

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

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**



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

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

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the 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 (the "Township"), as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 judgement, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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

April 13, 2018

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Charter Township of Fort Gratiot's (the "Township") 2017 annual report is presented in conformity with the requirements of GASB Statement No. 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 \$23,424,556. This is an increase from 2016 of \$244,757. Government-type activities comprise \$8,861,210 and business-type activities make up \$14,563,346 of the total net position. In a condensed format, the table below shows net position as of the December 31, 2017 and 2016.

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
<b>Assets</b>				
Current assets	\$ 5,646,855	\$ 5,235,105	\$ 2,512,620	\$ 2,253,845
Restricted assets	72,651	66,675	2,533,791	1,479,376
Noncurrent assets	7,943,425	8,042,768	12,982,624	13,408,232
	<u>13,662,931</u>	<u>13,344,548</u>	<u>18,029,035</u>	<u>17,141,453</u>
<b>Liabilities</b>				
Current liabilities	163,060	293,109	560,516	461,778
Liabilities payable from restricted assets	-	-	159,830	72,926
Non-current liabilities	1,477,977	1,655,313	2,745,343	1,954,588
	<u>1,641,037</u>	<u>1,948,422</u>	<u>3,465,689</u>	<u>2,489,292</u>
Deferred Inflows of Resources	<u>3,160,684</u>	<u>2,868,488</u>	-	-
<b>Net Position</b>				
Net investment in capital assets	7,057,739	6,949,632	11,225,372	12,126,882
Restricted	433,007	230,119	1,537,365	881,450
Unrestricted	1,370,464	1,347,887	1,800,609	1,643,829
	<u>8,861,210</u>	<u>8,527,638</u>	<u>14,563,346</u>	<u>14,652,161</u>
Total Net Position	<u>\$ 8,861,210</u>	<u>\$ 8,527,638</u>	<u>\$ 14,563,346</u>	<u>\$ 14,652,161</u>

The Township governmental activities experienced a net change in position of \$333,572. The business-type activities experienced a net change in position of \$(88,815).

The following table shows the changes in net position for 2017 and 2016:

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues -				
Program revenues:				
Charges for services	\$ 930,078	\$ 978,459	\$ 3,564,871	\$ 3,511,589
Operating grants and contributions	62,454	62,699	146,787	5,250
Capital grants and contributions	435	32,740	-	21,743
General revenues				
Property taxes	2,210,583	2,105,351	-	-
Unrestricted grants	1,127,661	1,049,672	-	-
Unrestricted investments	9,452	10,808	19,933	23,735
	<u>4,340,663</u>	<u>4,239,729</u>	<u>3,731,591</u>	<u>3,562,317</u>
Program Expenses -				
General government	1,038,208	993,300	-	-
Public safety	1,564,881	1,734,288	-	-
Public works	1,047,199	1,130,958	-	-
Community and economic development	96,784	86,095	-	-
Recreation and cultural	260,019	205,228	-	-
Water and sewer operations	-	-	3,820,406	3,585,616
	<u>4,007,091</u>	<u>4,149,869</u>	<u>3,820,406</u>	<u>3,585,616</u>
Change in net position	<u>\$ 333,572</u>	<u>\$ 89,860</u>	<u>\$( 88,815)</u>	<u>\$( 23,299)</u>

\* The 2016 balances have been restated to 2017 classifications.

### ***Governmental Activities***

Revenues for governmental activities totaled \$4,340,663 in 2017. Of this amount, \$2,788,888 was received from taxes or special service assessments, which was an increase of \$125,450 from the prior year. The next largest revenue source was unrestricted grant revenue of \$1,127,661, an increase of \$77,989 from 2016.

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

The Township has one business-type activity, the water and sewer operations. Total revenues including interest income were \$3,731,591 and expenses were \$3,820,406 for a change in net position of \$(88,815). During the year, the charges for services and operating grants/contributions increased by \$194,819 or approximately 6%. Expenses increased by \$234,790 or approximately 7%.

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

### ***Governmental Fund***

The General Fund ended 2017 with a fund balance of \$1,804,121, with \$61,999 nonspendable for prepaid expenditures, \$755,703 committed for specific purposes, \$157,360 assigned for the 2018 budget, and the remaining \$829,059 unassigned. The commitments at December 31, 2017 were \$700,000 for budget stabilization and \$55,703 for retirees' health insurance. The final budget expected expenditures to exceed revenues by \$299,165. The General Fund had revenues over expenditures of \$67,350.

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

- The Fire Fund had revenues over expenditures of \$159,371.
- The Police Fund had revenues over expenditures of \$29,728.
- The Garbage Collection Fund had expenditures over revenues of \$20,156.



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 adjustments in the General Fund were to decrease special assessment revenue by \$200,649 for resident drain assessments, to increase expenditures for Township Hall by \$127,083 to purchase property and to increase Streetlights by \$53,491 for a street-lighting project.

Since the original budget and amended budgets are estimates of what is expected, there are differences between the budget and actual results. The only significant differences were as follows:

- Intergovernmental Revenues were over budget by \$81,076 due to more than anticipated funding from the State of Michigan.
- Transfers Out were under budget by \$98,833 because the Inspection Fund did not need the 2017 allocation

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

The Township had \$19,742,201 invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of December 31, 2017. 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 \$185,799 in governmental activities and \$146,570 in business-type activities. The governmental activities' capital expenditures included \$111,383 for land purchase, \$44,634 for shared road improvements, and the remainder for equipment. The business-type activities' capital expenditures included \$44,820 for construction-in-progress for pump projects, \$48,519 for a parking lot and fencing, and the remaining \$53,231 for two vehicles.

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

### ***Long-term Debt***

At December 31, 2017, the Township had \$3,589,534 in long-term debt, compared to \$2,959,486 at December 31, 2016, an increase of \$630,048. The Township issued a new Limited Tax General Obligation Capital Improvements Bond for \$995,000 for improvements to pump stations.

Additional information on the Township's long-term debt can be found in Note 9 to the financial statements.

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

For 2018, the Township adopted a General Fund that anticipates revenues of \$1,801,444 and expenditures of \$1,958,804.

