$ 350
Charges for services - user charges	3,151,045
Penalty on delinquent accounts	36,208
Other revenue	16,231
Total Operating Revenues	<u>3,203,834</u>
<b>Operating Expenses:</b>	
Salaries and fringes	635,916
Water purchases	1,188,310
Sewer plant charges	724,879
Supplies	66,637
Utilities	44,928
Repairs and maintenance	91,013
Gas and oil	17,989
Professional services	6,230
Other	70,796
Depreciation	399,542
Total Operating Expenses	<u>3,246,240</u>
Operating Loss	<u>( 42,406)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Gain on disposal of capital assets	30,362
Tap and privilege fees	61,385
Interest earned on -	
Special assessments and privilege fees	27,544
Cash and investment revenue	605
Interest expense and paying agent fees	<u>( 29,402)</u>
Total Non-Operating Revenues (Expenses)	<u>90,494</u>
Net Income before Capital Contributions	48,088
<b>Capital Contributions</b>	<u>37,174</u>
Net Income	85,262
Net position at beginning of year, as restated	<u>14,590,198</u>
Net position end of year	<u><u>\$ 14,675,460</u></u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND - WATER AND SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Cash Flows From Operating Activities:</b>	
Cash receipts from customers	\$ 3,148,866
Cash payments to suppliers	( 2,373,514)
Cash payments to employees	( 629,970)
Cash receipts other	159,091
Net Cash Provided by Operating Activities	<u>304,473</u>
 <b>Cash Flows From Non-Capital Financing Activities:</b>	
Due to/from other funds	( 104,000)
Net Cash Used in Non-Capital Financing Activities	<u>( 104,000)</u>
 <b>Cash Flows From Capital and Related Financing Activities:</b>	
Special assessments/tap and privilege fees	112,973
Bond payments	( 79,987)
Capital contributions	37,174
Proceeds from disposal of capital assets	30,362
Acquisition/construction/disposal of capital assets	( 221,528)
Net Cash Used by Capital and Related Financing Activities	<u>( 121,006)</u>
 <b>Cash Flows From Investing Activities:</b>	
Interest earned	28,149
Net Cash Provided by Investing Activities	<u>28,149</u>
Net Increase in Cash and Cash Equivalents for the year	107,616
Cash and Cash Equivalents at Beginning of Year	<u>2,221,755</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,329,371</u>
 <b>Reconciliation of Net Loss to Net Cash Provided by Operating Activities:</b>	
Operating loss for the year	\$( 42,406)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	399,542
Change in assets and liabilities:	
Receivables	104,123
Prepaid expenses	( 10,727)
Inventory	11,638
Accounts payable/accrued expenses	( 161,805)
Net OPEB obligation	4,108
Net Cash Provided By Operating Activities	<u>\$ 304,473</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2015**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,067,818
Prepaid expense	<u>35,178</u>
Total Assets	<u><u>\$ 2,102,996</u></u>
<b>LIABILITIES:</b>	
Due to other funds	\$ 110,889
Undistributed taxes and interest	<u>1,992,107</u>
Total Liabilities	<u><u>\$ 2,102,996</u></u>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. Reporting Entity -

The Charter Township of Fort Gratiot, Michigan, a Municipal Corporation, was organized as a Township on June 13, 1866, under provisions of the constitution and general law of the State of Michigan and became a Charter Law Township on August 21, 1979, under Public Act 359, the Charter Township Act. The Township is one of twenty-three Townships in St. Clair County and covers an area of approximately 16 square miles. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees, and provides services to its more than 11,100 residents in many areas including law enforcement, fire protection, water, sewer, roads, parks and natural resources, and planning and economic development.

#### B. 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 primary government. For the most part, the effect of interfund activity has been removed from these statements.

*Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement focus, basis of accounting and financial statement presentation -

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 they are intended to finance (the December 2014 levy in 2015). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are normally 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 judgement are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied in December of each year, are budgeted and treated as revenue in the subsequent year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

**Fire Fund** - is a special revenue fund used to account for taxes and other related revenues restricted for fire service of the Township.

**Police Fund** - is a special revenue fund used to account for a tax levy for the purpose of providing police protection for the Township.

**Garbage Collection Fund** - is a special revenue fund used to account for assessments for the purpose of providing garbage and rubbish collection for the Township.

**Municipal Building Fund** - is a capital projects fund used to account for revenue and report financial resources that are restricted, committed, or assigned for acquisition and/or construction of capital assets not being financed by proprietary funds.

The Township reports the following major proprietary fund:

**Water and Sewer Fund** - is used to account for the treatment and distribution of water and sanitary sewer services to residential and commercial users.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Additionally, the Township reports the following fund types:

**Special Revenue Funds** - are used to account for the proceeds that are restricted or committed for expenditures for specific purposes other than debt service or capital projects.

**Capital Projects Fund** - is used to account for revenue and report financial resources that are restricted, committed, or assigned for acquisition and/or construction of capital assets not being financed by proprietary funds.

**Permanent Fund** - is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the perpetual care of the Township Cemetery.

**Agency Funds** - are used to account for assets held by the Township as an agent for other governments and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principle on-going operations. The principal operating revenues of the Enterprise Fund are charges to customers for sale and services. Operating expenses from Enterprise Funds includes costs of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -**

**Deposits and Investments -**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with original maturities of three months or less from the date of acquisition. The investment trusts/mutual funds have the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonable approximates fair value.

State statues authorize the Township to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

#### **Receivables and Payables -**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance classification of nonspendable for the amount of the advance outstanding.

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

#### **Inventories and Prepaid Items -**

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items in the government-wide financial statements and fund financial statements.

#### **Sewer Capacity Rights -**

The Township has entered into a contract with the City of Port Huron to provide sanitary sewer services to the Township. In connection, the City has issued various bond issues to upgrade and improve to the wastewater facility for which the Township is responsible for their share of the debt costs; however the Township has no direct ownership interest. The Township's portion of the debt has been recorded in the Water and Sewer Fund with an offsetting intangible asset "sewer capacity rights." The "sewer capacity rights" are amortized of the life of the debt, which is considered the minimum life of the contract with the City, and recorded as treatment costs.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Property Tax Calendar -**

The Township's property tax is levied each December 1 on the taxable value of property located in the Township as if the proceeding December 31. Property taxes are recognized as revenues in the year they were intended to finance expenditures/expenses (the 2014 levy is recognized in 2015).