## **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, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,035,871	\$ 1,758,106	\$ 3,793,977
Receivables (net of allowance)	3,529,887	678,379	4,208,266
Inventory	-	49,609	49,609
Prepaid expenses/deposits	81,097	26,526	107,623
Restricted assets			
Cash and cash equivalents	-	1,450,072	1,450,072
Investments	72,651	751,217	823,868
Receivables (net of allowance)	-	29,546	29,546
Special assessment receivable	-	302,956	302,956
Capital assets (net of accumulated depreciation)			
Assets not being depreciated	1,558,861	55,859	1,614,720
Assets being depreciated	6,384,564	11,742,917	18,127,481
Sewer capacity rights	-	1,183,848	1,183,848
Total Assets	<u>13,662,931</u>	<u>18,029,035</u>	<u>31,691,966</u>
<b>Liabilities:</b>			
Payables and accrued liabilities	106,791	527,607	634,398
Advances and deposits	56,269	32,909	89,178
Liabilities payable from restricted assets			
Accounts payable	-	32,829	32,829
Bonds payable (current)	-	110,000	110,000
Accrued interest	-	17,001	17,001
Non-current liabilities			
Due within one year	55,522	100,268	155,790
Due in more than one year	830,164	2,493,580	3,323,744
Net OPEB obligation	592,291	151,495	743,786
Total Liabilities	<u>1,641,037</u>	<u>3,465,689</u>	<u>5,106,726</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for subsequent period	<u>3,160,684</u>	<u>-</u>	<u>3,160,684</u>
<b>Net Position:</b>			
Net investment in capital assets	7,057,739	11,225,372	18,283,111
Restricted			
Acquisition/construction of capital assets	-	901,762	901,762
Debt retirement	-	635,603	635,603
Cemetery perpetual care			
Expendable	37,171	-	37,171
Nonexpendable	35,480	-	35,480
Parks and recreation	66,379	-	66,379
Public safety	233,615	-	233,615
Public works	60,362	-	60,362
Unrestricted	<u>1,370,464</u>	<u>1,800,609</u>	<u>3,171,073</u>
Total Net Position	<u>\$ 8,861,210</u>	<u>\$ 14,563,346</u>	<u>\$ 23,424,556</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, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General Government	\$ 1,038,208	\$ 48,025	\$ -	\$ -
Public Safety	1,564,881	181,895	9,183	-
Public Works	1,047,199	694,346	5,699	-
Community and Economic Development	96,784	3,600	-	-
Recreation and Culture	260,019	2,212	47,572	435
Total governmental activities	<u>4,007,091</u>	<u>930,078</u>	<u>62,454</u>	<u>435</u>
Business-type activities:				
Utilities (Water/Sewer)	<u>3,820,406</u>	<u>3,564,871</u>	<u>146,787</u>	<u>-</u>
Total Primary Government	<u><u>\$ 7,827,497</u></u>	<u><u>\$ 4,494,949</u></u>	<u><u>\$ 209,241</u></u>	<u><u>\$ 435</u></u>

General revenues:

Property taxes

Grants and contribution not restricted to specific programs

Unrestricted investment income

Total general revenues

Change in net position

Net position at beginning of year

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
\$( 990,183)	\$ -	\$( 990,183)
( 1,373,803)	-	( 1,373,803)
( 347,154)	-	( 347,154)
( 93,184)	-	( 93,184)
( 209,800)	-	( 209,800)
( 3,014,124)	-	( 3,014,124)
-	( 108,748)	( 108,748)
( 3,014,124)	( 108,748)	( 3,122,872)
2,210,583	-	2,210,583
1,127,661	-	1,127,661
9,452	19,933	29,385
3,347,696	19,933	3,367,629
333,572	( 88,815)	244,757
8,527,638	14,652,161	23,179,799
\$ 8,861,210	\$ 14,563,346	\$ 23,424,556

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	General	Fire	Police	Garbage Collection
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,447,150	\$ 359,421	\$ 92,329	\$ 60,362
Receivables -				
Property taxes	474,084	750,830	756,438	-
Accounts	43,594	-	-	-
Special assessments	867	-	-	578,499
Due from other governmental units - State	314,269	-	-	-
Due from other funds	112,374	-	-	-
Prepays/deposits	61,999	19,098	-	-
	2,454,337	1,129,349	848,767	638,861
<b>Restricted Assets:</b>				
Investments	-	-	-	-
Total Assets	\$ 2,454,337	\$ 1,129,349	\$ 848,767	\$ 638,861
<b>Liabilities:</b>				
Accounts payable	\$ 12,486	\$ 4,259	\$ 59,786	\$ -
Accrued liabilities	13,776	11,188	-	-
Advances and deposits	47,969	8,300	-	-
Total Liabilities	74,231	23,747	59,786	-
<b>Deferred Inflows of Resources:</b>				
Taxes levied for subsequent period	575,985	750,830	756,438	578,499
<b>Fund Balance:</b>				
Nonspendable -				
Prepays/Deposits	61,999	19,098	-	-
Perpetual Care	-	-	-	-
Restricted -				
Cemetery	-	-	-	-
Fire	-	335,674	-	-
Police	-	-	32,543	-
Garbage Collection	-	-	-	60,362
Parks	-	-	-	-
Inspections	-	-	-	-
Committed -				
Budget Stabilization	700,000	-	-	-
Retirees Health Insurance	55,703	-	-	-
Assigned - 2018 Budget	157,360	-	-	-
Unassigned	829,059	-	-	-
Total Fund Balance	1,804,121	354,772	32,543	60,362
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,454,337	\$ 1,129,349	\$ 848,767	\$ 638,861

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 76,609	\$ 2,035,871
498,932	2,480,284
-	43,594
-	579,366
-	314,269
-	112,374
-	81,097
<u>575,541</u>	<u>5,646,855</u>
72,651	72,651
<u>\$ 648,192</u>	<u>\$ 5,719,506</u>
\$ -	\$ 76,531
5,296	30,260
-	56,269
<u>5,296</u>	<u>163,060</u>
<u>498,932</u>	<u>3,160,684</u>
-	81,097
35,480	35,480
37,171	37,171
-	335,674
-	32,543
-	60,362
66,379	66,379
4,934	4,934
-	700,000
-	55,703
-	157,360
-	829,059
<u>143,964</u>	<u>2,395,762</u>
<u>\$ 648,192</u>	<u>\$ 5,719,506</u>

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

**RECONCILIATION OF THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

Fund Balances - total governmental funds	\$ 2,395,762
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	10,703,987
Accumulated depreciation	( 2,760,562)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Net OPEB obligation	( 592,291)
Drain districts	( 885,686)
Net position of governmental activities	<u>\$ 8,861,210</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, 2017**

	General	Fire	Police	Garbage Collection
<b>Revenues:</b>				
Taxes	\$ 483,527	\$ 743,141	\$ 736,471	\$ -
Licenses and permits	190,473	-	-	-
Intergovernmental -				
Federal/State	954,517	-	9,183	-
Local	-	-	-	-
Charges for services	42,685	44,100	-	-
Special assessments	87,937	-	-	578,305
Fines and forfeits	13,314	-	-	-
Interest and rent	10,324	-	-	-
Other	30,677	-	-	-
Total Revenues	1,813,454	787,241	745,654	578,305
<b>Expenditures:</b>				
General Government	1,055,516	-	-	-
Public Safety	10,669	627,870	715,926	-
Public Works	381,542	-	-	598,461
Community and Economic Development	96,784	-	-	-
Recreation and Cultural	208,908	-	-	-
Total Expenditures	1,753,419	627,870	715,926	598,461
Excess of Revenues Over (Under) Expenditures	60,035	159,371	29,728	( 20,156)
<b>Other Financing Sources:</b>				
Sale of assets	7,315	-	-	-
Net Change in Fund Balance	67,350	159,371	29,728	( 20,156)
Fund Balances at beginning of year	1,736,771	195,401	2,815	80,518
Fund Balances at end of year	\$ 1,804,121	\$ 354,772	\$ 32,543	\$ 60,362

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

Other Governmental Funds	Total Governmental Funds
\$ 247,444	\$ 2,210,583
-	190,473
-	963,700
47,572	47,572
111,733	198,518
-	666,242
-	13,314
6,028	16,352
3,232	33,909
<u>416,009</u>	<u>4,340,663</u>
-	1,055,516
131,657	1,486,122
247,444	1,227,447
-	96,784
17,622	226,530
<u>396,723</u>	<u>4,092,399</u>
19,286	248,264
-	7,315
19,286	255,579
<u>124,678</u>	<u>2,140,183</u>
<u>\$ 143,964</u>	<u>\$ 2,395,762</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - total governmental funds	\$ 255,579
<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	178,484
Depreciation expense	( 277,827)
<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	207,450
<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 OPEB obligation	<u>( 30,114)</u>
Change in net position of governmental activities	<u><u>\$ 333,572</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, 2017**

**Assets:**

Current Assets:

Cash and cash equivalents	\$ 1,758,106
Accounts receivable	678,379
Inventory	49,609
Prepaid expense	26,526
Total Current Assets	2,512,620

Restricted Assets:

Cash and cash equivalents	1,450,072
Investments	751,217
Due from other governmental units	29,546
Special assessment receivable	302,956
Total Restricted Assets	2,533,791

Noncurrent Assets:

Capital Assets, net	11,798,776
Sewer Capacity Rights	1,183,848
Total Noncurrent Assets	12,982,624

Total Assets	18,029,035
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**Liabilities:**

Current Liabilities:

Accounts payable	513,992
Accrued expenses	13,292
Due to other funds	323
Contracts payable (current portion)	100,268
Deposits	32,909
Total Current Liabilities	660,784

Current Liabilities - (Payable from restricted assets):

Accounts payable	32,829
Bonds payable (current portion)	110,000
Accrued interest	17,001
Total Current Liabilities - (Payable from restricted assets)	159,830

Long-term Liabilities (less current portions):

Net OPEB obligation	151,495
Contracts payable	1,083,580
Bonds payable	1,410,000
Total Long-term Liabilities (less current portions)	2,645,075

Total Liabilities	3,465,689
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**Net Position:**

Net investment in capital assets	11,225,372
Reserved -	
Equipment replacement	901,762
Debt retirement	635,603
Unrestricted	1,800,609
Total Net Position	\$ 14,563,346

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, 2017**

**Operating Revenues:**

Charges for services - user charges	\$ 3,451,391
Penalty on delinquent accounts	37,993
Other revenue	165,385
Total Operating Revenues	3,654,769

**Operating Expenses:**

Salaries and fringes	706,985
Water purchases	1,336,337
Sewer plant charges	839,622
Supplies	29,835
Utilities	42,056
Repairs and maintenance	234,704
Insurances	37,556
Professional services	21,614
Other	58,416
Depreciation	474,676
Total Operating Expenses	3,781,801

Operating Loss	( 127,032)
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**Non-Operating Revenues (Expenses):**

Tap and privilege fees	56,889
Interest earned	19,933
Interest expense and paying agent fees	( 38,605)
Total Non-Operating Revenues	38,217

Net Loss	( 88,815)
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Net position at beginning of year	14,652,161
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Net position end of year	\$ 14,563,346
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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, 2017**

**Cash Flows From Operating Activities:**

Cash receipts from customers	\$ 3,421,010
Cash payments to suppliers	( 2,479,221)
Cash payments to employees	( 699,824)
Cash receipts other	165,385
Net Cash Provided by Operating Activities	<u>407,350</u>

**Cash Flows From Capital and Related Financing Activities:**

Special assessments/tap and privilege fees	102,408
Bond proceeds	995,000
Bond payments	( 60,000)
Interest payments	( 28,957)
Acquisition/construction/disposal of capital assets	( 146,570)
Net Cash Provided in Capital and Related Financing Activities	<u>861,881</u>

**Cash Flows From Investing Activities:**

Interest earned	19,933
Purchase of investments	( 751,217)
Net Cash Used by Investing Activities	<u>( 731,284)</u>

Net Increase in Cash and Cash

Equivalents for the year 537,947

Cash and Cash Equivalents at Beginning of Year

2,670,231

Cash and Cash Equivalents at End of Year

\$ 3,208,178

**Reconciliation of Net Loss to**

**Net Cash Provided by Operating Activities:**

Operating loss for the year	\$( 127,032)
Adjustments to reconcile operating income to Net Cash Provided by Operating Activities -	
Depreciation	474,676
Change in assets and liabilities:	
Receivables	( 71,774)
Prepaid expenses	10,159
Inventory	( 7,929)
Accounts payable/accrued expenses	122,593
Deposits	3,400
Net OPEB obligation	3,257
Net Cash Provided by Operating Activities	<u><u>\$ 407,350</u></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, 2017**

	Agency Funds
<b>Assets:</b>	
Cash and cash equivalents	\$ 2,538,672
Prepaid expense	37,071
Due from other funds	<u>323</u>
Total Assets	<u><u>\$ 2,576,066</u></u>
<b>Liabilities:</b>	
Due to other funds	\$ 112,374
Undistributed taxes and interest	<u>2,463,692</u>
Total Liabilities	<u><u>\$ 2,576,066</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, 2017

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

#### A. Reporting Entity -

The Charter Township of Fort Gratiot, Michigan (the “Township”), 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 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. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial 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 are 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 2016 levy in 2017). 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, 2017**

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

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 Township considers revenues to be available if they are collected within 60 days after year-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, other post-employment benefits, and claims and judgement are recorded only when payment is due.

State shared revenue, interest, licenses, and permits 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 on December 1 and are due through the following February, are budgeted and recognized 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.

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.

Additionally, the Township reports the following fund types:

**Governmental Fund Types -**

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources 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.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**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.

**Fiduciary Fund Type -**

**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. Exceptions to this general rule are charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 principal 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.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**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.

Investments in a common trust fund, for which a quoted market value is not readily available, are stated at net asset value (NAV) as determined by the fund manager. Because of the inherent uncertainty of valuations, the fair market values used may differ from values that would have been used had a ready market existed.

State statutes 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).

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**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.”

**Inventories and Prepaid Items -**

All inventories are valued at cost, determined by 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 future accounting periods and are recorded as prepaid items in the fund financial statements.

**Sewer Capacity Rights -**

The Township has entered into a contract with the City of Port Huron, Michigan (the “City”) 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 over the life of the debt, which is considered the minimum life of the contract with the City, and are recorded as treatment costs.

**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 2016 levy is recognized in 2017).

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.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**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.

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

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

**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 material, 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 as 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.

**Deferred Outflows/Inflows of Resources -**

In addition to assets, the statement of net position reports 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, 2017

### 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.

#### **Fund Balance -**

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

*Nonspendable fund balance* – the portion of fund balance that is not in a spendable form or is required to be maintained intact.

*Restricted fund balance* – the portion of the fund balance that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

*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.

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

When different classifications of fund balance are present, it is the Township's policy that expenditures are to be spent from the restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

#### **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.

#### **Upcoming Accounting Pronouncements -**

The Governmental Accounting Standards Board (GASB) issued the following statements that will have an impact on the Township's financial statements when adopted. The Township is currently evaluating the implications of the pronouncements.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans*, in June 2015 and will become effective for the Township's December 31, 2018 fiscal year. The statement requires governments providing defined benefit plans to report the net OPEB liability in their statement of net position. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets accumulated in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

GASB Statement No. 87, *Leases*, was issued in June 2017 and will become effective for the Township's December 31, 2021 fiscal year. The objective of the statement is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use of an underlying asset. Under this statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and will become effective for the Township's December 31, 2020 fiscal year. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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

**Budgetary Compliance -**

Annual budgets are adopted for the General and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the modified accrual basis used to reflect actual results.