The Township also collects taxes for various other municipalities and school districts. The collection and remittance of these taxes are accounted for in the Current Tax Collection Fund.

**Capital Assets -**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

As permitted by GASB Statement No. 34, the Township has elected not to report governmental infrastructure assets (principally roads and sidewalks) acquired prior to January 1, 2004.

Property, plant, and equipment of the primary government, is depreciated using the straight line method over the following estimated useful lives:

	<u>Primary Government</u>
Land improvements	3-60
Buildings and improvements	5-60
Utility systems	60
Machinery and equipment	3-25

**Deferred Outflows/Inflows of Resources -**

In addition to assets, the statement of financial 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 (expenses/expenditures) until then. The Township does not have any items that qualify for reporting in this category.

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

In addition to liabilities, the statement of financial 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 (revenues) until that time. The Township had one item which qualifies for reporting in this category. The government-wide statement of net position (accrual basis of accounting) and the governmental fund balance sheet (modified accrual basis of accounting) report taxes levied for a subsequent period. These amounts are deferred and recognized as an inflow of resources in the period the tax levy is for.

#### **Long-Term Obligations -**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Fund Balance -**

In the fund financial statements, governmental funds have reported fund balances in one or more of the following classifications:

*Nonspendable fund balance* – the portion of fund balance that cannot be spent based on its form or because it must be maintained intact.

*Restricted fund balance* – the portion of the fund balance that has limitations imposed on use by external sources.

*Committed fund balance* – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action via Board resolution (e.g. to establish, modify or rescind) of the highest level of decision-making authority (Township Board).

*Assigned fund balance* – the portion of fund balance that reflects the Township's intended use of resources. Such intent currently must be determined by the Township Board. Also, amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund is reported as assigned.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

*Unassigned fund balance* – the portion of fund balance in the General Fund that cannot be classified into one of the four categories above.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, and then unrestricted resources as they are needed. If unrestricted resources are used and the expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to use committed first, then assigned, and then unassigned.

**Estimates -**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**Budgetary Information -**

The Township Supervisor and the Clerk prepare and submit the proposed operating budgets for the year commencing January 1. The budgets include proposed expenditures and resources to finance them.

Prior to December 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, all amendments must be approved by the Township Board.

The Township's approved budgets were adopted at the activity (department) level in the General Fund and the total expenditure level for the Special Revenue Fund. However, for control purposes all budgets are maintained at the object (account) level. These are the legally enacted levels under the State of Michigan Uniform Budgeting and Accounting Act.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - (cont'd):**

During the fiscal year ended December 31, 2015, the Township incurred expenditures in the General and Special Revenue Funds, which were in excess of the amount appropriated as follows:

<u>Function/Activity</u>	<u>Total Appropriation</u>	<u>Amount Expended</u>	<u>Budget Variance</u>
General Fund:			
Transfers Out -			
Municipal Building Fund	\$ 234,000	\$ 347,863	\$ 113,863
Special Revenue Fund:			
Fire Fund -			
Public Safety	717,728	718,650	922
Police Fund -			
Public Safety	680,591	680,921	330
Blue Water Transportation Fund -			
Public Works	233,582	240,202	6,620
Parks Fund -			
Transfers Out	-	4,375	4,375
Inspection Fund -			
Public Safety	136,507	153,479	16,972

**Deficit Fund Balance -**

The Uniform Budgeting and Accounting Act (MCL 141.435) prohibits a Township from adopting a deficit budget and incurring an operating deficit in a fund during a fiscal year. The Police Fund of the Township adopted a deficit budget and ended with a deficit fund balance at December 31, 2015 of \$51,679. This deficit was anticipated and will be eliminated with the collection of 2015 tax revenue during fiscal year 2016. Per Michigan Department of Treasury requirements, the Township has filed a deficit reduction plan.

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

As of December 31, 2015, the carrying amount of the deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Government</u>	<u>Total</u>
Cash On Hand and Deposits -			
Petty Cash	\$ 600	\$ -	\$ 600
Deposits with Financial Institutions	<u>4,766,480</u>	<u>2,067,818</u>	<u>6,834,298</u>
	4,767,080	2,067,818	6,834,898
Investments -			
Total Return Common Trust Fund	<u>65,550</u>	-	<u>65,550</u>
Total Cash on Hand, Deposits and Investments	<u>\$ 4,832,630</u>	<u>\$ 2,067,818</u>	<u>\$ 6,900,448</u>

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

#### **Deposits -**

The Township's investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

The Township's deposits consist of demand deposits, savings accounts and certificates of deposits. As of December 31, 2015, the bank balance of the Township's deposits was \$7,058,955, of which \$753,688 was insured by depository insurance, with the remaining balance of \$6,305,267 uninsured and uncollateralized.

The Township Board investment policy allows the Township to invest in investment instruments that are legal under Public Act 40 of the Michigan Compiled Laws. The Treasurer is responsible for investing Township funds.

#### **Investments -**

Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than one standard rating service, mutual funds registered under the investment company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 3657, 129.111 to 129.118; investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

As of December 31, 2015, the Township was invested in an investment trust fund through Comerica Bank with a fair market value of \$65,550. The fund invests in a mix of equities and bonds in U.S. and foreign maturities. As of December 31, 2015 the asset mix was approximately 66% equities and 34% fixed income. This fund has been reported as a restricted investment since it is perpetual care assets that were donated to the Township and use is restricted.



**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):**

*Custodial Credit Risk* - is the risk that in the event of a bank failure, the Township's deposits or investments may not be returned. The Township investment policy does not address credit risk.

*Interest Rate Risk* - is the risk that the market value of securities of the Township's portfolio will fall due to changes in the market interest rates. The Township investment policy does not address interest rate risk.

*Credit Risk* - is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State laws limit the types on investment and "grades" of investments that the Township can purchase.

*Concentration of Credit Risk* - is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township investment policy does not address concentration of credit risk.

**NOTE 4 - TAXES:**

The Township property taxes are levied each December on the assessed valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property in the Township for the 2015 levy has a State Equalized Value of \$434,185,680 and a taxable value of \$389,314,791.