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.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

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. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control level (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). During the fiscal year ended December 31, 2017, the Township did not have any overages that exceeded this threshold.

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

**Carrying Amount -**

As of December 31, 2017, the carrying amount of the deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash On Hand -			
Petty cash	\$ 1,000	\$ -	\$ 1,000
Deposits with Financial Institutions -			
Checking	4,831,333	2,538,672	7,370,005
Savings/Certificates of deposit	<u>1,162,933</u>	<u>-</u>	<u>1,162,933</u>
	<u>5,994,266</u>	<u>2,538,672</u>	<u>8,532,938</u>
Investments -			
Total return common trust fund	<u>72,651</u>	<u>-</u>	<u>72,651</u>
	<u>\$ 6,067,917</u>	<u>\$ 2,538,672</u>	<u>\$ 8,606,589</u>

Reconciliation to Combined Balance Sheet -

Reported as Cash and Cash Equivalents -			
Petty cash	\$ 1,000	\$ -	\$ 1,000
Checking	4,831,333	2,538,672	7,370,005
Savings	<u>411,716</u>	<u>-</u>	<u>411,716</u>
	<u>5,244,049</u>	<u>2,538,672</u>	<u>7,782,721</u>
Reported as Investments -			
Certificates of deposit	751,217	-	751,217
Total return common trust fund	<u>72,651</u>	<u>-</u>	<u>72,651</u>
	<u>823,868</u>	<u>-</u>	<u>823,868</u>
	<u>\$ 6,067,917</u>	<u>\$ 2,538,672</u>	<u>\$ 8,606,589</u>

# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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

***Custodial Credit Risk - Deposits*** - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Township's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the Township at December 31, 2017, the Township's deposits consist of demand deposits, savings accounts, and certificates of deposit. The bank balance of the Township's deposits was \$8,635,653, of which \$309,811 was insured by depository insurance and the remaining balance of \$8,325,842 was uninsured and uncollateralized.

***Interest Rate Risk*** - Interest rate risk is the risk that the value of securities in the Township portfolio will decrease as a result of a rise in interest rates. The Township attempts to minimize interest rates by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets mutual funds, or similar public investment pools. At December 31, 2017, all of the Township's \$751,217 certificates of deposit have a maturity of less than one year.

#### **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 367, 129.111 to 129.118; investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.



# CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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

As of December 31, 2017, the Township was invested in an investment common trust fund through Comerica Bank with a fair market value of \$72,651. The fair value of the investments held is estimated based on the net asset value by the fund manager. The redemption frequency is daily with no redemption notice period. The fund invests in a mix of equities and bonds in U.S. and foreign maturities. As of December 31, 2017, the asset mix was approximately 99% equities and 1% 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.

***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 2017 levy has a State Equalized Value of \$487,035,200 and a taxable value of \$408,898,142.

The millage rates levied by the Township for 2017 revenues (2016 taxes) were 0.7023 for General Operating, 0.6214 for the Blue Water Area Transportation service, 1.8500 for Police Protection, 1.9965 for Fire Services, and 0.1243 for Street Lights.

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, 2017**

**NOTE 5 - RECEIVABLES:**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 2,480,284	\$ -
Special assessments	579,366	302,956
Accounts	43,594	678,379
Due from fiduciary funds	112,374	-
Due from other governmental units	<u>314,269</u>	<u>29,546</u>
	<u>\$ 3,529,887</u>	<u>\$ 1,010,881</u>

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

The composition of interfund balances as of December 31, 2017:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Current Tax Collection Fund	\$ 37,732 (a)
	Imprest Payroll Fund	<u>74,642 (b)</u>
		<u>\$ 112,374</u>

(a) Undistributed taxes

(b) Cash flow for payroll and fringes

**NOTE 7 - CAPITAL ASSETS:**

**Primary Government -**

Capital asset activity of the primary government for the year ended December 31, 2017 was as follows:

	<u>Jan. 1, 2017 Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Adjustments</u>	<u>Dec. 31, 2017 Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,454,793	\$ 111,383	\$ 7,315	\$ 1,558,861
Capital assets, being depreciated				
Land Improvements	2,543,728	-	-	2,543,728
Shared Roads	578,555	44,634	-	623,189
Buildings & Improvements	3,794,446	-	-	3,794,446
Machinery & Equipment	<u>2,162,981</u>	<u>29,782</u>	<u>9,000</u>	<u>2,183,763</u>
Total capital assets, being depreciated	<u>9,079,710</u>	<u>74,416</u>	<u>9,000</u>	<u>9,145,126</u>
Less accumulated depreciation				
Land Improvements	502,622	81,357	-	583,979
Shared Roads	204,624	30,044	-	234,668
Buildings & Improvements	196,989	69,260	-	266,249
Machinery & Equipment	<u>1,587,500</u>	<u>97,166</u>	<u>9,000</u>	<u>1,675,666</u>
Total accumulated depreciation	<u>2,491,735</u>	<u>277,827</u>	<u>9,000</u>	<u>2,760,562</u>
Total capital asset being depreciated, net	<u>6,587,975</u>	<u>( 203,411)</u>	<u>-</u>	<u>6,384,564</u>
Governmental activities capital assets, net	<u>\$ 8,042,768</u>	<u>\$( 92,028)</u>	<u>\$ 7,315</u>	<u>\$ 7,943,425</u>

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

	<u>Jan. 1, 2017</u> <u>Balance</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deletions/</u> <u>Adjustments</u>	<u>Dec. 31, 2017</u> <u>Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated				
Construction in Progress	\$ 11,039	\$ 44,820	\$ -	\$ 55,859
Capital assets, being depreciated				
Building & Improvements	1,275,464	48,519	1,454	1,322,529
Utility Systems	21,485,146	-	-	21,485,146
Equipment	<u>1,077,304</u>	<u>53,231</u>	<u>39,529</u>	<u>1,091,006</u>
Total capital assets, being depreciated	<u>23,837,914</u>	<u>101,750</u>	<u>40,983</u>	<u>23,898,681</u>
Less accumulated depreciation				
Building & Improvements	228,606	31,786	1,454	258,938
Utility Systems	10,657,347	376,745	-	11,034,092
Equipment	<u>836,118</u>	<u>66,145</u>	<u>39,529</u>	<u>862,734</u>
Total accumulated depreciation	<u>11,722,071</u>	<u>474,676</u>	<u>40,983</u>	<u>12,155,764</u>
Total business-type activities, being depreciated	<u>12,115,843</u>	<u>( 372,926)</u>	<u>-</u>	<u>11,742,917</u>
Business-type activities capital assets, net	<u>\$ 12,126,882</u>	<u>\$( 328,106)</u>	<u>\$ -</u>	<u>\$ 11,798,776</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 80,525
Public Safety	89,153
Public Works	41,792
Recreational and Cultural	<u>66,357</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 277,827</u>
<b>Business-type Activities:</b>	
Water and Sewer Operation	<u>\$ 474,676</u>

**Construction/Purchase Commitments -**

The Township has committed to the following contracts at December 31, 2017 (these commitments do not include any change orders made after December 31, 2017):

	<u>Contract</u> <u>Amount</u>	<u>Payments</u> <u>Through</u> <u>12/31/17</u>	<u>Accounts</u> <u>Payable/</u> <u>Retention</u>	<u>Remaining</u> <u>Balance</u> <u>12/31/17</u>
SAW Grant Project -				
Spicer Group	\$ 476,889	\$ 136,083	\$ 9,277	\$ 331,529
Michigan Pipe Inspection, Inc.	355,784	-	23,552	332,232
Pump Station Improvements -				
Boddy Construction Co.	1,162,529	-	-	1,162,529
Fire Truck Purchase -				
Rosenbauer	1,114,824	-	-	1,114,824

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 8 - PAYABLES:**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 76,531	\$ 546,821
Accrued wages and fringe benefits	30,260	13,292
Due to fiduciary funds	<u>-</u>	<u>323</u>
	<u>\$ 106,791</u>	<u>\$ 560,436</u>

**NOTE 9 - LONG-TERM DEBT:**

**Primary Government -**

The following is a summary of changes in long-term liabilities (including current portion) for the year ended December 31, 2017:

	<u>Jan. 1, 2017 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2017 Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Drain Districts	\$ 1,093,136	\$ -	\$ 207,450	\$ 885,686	\$ 55,522
Business-type Activities:					
Limited Tax General Obligation Bonds -					
2004 Special Assessment	175,000	-	20,000	155,000	20,000
2006 Special Assessment	410,000	-	40,000	370,000	40,000
2017 Capital Improvements	-	995,000	-	995,000	50,000
Contracts Payable	<u>1,281,350</u>	<u>-</u>	<u>97,502</u>	<u>1,183,848</u>	<u>100,268</u>
Total business-type activities	<u>1,866,350</u>	<u>995,000</u>	<u>157,502</u>	<u>2,703,848</u>	<u>210,268</u>
Total Primary Government	<u>\$ 2,959,486</u>	<u>\$ 995,000</u>	<u>\$ 364,952</u>	<u>\$ 3,589,534</u>	<u>\$ 265,790</u>

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

**Governmental Activities -**

**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:

Carrigan & Branch 1 (10-year assessment through 2018) with interest of 5.69%	\$ 4,526
Galbraith (10-year assessment through 2021) with interest of 3.5%	11,074
Gossman (15-year assessment through 2027) with interest of 2.75%	266,826
Forrest Manor (30-year assessment through 2045) with interest of 3.25%	<u>603,260</u>
	<u>\$ 885,686</u>

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Business-type Activities -**

**Bonds Payable -**

The Township has also issued three limited tax general obligation bond issues for the purpose of water and sewer main extensions and capital improvements. 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 4.15 to 4.60 percent, payable semi-annually. \$ 155,000

The \$680,000 2006 Special Assessment Bonds, dated December 1, 2006, due in annual installments ranging from \$40,000 to \$50,000 through September 1, 2026, with interest ranging from 4.10 to 4.35 percent, payable semi-annually. 370,000

The \$995,000 2017 Capital Improvement Bonds, dated September 6, 2017, due in annual installments ranging from \$50,000 to \$85,000 through September 1, 2032, with interest ranging from 3.00 to 3.50 percent, payable semi-annually. 995,000  
1,520,000

**Contracts Payable -**

The sewer treatment agreement with the City of Port Huron, Michigan 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, 2016, the City had two bond issues outstanding totaling \$9,265,000, of which Fort Gratiot's share amounts to \$1,183,848. The Township's portion of the bonds is due in installments ranging from \$26,969 to \$114,789 including interest of 2.5%.

1,183,848  
\$ 2,703,848

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 9 - LONG-TERM DEBT - (cont'd):**

**Annual Debt Requirements:**

The annual requirements to pay the debt outstanding at December 31, 2017 for the following bonds and contracts of the Primary Government:

	Limited Tax General Obligation Bonds		Drains		Contract Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 110,000	\$ 52,721	\$ 55,522	\$ 31,275	\$ 100,268	\$ 44,103
2019	110,000	49,178	50,996	29,176	102,342	41,460
2020	115,000	45,173	50,996	27,320	105,108	38,765
2021	115,000	41,003	50,996	25,287	108,566	35,940
2022	125,000	36,661	48,228	23,457	114,789	32,837
2023-2027	550,000	117,136	241,138	90,202	231,653	131,290
2028-2032	395,000	41,000	107,725	56,078	183,939	91,330
2033-2037	-	-	107,725	38,531	237,183	38,625
2038-2042	-	-	107,725	21,018	-	-
2043-2045	-	-	64,635	4,205	-	-
	<u>\$ 1,520,000</u>	<u>\$ 382,872</u>	<u>\$ 885,686</u>	<u>\$ 346,549</u>	<u>\$ 1,183,848</u>	<u>\$ 454,350</u>

**NOTE 10 - 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 (the "City") 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 \$1,183,848 at December 31, 2017, which has been recorded as Sewer Capacity Rights and Contracts Payable.

**NOTE 11 - 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.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 12 - 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, 2017, the Township contributed \$95,555 and the employees contributed \$396.

**NOTE 13 - POSTEMPLOYMENT BENEFITS:**

**Plan Description -**

In addition to the pension benefits described in Note 12, the Township provides postemployment benefits through a single-employer defined benefit healthcare plan (the "Plan") to employees that were hired on or before February 11, 2011, are currently social security eligibility age, had ten (10) years of continuous Township full-time employment or term of office, and were employed full-time by the Township at the time of retirement and be insured by the Township's healthcare policy. Eligible employees can receive reimbursement for health insurance up to \$250 for a single person or \$500 for a couple. Expenditures for post-retirement health care benefits are recognized on a pay-as-you-go basis and amounted to \$34,500 for nine (9) employees for 2017.

The Plan does not issue a publicly-available financial report.

**Contributions and Funding Policy -**

The Township funds the 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. During the year ended December 31, 2017, employer contributions of \$34,500 were made by the Township. The Plan requires no member contributions at this time.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (cont'd):**

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

The Township's annual other postemployment benefits (OPEB) cost is based on the ARC of the employer, an amount calculated in accordance with the alternative measurement method permitted by GASB Statement No. 45 for an employer in plans with fewer than one hundred total plan members. The ARC represents the level of funding necessary to cover the normal costs each year and the amortization of any unfunded actuarial liabilities (or funding excess) amortized over a period of thirty years. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. 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		28,417
ARC adjustment	(	33,781)
Annual OPEB cost (expense)		67,871
Contributions made	(	34,500)
Increase in net OPEB obligation		33,371
Net OPEB obligation - beginning of year		<u>710,415</u>
Net OPEB obligation - end of year	\$	<u>743,786</u>

**Schedule of Employer Contributions -**

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 68,448	45 %	\$ 672,257
2016	68,158	44	710,415
2017	67,871	51	743,786

**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. The Schedule of Funding Progress is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry (b)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (AAL) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a)/c</u>
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



**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (cont'd):**

**Actuarial Methods and Assumptions -**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded 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. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement Age of Active Employees - Based on the historical average retirement age for the covered group, active Plan members were assumed to retire at age 65, provided minimum years of services with the Township have been met.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The United States Life Tables for Males and for Females were obtained from the Center for Disease Control ([www.cdc.gov](http://www.cdc.gov)). The most recent data are the life tables for males and females, 2011 version (Tables 2 and 3 from the National Vital Statistics Report, Vol. 64, No. 11 dated September 22, 2015).