The millage rates levied by the Township for 2015 revenues (2014 taxes) were .7023 for General Operating, .6214 for the Blue Water Area Transportation service, 1.50 for Police Protection, and 1.815 for Fire Services. In addition, the Township levied the following assessments:

	2014 Assessment (2015 Revenue)
Lighting District	\$ 148,556
Garbage Collection	561,890

The County of St. Clair has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 - RECEIVABLES:**

Receivables in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes	\$ 2,755,970	\$ -
Special Assessments	867	355,483
Accounts and Interest	40,169	623,834
Due from Fiduciary Funds	110,889	-
Intergovernmental	<u>315,192</u>	<u>-</u>
	<u>\$ 3,223,087</u>	<u>\$ 979,317</u>

**NOTE 6 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:**

The composition of interfund balances as of December 31, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 3,000 (e)
	Water and Sewer Fund	21,000 (e)
	Current Tax Collection Fund	37,732 (a)
	Imprest Payroll Fund	73,157 (b)
Municipal Building Fund	General Fund	84,352 (c)
	Public Improvement Fund	194,941 (c)
Water and Sewer Fund	Municipal Building Fund	<u>132,222 (d)</u>
		<u>\$ 546,404</u>

- (a) Undistributed taxes
- (b) Cash flow for payroll and fringes
- (c) Appropriation for capital costs
- (d) Overallocation for capital costs
- (e) To return funds

Transfer From/To Other Funds -

<u>Transfer In</u>	<u>Transfer Out</u>	
General Fund	Parks Fund	\$ 4,375 (1)
Municipal Building Fund	General Fund	347,863 (2)
	Public Improvement Fund	<u>194,941 (2)</u>
		<u>\$ 547,179</u>

- (1) Reimbursement for capital
- (2) Appropriation for capital costs

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7 - CAPITAL ASSETS:**

**Primary Government**

Capital asset activity of the primary government for the year ended December 31, 2015 was as follows:

	Restated Jan. 1, 2015 <u>Balance</u>	Additions/ <u>Adjustments</u>	Deletions/ <u>Adjustments</u>	Dec. 31, 2015 <u>Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 1,449,013	\$ 5,780	\$ -	\$ 1,454,793
Construction in Progress	<u>1,165,981</u>	<u>-</u>	<u>1,165,981</u>	<u>-</u>
	<u>2,614,994</u>	<u>5,780</u>	<u>1,165,981</u>	<u>1,454,793</u>
Capital Assets being depreciated				
Land Improvements	1,800,989	10,385	-	1,811,374
Shared Roads	578,555	-	-	578,555
Buildings & Improvements	745,665	3,328,775	435,246	3,639,194
Machinery & Equipment	<u>2,127,165</u>	<u>127,871</u>	<u>101,980</u>	<u>2,153,056</u>
	<u>5,252,374</u>	<u>3,467,031</u>	<u>537,226</u>	<u>8,182,179</u>
Less accumulated depreciation				
Land Improvements	412,597	43,918	-	456,515
Shared Roads	146,768	28,928	-	175,696
Buildings & Improvements	411,926	28,833	313,146	127,613
Machinery & Equipment	<u>1,499,543</u>	<u>94,645</u>	<u>101,301</u>	<u>1,492,887</u>
Total accumulated depreciation	<u>2,470,834</u>	<u>196,324</u>	<u>414,447</u>	<u>2,252,711</u>
Total capital asset being depreciated, net	<u>2,781,540</u>	<u>3,270,707</u>	<u>122,779</u>	<u>5,929,468</u>
Governmental activities capital asset, net	<u>\$ 5,396,534</u>	<u>\$ 3,276,487</u>	<u>\$ 1,288,760</u>	<u>\$ 7,384,261</u>
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated				
Construction in Progress	<u>\$ 2,101,733</u>	<u>\$ 69,648</u>	<u>\$ 957,778</u>	<u>\$ 1,213,603</u>
Capital Assets, being depreciated				
Building & Improvements	241,926	957,778	-	1,199,704
Utility Systems	20,188,777	48,120	86,691	20,236,897
Equipment	<u>1,054,745</u>	<u>103,760</u>	<u>-</u>	<u>1,071,814</u>
Total capital assets being depreciated	<u>21,485,448</u>	<u>1,109,658</u>	<u>86,691</u>	<u>22,508,415</u>
Less accumulated depreciation				
Building & Improvements	184,550	14,527	-	199,077
Utility Systems	9,931,074	349,528	-	10,280,602
Equipment	<u>865,066</u>	<u>35,487</u>	<u>86,691</u>	<u>813,862</u>
Total accumulated depreciation	<u>10,980,690</u>	<u>399,542</u>	<u>86,691</u>	<u>11,293,541</u>
Total business activities being depreciated	<u>10,504,758</u>	<u>710,116</u>	<u>-</u>	<u>11,214,874</u>
Business activities capital assets, net	<u>\$ 12,606,491</u>	<u>\$ 779,764</u>	<u>\$ 957,778</u>	<u>\$ 12,428,477</u>

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7 - CAPITAL ASSETS - (cont'd):**

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

Governmental Activities:		
General Government		\$ 41,348
Public Safety		75,665
Public Works		49,175
Recreational and Cultural		<u>30,136</u>
Total depreciation expense - governmental activities		<u>\$ 196,324</u>
Business-type Activities:		
Water and Sewer Operation		<u>\$ 399,542</u>

**NOTE 8 - LONG-TERM DEBT:**

The following is a summary of changes in long-term liabilities (including current portion) of the Primary Government for the year ended December 31, 2015:

	Jan. 1, 2015			Dec. 31, 2015	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities:					
Drain Districts	\$ 565,917	\$ -	\$ 48,793	\$ 517,124	\$ 48,793
Business-type Activities:					
2004 Special Assessment Bonds	215,000	-	20,000	195,000	20,000
2006 Special Assessment Bonds	470,000	-	30,000	440,000	30,000
Contracts Payable	<u>1,469,438</u>	-	<u>92,661</u>	<u>1,376,777</u>	<u>95,427</u>
Total business-type activities	<u>2,154,438</u>	-	<u>142,661</u>	<u>2,011,777</u>	<u>145,427</u>
	<u>\$ 2,720,355</u>	<u>\$ -</u>	<u>\$ 191,454</u>	<u>\$ 2,528,901</u>	<u>\$ 194,220</u>

Significant details regarding outstanding long-term liabilities (including current portions) are presented as follows:

**Drain Districts -**

The St. Clair County Drain Commission has made improvements to the following drains and levied multi-year assessment against the Township as follows:

Metcalf (10-year assessment through 2016) with interest of 3.25%	\$ 1,005
Carrigan & Branch 1 (10-year assessment through 2018) with interest of 5.69%	13,577
Galbraith (10-year assessment through 2021) with interest of 3.5%	16,611
Gossman (15-year assessment through 2027) with interest of 2.75%	<u>485,931</u>
	<u>\$ 517,124</u>

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 8 - LONG-TERM DEBT - (cont'd):**

**Bonds Payable -**

The Township has also issued two bond issues for the purpose of water and sewer main extensions. The bonds are to be repaid from special assessments and capital charges.