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employment until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Based on historical and expected returns of the short-term investment portfolio, a discount rate of 4.0 percent and 4.0 percent investment rate was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open period with a remaining amortization period of 30 years.

**NOTE 14 - RESTRICTED ASSETS:**

The restricted assets of \$72,651 in the Cemetery Perpetual Care Fund for perpetual care and \$2,533,791 in the Utilities Fund are for capital improvements/debt retirement.

**CHARTER TOWNSHIP OF FORT GRATIOT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 15 - 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 16 - RESTRICTED NET POSITION:**

The net position has been restricted in the entity-wide statement of net position at December 31, 2017 for the following purposes:

**Governmental Activities:**

Parks and Recreation - Parks Fund		\$ <u>66,379</u>
Public Safety - Fire Fund	\$ 354,772	
OPEB Obligation	<u>(153,700)</u>	201,072
Inspection Fund	4,934	
OPEB Obligation	<u>(4,934)</u>	-
Police Fund		<u>32,543</u>
		<u>233,615</u>
Public Works - Garbage Fund		<u>60,362</u>
Cemetery Perpetual Care - Expendable Funds		37,171
Nonexpendable Funds		<u>35,480</u>
		<u>72,651</u>
Total Restricted Net Position - Governmental Activities		<u>433,007</u>
<b>Business-type Activities (Water and Sewer Fund):</b>		
Acquisition/Construction of Capital Assets		1,097,141
Debt Retirement		<u>635,603</u>
Total Restricted Net Position - Business-type Activities		<u>1,732,744</u>
Total Restricted Net Position		\$ <u><u>2,165,751</u></u>

**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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 467,521	\$ 467,521	\$ 483,527	\$ 16,006
Licenses and permits	182,300	182,300	190,473	8,173
Intergovernmental	873,441	873,441	954,517	81,076
Charges for services	30,675	30,675	42,685	12,010
Special assessments	289,221	88,572	87,937	( 635)
Fines and forfeits	10,000	10,000	13,314	3,314
Interest and rent	7,110	7,110	10,324	3,214
Other revenues	12,500	12,500	30,677	18,177
Total Revenues	1,872,768	1,672,119	1,813,454	141,335
<b>Expenditures:</b>				
General Government -				
Legislative	39,335	42,435	40,126	2,309
Supervisor	74,424	80,424	77,765	2,659
Elections	40,471	40,471	19,132	21,339
Assessor	146,063	146,063	132,059	14,004
Clerk's Department	249,019	249,019	247,278	1,741
Board of Review	2,650	2,650	2,171	479
Treasurer's Department	157,952	157,952	154,675	3,277
Township Hall	269,017	396,100	382,310	13,790
	978,931	1,115,114	1,055,516	59,598
Less: Reimbursement from other funds	( 25,100)	( 25,100)	-	( 25,100)
	953,831	1,090,014	1,055,516	34,498
Public Safety -				
Ordinance Enforcement	17,901	17,901	10,669	7,232
Public Works -				
Street Lights	134,205	187,696	191,226	( 3,530)
Cemetery	9,615	9,615	12,452	( 2,837)
Road Maintenance and Construction	105,810	105,810	95,768	10,042
Drains at Large and Watershed	85,153	85,153	82,096	3,057
	334,783	388,274	381,542	6,732
Community and Economic Development -				
Planning Commission	12,400	12,400	9,601	2,799
Community Planning	88,198	88,198	80,367	7,831
Zoning Board	7,599	7,599	6,816	783
	108,197	108,197	96,784	11,413

**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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Expenditures - (cont'd):</b>				
Recreation and Cultural -				
Parks and Recreation	\$ 55,485	\$ 55,485	\$ 19,670	\$ 35,815
Buildings and Grounds	212,580	212,580	189,238	23,342
	<u>268,065</u>	<u>268,065</u>	<u>208,908</u>	<u>59,157</u>
 Total Expenditures	 <u>1,682,777</u>	 <u>1,872,451</u>	 <u>1,753,419</u>	 <u>107,619</u>
 Excess of Revenues Over (Under) Expenditures	 <u>189,991</u>	 <u>( 200,332)</u>	 <u>60,035</u>	 <u>248,954</u>
 <b>Other Financing Sources (Uses):</b>				
Sale of assets	-	-	7,315	7,315
Transfers out	( 98,833)	( 98,833)	-	98,833
	<u>( 98,833)</u>	<u>( 98,833)</u>	<u>7,315</u>	<u>98,833</u>
 Net Change in Fund Balance	 91,158	 ( 299,165)	 67,350	 347,787
 Fund Balance at Beginning of Year	 <u>1,736,771</u>	 <u>1,736,771</u>	 <u>1,736,771</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 1,827,929</u>	 <u>\$ 1,437,606</u>	 <u>\$ 1,804,121</u>	 <u>\$ 347,787</u>

**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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 744,819	\$ 744,819	\$ 743,141	\$( 1,678)
Charges for services	42,016	42,016	44,100	2,084
	<u>786,835</u>	<u>786,835</u>	<u>787,241</u>	<u>406</u>
<b>Expenditures:</b>				
Public Safety -				
Salaries	449,462	449,462	374,229	75,233
Fringe benefits	114,020	114,020	108,064	5,956
Supplies	26,500	26,500	17,369	9,131
Professional fees	8,000	8,000	8,378	( 378)
Uniforms	6,000	6,000	690	5,310
Gas and oil	8,000	8,000	4,543	3,457
Communications	2,500	2,500	2,536	( 36)
Utilities	12,000	12,000	14,250	( 2,250)
Repairs and maintenance	45,000	45,000	34,350	10,650
Education and training	6,000	6,000	2,308	3,692
Insurance	53,000	53,000	50,582	2,418
Miscellaneous	41,353	41,353	7,995	33,358
Capital outlay	15,000	15,000	2,576	12,424
	<u>786,835</u>	<u>786,835</u>	<u>627,870</u>	<u>158,965</u>
Net Change in Fund Balance	-	-	159,371	159,371
Fund Balance at Beginning of Year	<u>195,401</u>	<u>195,401</u>	<u>195,401</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 195,401</u>	<u>\$ 195,401</u>	<u>\$ 354,772</u>	<u>\$ 159,371</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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 736,892	\$ 736,892	\$ 736,471	\$( 421)
Intergovernmental	8,000	8,000	9,183	1,183
	<u>744,892</u>	<u>744,892</u>	<u>745,654</u>	<u>762</u>
<b>Expenditures:</b>				
Public Safety	<u>715,220</u>	<u>716,420</u>	<u>715,926</u>	<u>494</u>
Net Change in Fund Balance	29,672	28,472	29,728	1,256
Fund Balance at Beginning of Year	<u>2,815</u>	<u>2,815</u>	<u>2,815</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 32,487</u></u>	<u><u>\$ 31,287</u></u>	<u><u>\$ 32,543</u></u>	<u><u>\$ 1,256</u></u>

**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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Special assessments	\$ 578,150	\$ 578,150	\$ 578,305	\$ 155
<b>Expenditures:</b>				
Public Works	578,150	599,150	598,461	689
Net Change in Fund Balance	-	( 21,000)	( 20,156)	844
Fund Balance at Beginning of Year	80,518	80,518	80,518	-
Fund Balance at End of Year	<u>\$ 80,518</u>	<u>\$ 59,518</u>	<u>\$ 60,362</u>	<u>\$ 844</u>



## **SUPPLEMENTARY INFORMATION**

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

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total
	Parks	Inspections	Blue Water Area Transportation	Fire	Cemetery Perpetual Care	
<b>Assets:</b>						
<b>Current assets -</b>						
Cash and cash equivalents	\$ 66,379	\$ 10,230	\$ -	\$ -	\$ -	\$ 76,609
Property tax receivable	-	-	253,614	245,318	-	498,932
	<u>66,379</u>	<u>10,230</u>	<u>253,614</u>	<u>245,318</u>	<u>-</u>	<u>575,541</u>
<b>Restricted assets -</b>						
Investments	-	-	-	-	72,651	72,651
Total Assets	<u>\$ 66,379</u>	<u>\$ 10,230</u>	<u>\$ 253,614</u>	<u>\$ 245,318</u>	<u>\$ 72,651</u>	<u>\$ 648,192</u>
<b>Liabilities:</b>						
Accrued liabilities	\$ -	\$ 5,296	\$ -	\$ -	\$ -	\$ 5,296
<b>Deferred Inflows of Revenues:</b>						
Unavailable revenue - receivable	-	-	253,614	245,318	-	498,932
<b>Fund Balances:</b>						
Nonspendable for:						
Perpetual Care	-	-	-	-	35,480	35,480
Restricted for:						
Cemetery	-	-	-	-	37,171	37,171
Parks	66,379	-	-	-	-	66,379
Inspections	-	4,934	-	-	-	4,934
Total Fund Balance	<u>66,379</u>	<u>4,934</u>	<u>-</u>	<u>-</u>	<u>72,651</u>	<u>143,964</u>
Total Liabilities and Fund Balance	<u>\$ 66,379</u>	<u>\$ 10,230</u>	<u>\$ 253,614</u>	<u>\$ 245,318</u>	<u>\$ 72,651</u>	<u>\$ 648,192</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, 2017**

	Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total
	Parks	Inspections	Blue Water Area Transportation	Fire	Cemetery Perpetual Care	
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ 247,444	\$ -	\$ -	\$ 247,444
Intergovernmental	47,572	-	-	-	-	47,572
Charges for services	-	111,733	-	-	-	111,733
Interest and rent	52	-	-	-	5,976	6,028
Other	1,192	2,040	-	-	-	3,232
Total Revenues	48,816	113,773	247,444	-	5,976	416,009
<b>Expenditures:</b>						
Public Safety	-	131,657	-	-	-	131,657
Public Works	-	-	247,444	-	-	247,444
Recreation and Cultural	17,622	-	-	-	-	17,622
Total Expenditures	17,622	131,657	247,444	-	-	396,723
Net Change in Fund Balance	31,194	( 17,884)	-	-	5,976	19,286
Fund Balances at Beginning of Year	35,185	22,818	-	-	66,675	124,678
Fund Balances at End of Year	\$ 66,379	\$ 4,934	\$ -	\$ -	\$ 72,651	\$ 143,964

**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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 47,572	\$ 47,572	\$ 47,572	\$ -
Interest	50	50	52	2
Other	-	-	1,192	1,192
	<u>47,622</u>	<u>47,622</u>	<u>48,816</u>	<u>1,194</u>
<b>Expenditures:</b>				
Recreation and Cultural -				
Salaries	-	-	289	( 289)
Fringe benefits	-	-	117	( 117)
Repair and maintenance	47,622	47,622	16,634	30,988
Miscellaneous	-	-	582	( 582)
	<u>47,622</u>	<u>47,622</u>	<u>17,622</u>	<u>30,000</u>
Net Change in Fund Balance	-	-	31,194	31,194
Fund Balance at Beginning of Year	<u>35,185</u>	<u>35,185</u>	<u>35,185</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 35,185</u>	<u>\$ 35,185</u>	<u>\$ 66,379</u>	<u>\$ 31,194</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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Permits	\$ 64,400	\$ 82,618	\$ 111,733	\$ 29,115
Other	3,000	3,000	2,040	( 960)
	67,400	85,618	113,773	28,155
<b>Expenditures:</b>				
Public Safety -				
Salaries	104,615	121,328	98,145	23,183
Fringe benefits	25,563	27,068	25,233	1,835
Supplies	2,725	2,725	1,796	929
Transportation	1,700	1,700	903	797
Professional fees	1,000	1,000	1,000	-
Education and training	2,000	2,000	1,644	356
Miscellaneous	28,630	28,630	2,936	25,694
	166,233	184,451	131,657	52,794
Excess of Revenues Under Expenditures	( 98,833)	( 98,833)	( 17,884)	80,949
<b>Other Financing Sources:</b>				
Transfers in	98,833	98,833	-	( 98,833)
Net Change in Fund Balance	-	-	( 17,884)	( 17,884)
Fund Balance at Beginning of Year	22,818	22,818	22,818	-
Fund Balance at End of Year	\$ 22,818	\$ 22,818	\$ 4,934	\$( 17,884)

**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, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 247,481	\$ 247,481	\$ 247,444	\$( 37)
<b>Expenditures:</b>				
Public Works	247,481	247,481	247,444	37
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

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

**COMBINING SCHEDULE OF NET POSITION**  
**WATER AND SEWER FUNDS**  
**DECEMBER 31, 2017**

	Unrestricted	Restricted		
	Water & Sewer Fund	Capital Replacement	Utility Bond Debt	Brace/Tice Bond Debt
<b>Assets:</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,758,106	\$ -	\$ -	\$ -
Accounts receivable	678,379	-	-	-
Inventory	49,609	-	-	-
Prepaid expense	26,526	-	-	-
Total Current Assets	2,512,620	-	-	-
Restricted Assets:				
Cash and cash equivalents	-	1,038,357	102,651	65,096
Investments	-	751,217	-	-
Receivables	-	72,133	6,786	55,791
Due from other governmental units	-	29,546	-	-
Total Restricted Assets	-	1,891,253	109,437	120,887
Noncurrent Assets:				
Capital Assets, net	11,753,956	44,820	-	-
Sewer capacity rights	1,183,848	-	-	-
Total Noncurrent Assets	12,937,804	44,820	-	-
Total Assets	15,450,424	1,936,073	109,437	120,887
<b>Liabilities:</b>				
Current Liabilities:				
Accounts payable	513,992	-	-	-
Contracts payable (current portion)	100,268	-	-	-
Accrued expenses	13,292	-	-	-
Deposits	32,909	-	-	-
Due to other funds	323	-	-	-
Total Current Liabilities	660,784	-	-	-
Current Liabilities - (Payable from restricted assets):				
Accounts payable	-	32,829	-	-
Bonds payable (current portion)	-	50,000	-	20,000
Accrued interest	-	10,066	-	1,697
Total Current Liabilities (Payable from restricted assets)	-	92,895	-	21,697
Long-term Liabilities (less current portions):				
Net OPEB obligation	151,495	-	-	-
Contracts payable	1,083,580	-	-	-
Bonds payable	-	945,000	-	135,000
Total Long-term Liabilities (less current portion)	1,235,075	945,000	-	135,000
Total Liabilities	1,895,859	1,037,895	-	156,697
<b>Net Position (Deficit):</b>				
Net investment in capital assets	11,753,956	( 3,584)	-	-
Restricted - Equipment Replacement	-	901,762	-	-
Debt Retirement	-	-	109,437	( 35,810)
Unrestricted	1,800,609	-	-	-
Total Net Position (Deficit)	\$ 13,554,565	\$ 898,178	\$ 109,437	\$( 35,810)