The \$360,000 2004 Special Assessment Bonds, dated November 15, 2004, due in annual installments ranging from \$20,000 to \$25,000 through April 1, 2024, with interest ranging from 4.0 to 4.6 percent, payable semi-annually. \$ 195,000

The \$680,000 2006 Special Assessment Bonds, dated December 1, 2006, due in annual installments ranging from \$30,000 to \$50,000 through September 1, 2026, with interest ranging from 4.00 to 4.35 percent, payable semi-annually. 440,000

\$ 635,000

**Contracts Payable -**

The sewer treatment agreement with the City of Port Huron authorizes the City to issue debt to pay for capital improvements and renovations at the treatment plant and include the debt costs as part of the annual treatment costs. Should the Township terminate the contract, the Township would be responsible for their share (13.83%) of any outstanding debt. As of December 31, 2015, the City had two bond issues outstanding totaling \$9,955,000, of which Fort Gratiot share amounts to \$1,376,777. The Township's portion of the bonds is due in installments ranging from \$26,969 to \$114,789 including interest of 2.5%. \$ 1,376,777

**Annual Debt Requirements:**

The annual requirements to pay the debt outstanding at December 31, 2015 for the following bonds and contracts of the Primary Government:

	Special Assessment Bonds		Drains		Contract Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 50,000	\$ 26,525	\$ 48,793	\$ 2,844	\$ 95,427	\$ 49,181
2017	60,000	24,525	47,788	2,333	97,502	46,674
2018	60,000	22,090	47,788	1,920	100,268	44,103
2019	60,000	19,615	43,262	1,630	102,342	41,460
2020	60,000	17,110	43,262	1,532	105,108	38,765
2021-2025	295,000	45,628	205,242	3,888	393,464	151,897
2026-2030	50,000	2,175	80,989	1,093	165,960	108,376
2031-2035	-	-	-	-	214,365	61,619
2036-2037	-	-	-	-	102,341	8,130
	<u>\$ 635,000</u>	<u>\$ 157,668</u>	<u>\$ 517,124</u>	<u>\$ 15,240</u>	<u>\$ 1,376,777</u>	<u>\$ 550,205</u>

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

### **NOTE 9 - SEWAGE DISPOSAL SYSTEM AGREEMENT:**

The Charter Township of Fort Gratiot does not operate or own a Sanitary Sewage Disposal Plant; instead, the Township/County has entered into an agreement with the City of Port Huron to accept and dispose of the Township's sanitary sewage. The agreement provides, among other things, that the City shall reserve a capacity of 8.02 million gallons per day (MGD) in the sewage treatment plant, for which the Township made a lump sum payment. Further, the Township shall reimburse the City for its respective share of the annual operating costs, including capital purchases and debt retirement.

In connection, the City of Port Huron has issued bonds to make improvements and renovations to the plant. As noted above, the cost to repay these bonds is included in the annual treatment cost from the City. The Township share of these bond issues amount to \$1,376,777 at December 31, 2015, which has been recorded as Sewer Capacity Rights and Contracts Payable.

### **NOTE 10 - WATER SUPPLY SYSTEM AGREEMENT:**

The Charter Township of Fort Gratiot does not own a water filtration plant; instead, the Township/County has entered into an agreement with the City of Port Huron to provide the Township's water supply. Under the agreement, dated October 16, 1968, the Township/County agreed to purchase various minimum quantities at such rates as the City may establish and is reasonable, plus a metered service charge. The contract is for an indefinite period but it may be terminated by either party upon one year written notice.

### **NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits to substantially all full-time employees through a deferred contribution plan, which is administered by a third party administrator. In a deferred contribution plan, benefits depend solely on amounts contributed to the plan plus any investment earnings. The Township contributes 9% of the employee's base compensation. In addition, each employee can make non-deductible, voluntary contributions of 5-10%. All contributions, both employer and employee, become 100% vested at the time of the contribution.

For the year ended December 31, 2015, the Township contributed \$93,326, and the employees contributed \$2,721.

### **NOTE 12 - POSTEMPLOYMENT BENEFITS:**

#### **Plan Description -**

In addition to the pension benefits described in Note 11, the Charter Township of Fort Gratiot provided retiree healthcare benefits to employees who meet the current social security eligibility age, monthly installments of \$250 for single and \$500 for married to all employees/officials with at least ten (10) years of continuous Township full-time employment or term of office. The employee is also required to be employed full-time by the Township at the time of retirement and be insured by the Township's healthcare policy. Expenditure for post-retirement health care benefits are recognized on a pay-as-you-go basis and amounted to \$30,750 for eight employees for 2015.

#### **Funding Policy -**

The Township recognizes the cost of providing these benefits on a "pay-as-you-go" basis, except in the entity-wide statements and the proprietary funds where the unfunded annual required contributions (ARC) is recorded as a long-term liability. The plan requires no member contributions at this time.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (cont'd):**

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

The Township's annual other postemployment benefits (OPEB) cost is based on the annual required contribution of the employer (ARC), an amount calculated in accordance with the alternative measurement method permitted by GASB No. 45 for an employer in plans with fewer than one hundred total plan members. The alternative method dated December 31, 2015 determined an annual required contribution of \$73,235. The ARC represents the level of funding necessary to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period of thirty years. The Township's annual OPEB cost for the year, the amount actually contributed, and changes in net OPEB obligation are as follows:

Annual required contribution	\$ 73,235
Interest on net OPEB obligation	25,382
ARC adjustment	<u>( 30,169)</u>
Annual OPEB cost (expense)	68,448
Contributions made	<u>( 30,750)</u>
Increase in net OPEB obligation	37,698
Net OPEB obligation - beginning of year	<u>634,559</u>
Net OPEB obligation - end of year	<u>\$ 672,257</u>

**Funded Status and Progress -**

The projection of future benefit payments for an obligation for an ongoing plan involves estimates for the value of reported amounts and assumptions about the probability or occurrence into the future. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/10	\$ -	\$ 550,836	\$ 550,836	- %	\$ N/A	N/A %
12/31/12	-	581,781	581,781	-	724,591	80
12/31/15	-	846,246	846,246	-	846,494	100

N/A Not Available

**Schedule of Employer Contributions**

Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 43,609	80	\$ 624,108
2014	43,451	76	634,559
2015	68,448	45	672,257

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (cont'd):**

**Methods and Assumptions -**

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 calculation.

The benefit costs were developed using the individual entry age actuarial cost method. The actuarial assumptions included (a) 4% net investment rate of return, (b) 4% discount rate, (c) life expectancies for males and females of 76 and 81 years, respectively, (d) assumed retirement age of 65 provided minimum years of services with the Township have been met, and (e) \$3,000 contributed by the Township for single employees age 65 and older and \$6,000 contributed by the Township for married employees with the employee or spouse over age 65.

The assumptions and determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**NOTE 13 - RESTRICTED ASSETS:**

The restricted assets of \$65,550 in the Cemetery Perpetual Care Fund for perpetual care and \$1,336,146 in the Utilities Fund are for capital improvements/debt retirement.

**NOTE 14 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses; however, the Township would be responsible should the limits of coverage be exceeded.

**NOTE 15 - RESTATED NET POSITION:**

During 2014, the Township's Water and Sewer Fund contributed \$965,000 for the construction of the new Township Hall, which will include offices for a number of water and sewer activities and which was recorded as a transfer out to the Municipal Building Fund. Because the Water and Sewer Fund will have the benefit of its new facility, it was decided that the Water and Sewer Fund's portion of the building should be capitalized in the Water and Sewer Fund. As a result, the net position of the governmental activities as of December 31, 2014 has been decreased and the business-type activities and the Water and Sewer Fund increased by \$965,000, and the Municipal Building Fund Fund Balance decreased by \$7,222.

**NOTE 16 - CONSTRUCTION COMMITMENT:**

During 2014, the Township signed a contract for the construction of a new Township Hall in the amount of \$3,767,850 plus change orders to date of \$112,895 for a total of \$3,880,745, of which \$3,786,616 has been paid to the contractor, credits applied against the contract for items paid directly by the Township or various allowances, with a remaining balance on the contract of \$94,129 as December 31, 2015. These payments include accounts payable recorded for \$178,245 at December 31, 2015. In addition, because the contractor did not complete that project as specified in the contract, there are various liquidated damages that will be charged to the contractor at final settlement. The amount of the damages that will ultimately be charged and collected will be determined upon settlement.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 454,051	\$ 454,051	\$ 417,136	\$( 36,915)
Licenses and permits	10,700	10,700	12,841	2,141
Intergovernmental	884,288	884,288	893,642	9,354
Charges for services	155,400	155,400	196,738	41,338
Fines and forfeits	8,500	8,500	12,522	4,022
Interest and rent	5,000	5,000	8,650	3,650
Other revenues	167,908	167,908	176,691	8,783
Total Revenues	<u>1,685,847</u>	<u>1,685,847</u>	<u>1,718,220</u>	<u>32,373</u>
<b>Expenditures:</b>				
General Government -				
Legislative	31,044	34,134	34,134	-
Supervisor	74,274	74,274	70,772	3,502
Elections	7,400	7,400	7,176	224
Assessor	171,837	171,837	143,036	28,801
Clerk's Department	253,812	253,812	245,836	7,976
Board of Review	2,650	2,650	2,414	236
Treasurer's Department	195,217	195,217	188,593	6,624
Cemetery	12,000	12,000	8,511	3,489
Township Hall	266,594	267,594	260,663	6,931
	<u>1,014,828</u>	<u>1,018,918</u>	<u>961,135</u>	<u>57,783</u>
Less: Reimbursement from other funds	<u>( 24,600)</u>	<u>( 24,600)</u>	<u>( 17,500)</u>	<u>( 7,100)</u>
	<u>990,228</u>	<u>994,318</u>	<u>943,635</u>	<u>50,683</u>
Public Safety -				
Planning Commission	26,611	26,611	16,671	9,940
Community Planning	75,161	75,161	62,395	12,766
Zoning Board	8,753	8,753	6,592	2,161
Ordinance Enforcement	16,460	16,460	16,330	130
	<u>126,985</u>	<u>126,985</u>	<u>101,988</u>	<u>24,997</u>
Public Works -				
Street Lights	138,723	138,723	130,524	8,199
Road Maintenance and Construction	51,000	55,699	15,735	39,964
Drains at Large and Watershed	70,448	70,448	56,954	13,494
	<u>260,171</u>	<u>264,870</u>	<u>203,213</u>	<u>61,657</u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Expenditures - (cont'd):</b>				
Recreation and Cultural -				
Parks and Recreation	\$ 26,155	\$ 26,155	\$ 19,380	\$ 6,775
Buildings and Grounds	210,523	210,523	178,849	31,674
	236,678	236,678	198,229	38,449
Total Expenditures	1,614,062	1,622,851	1,447,065	175,786
Excess of revenues over expenditures	71,785	62,996	271,155	208,159
<b>Other Financing Sources (Uses):</b>				
Transfer In-				
Park Fund	-	-	4,375	4,375
Transfers Out-				
Inspections Fund	( 69,707)	( 69,707)	-	69,707
Municipal Building Fund	-	( 234,000)	( 347,863)	( 113,863)
	( 69,707)	( 303,707)	( 343,488)	( 39,781)
Net Change in Fund Balance	2,078	( 240,711)	( 72,333)	168,378
Fund Balance at beginning of year	1,848,359	1,848,359	1,848,359	-
Fund Balance at end of year	\$ 1,850,437	\$ 1,607,648	\$ 1,776,026	\$ 168,378