<u>Krafft Bond Debt</u>	<u>Total Restricted</u>	<u>Total</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ 1,758,106	\$ -	\$ 1,758,106
-	-	678,379	-	678,379
-	-	49,609	-	49,609
-	-	26,526	-	26,526
-	-	2,512,620	-	2,512,620
243,968	1,450,072	1,450,072	-	1,450,072
-	751,217	751,217	-	751,217
168,246	302,956	302,956	-	302,956
-	29,546	29,546	-	29,546
412,214	2,533,791	2,533,791	-	2,533,791
-	44,820	11,798,776	-	11,798,776
-	-	1,183,848	-	1,183,848
-	44,820	12,982,624	-	12,982,624
412,214	2,578,611	18,029,035	-	18,029,035
-	-	513,992	-	513,992
-	-	100,268	-	100,268
-	-	13,292	-	13,292
-	-	32,909	-	32,909
-	-	323	-	323
-	-	660,784	-	660,784
-	32,829	32,829	-	32,829
40,000	110,000	110,000	-	110,000
5,238	17,001	17,001	-	17,001
45,238	159,830	159,830	-	159,830
-	-	151,495	-	151,495
-	-	1,083,580	-	1,083,580
330,000	1,410,000	1,410,000	-	1,410,000
330,000	1,410,000	2,645,075	-	2,645,075
375,238	1,569,830	3,465,689	-	3,465,689
-	( 3,584)	11,750,372	( 525,000)	11,225,372
-	901,762	901,762	-	901,762
36,976	110,603	110,603	525,000	635,603
-	-	1,800,609	-	1,800,609
\$ 36,976	\$ 1,008,781	\$ 14,563,346	\$ -	\$ 14,563,346



**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, 2017**

	Unrestricted	Restricted		
	Water & Sewer Fund	Capital Replacement	Utility Bond Debt	Brace/Tice Bond Debt
<b>Operating Revenues:</b>				
Charges for services - user charges	\$ 3,207,571	\$ 243,820	\$ -	\$ -
Penalty on delinquent accounts	37,993	-	-	-
Other revenue	18,598	146,787	-	-
Total Operating Revenues	3,264,162	390,607	-	-
<b>Operating Expenses:</b>				
Salaries and fringes	706,985	-	-	-
Water purchases	1,336,337	-	-	-
Sewer plant charges	839,622	-	-	-
Supplies	23,936	5,899	-	-
Utilities	42,056	-	-	-
Repairs and maintenance	60,542	174,162	-	-
Insurances	37,556	-	-	-
Professional services	21,614	-	-	-
Other	33,074	25,026	316	-
Depreciation	474,676	-	-	-
Total Operating Expenses	3,576,398	205,087	316	-
Operating Income (Loss)	( 312,236)	185,520	( 316)	-
<b>Non-Operating Revenues (Expenses):</b>				
Special assessments and tap/privilege fees	-	56,889	-	-
Interest earned	-	3,219	109	4,474
Interest expense and fees	-	( 13,320)	-	( 7,740)
Total Non-Operating Revenues (Expenses)	-	46,788	109	( 3,266)
Net Income (Loss) Before Transfers	( 312,236)	232,308	( 207)	( 3,266)
<b>Transfers:</b>				
Transfer In	96,090	-	-	-
Transfer Out	-	( 96,090)	-	-
	96,090	( 96,090)	-	-
Net Income (Loss)	( 216,146)	136,218	( 207)	( 3,266)
Net Position (Deficit) at Beginning of Year	13,770,711	761,960	109,644	( 32,544)
Net Position (Deficit) at End of Year	\$ 13,554,565	\$ 898,178	\$ 109,437	\$( 35,810)

<u>Krafft Bond Debt</u>	<u>Total Restricted</u>	<u>Total</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 243,820	\$ 3,451,391	\$ -	\$ 3,451,391
-	-	37,993	-	37,993
-	146,787	165,385	-	165,385
-	<u>390,607</u>	<u>3,654,769</u>	-	<u>3,654,769</u>
-	-	706,985	-	706,985
-	-	1,336,337	-	1,336,337
-	-	839,622	-	839,622
-	5,899	29,835	-	29,835
-	-	42,056	-	42,056
-	174,162	234,704	-	234,704
-	-	37,556	-	37,556
-	-	21,614	-	21,614
-	25,342	58,416	-	58,416
-	-	474,676	-	474,676
-	<u>205,403</u>	<u>3,781,801</u>	-	<u>3,781,801</u>
-	185,204	( 127,032)	-	( 127,032)
-	56,889	56,889	-	56,889
12,131	19,933	19,933	-	19,933
( 17,545)	( 38,605)	( 38,605)	-	( 38,605)
( 5,414)	<u>38,217</u>	<u>38,217</u>	-	<u>38,217</u>
( 5,414)	<u>223,421</u>	<u>( 88,815)</u>	-	<u>( 88,815)</u>
-	-	96,090	( 96,090)	-
-	( 96,090)	( 96,090)	96,090	-
-	( 96,090)	-	-	-
( 5,414)	127,331	( 88,815)	-	( 88,815)
42,390	<u>881,450</u>	<u>14,652,161</u>	-	<u>14,652,161</u>
<u>\$ 36,976</u>	<u>\$ 1,008,781</u>	<u>\$ 14,563,346</u>	<u>\$ -</u>	<u>\$ 14,563,346</u>

## **FIDUCIARY FUNDS**

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

**AGENCY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2017**

	Current Tax Collection	Other Tax Collection	Imprest Payroll	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,481,438	\$ 15,832	\$ 41,402	\$ 2,538,672
Prepaid expense	-	-	37,071	37,071
Due from other funds	-	-	323	323
	<u>\$ 2,481,438</u>	<u>\$ 15,832</u>	<u>\$ 78,796</u>	<u>\$ 2,576,066</u>
<b>Liabilities:</b>				
Due to other funds	\$ 37,732	\$ -	\$ 74,642	\$ 112,374
Undistributed taxes and interest	2,443,706	15,832	4,154	2,463,692
	<u>\$ 2,481,438</u>	<u>\$ 15,832</u>	<u>\$ 78,796</u>	<u>\$ 2,576,066</u>