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**FIRE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 653,204	\$ 653,204	\$ 652,782	\$( 422)
Charges for services	42,000	42,000	75,260	33,260
	<u>695,204</u>	<u>695,204</u>	<u>728,042</u>	<u>32,838</u>
<b>Expenditures:</b>				
Public Safety -				
Salaries	424,636	424,636	420,533	4,103
Fringe benefits	122,235	122,235	123,002	( 767)
Supplies	8,000	8,000	7,001	999
Professional fees	10,000	10,000	9,380	620
Uniforms	6,000	6,000	1,114	4,886
Gas and oil	12,000	12,000	5,532	6,468
Communications	3,500	3,500	2,155	1,345
Utilities	10,000	10,000	7,180	2,820
Repairs and maintenance	35,600	35,600	43,605	( 8,005)
Education and training	6,000	6,000	2,728	3,272
Insurance	40,157	40,157	55,094	( 14,937)
Miscellaneous	10,600	10,600	7,102	3,498
Capital outlay	29,000	29,000	34,224	( 5,224)
	<u>717,728</u>	<u>717,728</u>	<u>718,650</u>	<u>( 922)</u>
Net Change in Fund Balance	( 22,524)	( 22,524)	9,392	31,916
Fund Balance at beginning of year	<u>162,127</u>	<u>162,127</u>	<u>162,127</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 139,603</u>	<u>\$ 139,603</u>	<u>\$ 171,519</u>	<u>\$ 31,916</u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**POLICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 575,772	\$ 575,772	\$ 576,691	\$ 919
Intergovernmental - State	8,000	8,000	8,875	875
	583,772	583,772	585,566	1,794
<b>Expenditures:</b>				
Public Safety - Contracted services	672,261	680,591	674,761	5,830
Miscellaneous	-	-	6,160	( 6,160)
	672,261	680,591	680,921	( 330)
Net Change in Fund Balance	( 88,489)	( 96,819)	( 95,355)	1,464
Fund Balance at beginning of year	43,676	43,676	43,676	-
Fund Balance (Deficit) at end of year	\$( 44,813)	\$( 53,143)	\$( 51,679)	\$ 1,464

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**GARBAGE COLLECTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Assessments	\$ 561,738	\$ 561,738	\$ 561,890	\$ 152
<b>Expenditures:</b>				
Public Works - Contracted services	603,782	603,782	530,488	73,294
Net Change in Fund Balance	( 42,044)	( 42,044)	31,402	73,446
Fund Balance at beginning of year	60,049	60,049	60,049	-
Fund Balance at end of year	\$ 18,005	\$ 18,005	\$ 91,451	\$ 73,446

## **SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

	Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total
	Parks	Inspections	Blue Water Area Transportation	Public Improvement	Cemetery Perpetual Care	
<b>Assets:</b>						
<b>Current assets -</b>						
Cash and cash equivalents	\$ 40,961	\$ 10,066	\$ -	\$ 194,941	\$ -	\$ 245,968
Property tax receivable	-	-	241,895	-	-	241,895
Prepays	-	1,282	-	-	-	1,282
	<u>40,961</u>	<u>11,348</u>	<u>241,895</u>	<u>194,941</u>	<u>-</u>	<u>489,145</u>
<b>Restricted assets -</b>						
Investments	-	-	-	-	65,550	65,550
Total Assets	<u>\$ 40,961</u>	<u>\$ 11,348</u>	<u>\$ 241,895</u>	<u>\$ 194,941</u>	<u>\$ 65,550</u>	<u>\$ 554,695</u>
<b>Liabilities:</b>						
Accrued liabilities	\$ -	\$ 6,070	\$ -	\$ -	\$ -	\$ 6,070
Due to other funds	-	-	-	194,941	-	194,941
Total Liabilities	<u>-</u>	<u>6,070</u>	<u>-</u>	<u>194,941</u>	<u>-</u>	<u>201,011</u>
<b>Deferred Inflows of Revenues:</b>						
Unavailable revenue - receivable	-	-	241,895	-	-	241,895
<b>Fund Balances:</b>						
Nonspendable for:						
Prepays	-	1,282	-	-	-	1,282
Perpetual Care	-	-	-	-	35,480	35,480
Restricted for:						
Cemetery	-	-	-	-	30,070	30,070
Parks	40,961	-	-	-	-	40,961
Inspections	-	3,996	-	-	-	3,996
Total Fund Balance	<u>40,961</u>	<u>5,278</u>	<u>-</u>	<u>-</u>	<u>65,550</u>	<u>111,789</u>
Total Liabilities and Fund Balance	<u>\$ 40,961</u>	<u>\$ 11,348</u>	<u>\$ 241,895</u>	<u>\$ 194,941</u>	<u>\$ 65,550</u>	<u>\$ 554,695</u>



**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total
	Parks	Inspections	Blue Water Area Transportation	Public Improvement	Cemetery Perpetual Care	
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ 240,202	\$ -	\$ -	\$ 240,202
Intergovernmental	46,104	-	-	-	-	46,104
Charges for services	-	126,983	-	-	-	126,983
Interest and rent	39	-	-	592	( 3,168)	( 2,537)
Other	-	14,300	-	-	-	14,300
Total Revenues	46,143	141,283	240,202	592	( 3,168)	425,052
<b>Expenditures:</b>						
Public Safety	-	153,479	-	-	-	153,479
Public Works	-	-	240,202	-	-	240,202
Recreation and Cultural	843	-	-	-	-	843
Total Expenditures	843	153,479	240,202	-	-	394,524
Excess of revenues over (under) expenditures	45,300	( 12,196)	-	592	( 3,168)	30,528
<b>Other Financing Uses:</b>						
Transfers Out	( 4,375)	-	-	( 194,941)	-	( 199,316)
Net Change in Fund Balance	40,925	( 12,196)	-	( 194,349)	( 3,168)	( 168,788)
Fund Balances at beginning of year	36	17,474	-	194,349	68,718	280,577
Fund Balances at end of year	\$ 40,961	\$ 5,278	\$ -	\$ -	\$ 65,550	\$ 111,789

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**PARKS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental -				
Local	\$ 45,800	\$ 45,800	\$ 46,104	\$ 304
Interest and rent -				
Interest on investment	250	250	39	( 211)
	<u>46,050</u>	<u>46,050</u>	<u>46,143</u>	<u>93</u>
<b>Expenditures:</b>				
Recreation and Cultural -				
Capital Outlay	<u>46,050</u>	<u>46,050</u>	<u>843</u>	<u>45,207</u>
Excess of revenues over expenditures	-	-	45,300	45,300
<b>Other Financing Uses:</b>				
Transfer Out- General Fund	<u>-</u>	<u>-</u>	<u>( 4,375)</u>	<u>( 4,375)</u>
Net Change in Fund Balance	-	-	40,925	40,925
Fund Balance at beginning of year	<u>36</u>	<u>36</u>	<u>36</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 36</u></u>	<u><u>\$ 36</u></u>	<u><u>\$ 40,961</u></u>	<u><u>\$ 40,925</u></u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**INSPECTIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Building permits	\$ 32,000	\$ 32,000	\$ 68,872	\$ 36,872
Electrical permits	15,000	15,000	27,157	12,157
Mechanical permits	12,000	12,000	22,683	10,683
Plumbing permits	4,800	4,800	8,271	3,471
Other	3,000	3,000	14,300	11,300
	66,800	66,800	141,283	74,483
<b>Expenditures:</b>				
Public Safety -				
Salaries	86,940	86,940	104,669	( 17,729)
Fringe benefits	16,817	16,817	23,696	( 6,879)
Supplies	1,750	1,750	760	990
Transportation	1,400	1,400	1,085	315
Administrative fees	24,600	24,600	17,500	7,100
Education and training	2,000	2,000	958	1,042
Miscellaneous	3,000	3,000	4,811	( 1,811)
	136,507	136,507	153,479	( 16,972)
Excess of revenues under expenditures	( 69,707)	( 69,707)	( 12,196)	57,511
<b>Other Financing Sources:</b>				
Transfers in	69,707	69,707	-	( 69,707)
Net Change in Fund Balance	-	-	( 12,196)	( 12,196)
Fund Balance at beginning of year	17,474	17,474	17,474	-
Fund Balance at end of year	\$ 17,474	\$ 17,474	\$ 5,278	\$( 12,196)

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**BLUE WATER AREA TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 233,582	\$ 233,582	\$ 240,202	\$ 6,620
 <b>Expenditures:</b>				
Public Works - Transportation	<u>233,582</u>	<u>233,582</u>	<u>240,202</u>	<u>( 6,620)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**  
**COMBINING SCHEDULE OF NET POSITION**  
**WATER AND SEWER FUNDS**  
**DECEMBER 31, 2015**

	Unrestricted			Restricted
	Water & Sewer Fund	Capital Replacement	Utility Bond Debt	1999 Bond Debt
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,368,125	\$ -	\$ -	\$ -
Accounts receivable	623,834	-	-	-
Due from other funds	132,222	-	-	-
Inventory	32,726	-	-	-
Prepaid expense	34,672	-	-	-
Total Current Assets	<u>2,191,579</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Restricted Assets:</b>				
Cash and cash equivalents	-	508,014	93,945	8,148
Receivables	-	37,390	7,490	-
Due from other funds	-	19,417	83,706	-
Total Restricted Assets	<u>-</u>	<u>564,821</u>	<u>185,141</u>	<u>8,148</u>
<b>Capital Assets::</b>				
Buildings	1,199,704	-	-	-
Equipment	1,071,814	-	-	-
Mains and extensions	20,236,897	-	-	-
Construction in progress	1,213,603	-	-	-
	<u>23,722,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less - accumulated depreciation	( 11,293,541)	-	-	-
Capital Assets, net	<u>12,428,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Assets:</b>				
Sewer capacity rights	1,376,777	-	-	-
Total Assets	<u>15,996,833</u>	<u>564,821</u>	<u>185,141</u>	<u>8,148</u>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	418,653	-	-	-
Contracts payable (current portion)	95,427	-	-	-
Accrued expenses	8,492	-	-	-
Deposits	26,112	-	-	-
Due to other funds	40,417	-	-	-
Total Current Liabilities	<u>589,101</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities - (Payable from restricted assets):</b>				
Bonds payable (current portion)	-	-	-	-
Accrued interest	-	-	-	-
Due to other funds	-	-	-	83,706
	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,706</u>
<b>Long-Term Liabilities (less current portions):</b>				
Net OPEB obligation	143,792	-	-	-
Contracts payable	1,281,350	-	-	-
Bonds payable	-	-	-	-
	<u>1,425,142</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,014,243</u>	<u>-</u>	<u>-</u>	<u>83,706</u>
<b>Net Position (Deficit):</b>				
Net investment in capital assets	12,428,477	-	-	-
Reserved - Equipment Replacement	-	564,821	-	-
Debt Retirement	-	-	185,141	( 75,558)
Unrestricted	1,554,113	-	-	-
Total Net Position (Deficit)	<u>\$ 13,982,590</u>	<u>\$ 564,821</u>	<u>\$ 185,141</u>	<u>\$( 75,558)</u>

<u>Brace/Tice Bond Debt</u>	<u>Krafft Bond Debt</u>	<u>Total Restricted</u>	<u>Total</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,368,125	\$ ( 19,417)	\$ 1,348,708
-	-	-	623,834	-	623,834
-	-	-	132,222	-	132,222
-	-	-	32,726	-	32,726
-	-	-	34,672	-	34,672
-	-	-	<u>2,191,579</u>	<u>( 19,417)</u>	<u>2,172,162</u>
80,284	270,855	961,246	961,246	19,417	980,663
87,594	223,009	355,483	355,483	-	355,483
-	-	103,123	103,123	( 103,123)	-
<u>167,878</u>	<u>493,864</u>	<u>1,419,852</u>	<u>1,419,852</u>	<u>( 83,706)</u>	<u>1,336,146</u>
-	-	-	1,199,704	-	1,199,704
-	-	-	1,071,814	-	1,071,814
-	-	-	20,236,897	-	20,236,897
-	-	-	1,213,603	-	1,213,603
-	-	-	23,722,018	-	23,722,018
-	-	-	( 11,293,541)	-	( 11,293,541)
-	-	-	<u>12,428,477</u>	<u>-</u>	<u>12,428,477</u>
-	-	-	1,376,777	-	1,376,777
<u>167,878</u>	<u>493,864</u>	<u>1,419,852</u>	<u>17,416,685</u>	<u>( 103,123)</u>	<u>17,313,562</u>
-	-	-	418,653	-	418,653
-	-	-	95,427	-	95,427
-	-	-	8,492	-	8,492
-	-	-	26,112	-	26,112
-	-	-	40,417	( 19,417)	21,000
-	-	-	<u>589,101</u>	<u>( 19,417)</u>	<u>569,684</u>
20,000	30,000	50,000	50,000	-	50,000
2,098	6,178	8,276	8,276	-	8,276
-	-	83,706	83,706	( 83,706)	-
<u>22,098</u>	<u>36,178</u>	<u>141,982</u>	<u>141,982</u>	<u>( 83,706)</u>	<u>58,276</u>
-	-	-	143,792	-	143,792
-	-	-	1,281,350	-	1,281,350
175,000	410,000	585,000	585,000	-	585,000
<u>175,000</u>	<u>410,000</u>	<u>585,000</u>	<u>2,010,142</u>	<u>-</u>	<u>2,010,142</u>
197,098	446,178	726,982	2,741,225	( 103,123)	2,638,102
-	-	-	12,428,477	-	12,428,477
-	-	564,821	564,821	-	564,821
( 29,220)	47,686	128,049	128,049	-	128,049
-	-	-	1,554,113	-	1,554,113
<u>\$( 29,220)</u>	<u>\$ 47,686</u>	<u>\$ 692,870</u>	<u>\$ 14,675,460</u>	<u>\$ -</u>	<u>\$ 14,675,460</u>

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**WATER AND SEWER FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted			Restricted
	Water & Sewer Fund	Capital Replacement	Utility Bond Debt	1999 Bond Debt
<b>Operating Revenues:</b>				
Licenses and permits	\$ 350	\$ -	\$ -	\$ -
Charges for services - user charges	2,953,743	197,302	-	-
Penalty on delinquent accounts	36,208	-	-	-
Other revenue	16,231	-	-	-
Total Operating Revenues	<u>3,006,532</u>	<u>197,302</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses:</b>				
Salaries and fringes	631,808	-	-	-
Post employment benefit	4,108	-	-	-
Water purchases	1,188,310	-	-	-
Sewer plant charges	724,879	-	-	-
Supplies	66,637	-	-	-
Utilities	44,928	-	-	-
Repairs and maintenance	91,013	-	-	-
Gas and oil	17,989	-	-	-
Professional services	6,230	-	-	-
Other	68,827	-	1,969	-
Depreciation	399,542	-	-	-
Total Operating Expenses	<u>3,244,271</u>	<u>-</u>	<u>1,969</u>	<u>-</u>
Operating Income (Loss)	<u>( 237,739)</u>	<u>197,302</u>	<u>( 1,969)</u>	<u>-</u>
<b>Non-Operating Revenues (Expenses):</b>				
Gain on sale of equipment	30,362	-	-	-
Tap and privilege fees	-	61,385	-	-
Interest earned on -				
Special assessments and privilege fees	-	5,489	806	100
Cash and investment revenue	27	-	42	-
Interest expense and fees	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>30,389</u>	<u>66,874</u>	<u>848</u>	<u>100</u>
Net Income (Loss) Before Capital Contributions and Transfers	<u>( 207,350)</u>	<u>264,176</u>	<u>( 1,121)</u>	<u>100</u>
<b>Capital Contributions</b>	<u>-</u>	<u>37,174</u>	<u>-</u>	<u>-</u>
<b>Transfers:</b>				
Transfer In	191,143	-	-	-
Transfer Out	-	( 191,143)	-	-
	<u>191,143</u>	<u>( 191,143)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>( 16,207)</u>	<u>110,207</u>	<u>( 1,121)</u>	<u>100</u>
Net Position (Deficit) at beginning of year, as restated	<u>13,998,797</u>	<u>454,614</u>	<u>186,262</u>	<u>( 75,658)</u>
Net Position (Deficit) at end of year	<u>\$ 13,982,590</u>	<u>\$ 564,821</u>	<u>\$ 185,141</u>	<u>\$ ( 75,558)</u>

<u>Brace/Tice</u> <u>Bond Debt</u>	<u>Krafft</u> <u>Bond Debt</u>	<u>Total</u> <u>Restricted</u>	<u>Total</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 350	\$ -	\$ 350
-	-	197,302	3,151,045	-	3,151,045
-	-	-	36,208	-	36,208
-	-	-	16,231	-	16,231
-	-	197,302	3,203,834	-	3,203,834
-	-	-	631,808	-	631,808
-	-	-	4,108	-	4,108
-	-	-	1,188,310	-	1,188,310
-	-	-	724,879	-	724,879
-	-	-	66,637	-	66,637
-	-	-	44,928	-	44,928
-	-	-	91,013	-	91,013
-	-	-	17,989	-	17,989
-	-	-	6,230	-	6,230
-	-	1,969	70,796	-	70,796
-	-	-	399,542	-	399,542
-	-	1,969	3,246,240	-	3,246,240
-	-	195,333	( 42,406)	-	( 42,406)
-	-	-	30,362	-	30,362
-	-	61,385	61,385	-	61,385
5,448	15,701	27,544	27,544	-	27,544
127	409	578	605	-	605
( 9,337)	( 20,065)	( 29,402)	( 29,402)	-	( 29,402)
( 3,762)	( 3,955)	60,105	90,494	-	90,494
( 3,762)	( 3,955)	255,438	48,088	-	48,088
-	-	37,174	37,174	-	37,174
-	-	-	191,143	( 191,143)	-
-	-	( 191,143)	( 191,143)	191,143	-
-	-	( 191,143)	-	-	-
( 3,762)	( 3,955)	101,469	85,262	-	85,262
( 25,458)	51,641	591,401	14,590,198	-	14,590,198
\$( 29,220)	\$ 47,686	\$ 692,870	\$ 14,675,460	\$ -	\$ 14,675,460



## **FIDUCIARY FUNDS**

**CHARTER TOWNSHIP OF FORT GRATIOT**  
**St. Clair County, Michigan**

**AGENCY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Current Tax Collection	Imprest Payroll	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,029,839	\$ 37,979	\$ 2,067,818
Prepaid expense	-	35,178	35,178
	\$ 2,029,839	\$ 73,157	\$ 2,102,996
<b>Liabilities:</b>			
Due to other funds	\$ 37,732	\$ 73,157	\$ 110,889
Undistributed taxes and interest	1,992,107	-	1,992,107
	\$ 2,029,839	\$ 73,157	\$ 2,102,996