



COUNTY OF OTTAWA, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



Vredeveld Haefner LLC

CPA's

Georgetown Charter Township

TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10-11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Assets and Liabilities - Agency Fund	19
Notes to Financial Statements	21-31
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	33-34
Note to Required Supplementary Information	34
Individual Fund Financial Schedule	
Nonmajor Governmental Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Perpetual Care Fund	35



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INDEPENDENT AUDITORS' REPORT

March 18, 2016

Township Board
Georgetown Charter Township
Jenison, 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 Georgetown Charter Township (the Township), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 Township, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the budgetary comparison information on pages 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The individual fund financial schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual fund financial schedule 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 individual fund financial schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Uredaxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Georgetown Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The Township property tax revenue increased 2.4%, resulting in \$90,450 in additional tax revenues. Property values increased 9.4% and the millage rate remained the same at 2.75 mills.
- Revenue sharing from sales tax was at \$3.53 million. The amount is a decrease from the 2014 collection of \$3.61 million. The Township also received statutory revenue sharing of \$124,362, an increase from \$41,450 in 2014.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

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

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

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

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

The Township maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund which is considered a major fund.

The Township adopts an annual appropriated budget for its general and permanent funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The Township maintains one type of proprietary fund (enterprise funds). *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, which is considered to be a major fund of the Township.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This consists of this management discussion and analysis and major fund budgetary schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Georgetown Charter Township, assets exceeded liabilities by \$87,066,669 at the close of the most recent fiscal year. A summary of net position is as follows:

	Net Position					
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$15,106,565	\$15,346,736	\$ 8,401,154	\$ 7,807,507	\$23,507,719	\$23,154,243
Capital assets	29,086,888	27,884,627	39,930,743	41,009,276	69,017,631	68,893,903
Total assets	<u>44,193,453</u>	<u>43,231,363</u>	<u>48,331,897</u>	<u>48,816,783</u>	<u>92,525,350</u>	<u>92,048,146</u>
Current liabilities	811,167	744,239	639,825	718,307	1,450,992	1,462,546
Deferred inflows of resources	4,007,689	3,839,864	-	-	4,007,689	3,839,864
Net position:						
Invested in capital assets	29,086,888	27,884,627	39,930,743	41,009,276	69,017,631	68,893,903
Restricted	1,182,749	1,156,912	-	-	1,182,749	1,156,912
Unrestricted	9,104,960	9,605,721	7,761,329	7,089,200	16,866,289	16,694,921
Total net position	<u>\$39,374,597</u>	<u>\$38,647,260</u>	<u>\$47,692,072</u>	<u>\$48,098,476</u>	<u>\$87,066,669</u>	<u>\$86,745,736</u>

By far the largest portion of the Township's net position (79.3%) reflects the net investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure less any related debt used to acquire those assets that is still outstanding). The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Unrestricted net position (19.4%) reflects net position available for future operations.

The government's net position increased by \$320,933 during the current fiscal year.

Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue:						
Program revenue:						
Charges for services	\$2,148,699	\$2,191,433	\$7,675,355	\$7,450,046	\$9,824,054	\$9,641,479
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	58,894	99,931	470,424	591,315	529,318	691,246
General revenue:						
Property taxes	3,880,223	3,792,861	-	-	3,880,223	3,792,861
State sources	3,703,337	3,708,052	-	-	3,703,337	3,708,052
Other	370,575	351,171	42,942	33,611	413,517	384,782
Total revenue	<u>10,161,728</u>	<u>10,143,448</u>	<u>8,188,721</u>	<u>8,074,972</u>	<u>18,350,449</u>	<u>18,218,420</u>
Expenses:						
General government	\$ 958,189	\$ 903,815	\$ -	\$ -	\$ 958,189	\$ 903,815
Public safety	3,184,564	3,300,122	-	-	3,184,564	3,300,122
Public works	1,043,561	740,034	-	-	1,043,561	740,034
Community and economic development	13,953	12,767	-	-	13,953	12,767
Recreation and culture	3,123,982	3,265,273	-	-	3,123,982	3,265,273
Water and sewer	-	-	8,595,125	8,020,886	8,595,125	8,020,886
Total expenses	<u>8,324,249</u>	<u>8,222,011</u>	<u>8,595,125</u>	<u>8,020,886</u>	<u>16,919,374</u>	<u>16,242,897</u>
Change before contributions and extraordinary item	1,837,479	1,921,437	(406,404)	54,086	1,431,075	1,975,523
Contributions to permanent fund	56,325	43,900	-	-	56,325	43,900
Extraordinary item	(1,166,467)	-	-	-	(1,166,467)	-
Change in net position	<u>727,337</u>	<u>1,965,337</u>	<u>(406,404)</u>	<u>54,086</u>	<u>320,933</u>	<u>2,019,423</u>
Net position - beginning of year	<u>38,647,260</u>	<u>36,681,923</u>	<u>48,098,476</u>	<u>48,044,390</u>	<u>86,745,736</u>	<u>84,726,313</u>
Net position - end of year	<u>\$39,374,597</u>	<u>\$38,647,260</u>	<u>\$47,692,072</u>	<u>\$48,098,476</u>	<u>\$87,066,669</u>	<u>\$86,745,736</u>

Governmental Activities. The preceding table shows that the governmental activities increased the Township's net position by \$727,337 during this fiscal year. The increase is primarily the result of increased taxable values and charges for services. During the year the Township invested \$3,184,564 or 38.2% of governmental activities expenses in public safety. Recreation and culture expenses amounted to \$3,123,982 or 37.5% of governmental activities while general government, public works, and community and economic development made up the remaining 23.7% of governmental activities expenses.

Business-type Activities. Business-type activities decreased the Township's net position by \$406,404 during the year. This decrease is primarily the result of increasing administration and sewage treatment costs.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$10,290,525, a decrease of \$469,492 in comparison with the prior year. Of the \$10,290,525, \$9,107,776 is reported in the general fund. \$1,000,000 of this amount has been committed by the Township Board to be used for stabilization of future budgets.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,916,748. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 69.5% of total general fund expenditures. The fund balance of the Township's general fund decreased by \$495,329 during the current fiscal year.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$7,761,329. The water and sewer fund had a decrease in net position for the year of \$406,404.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of December 31, 2015, amounted to \$69,017,631 (net of accumulated depreciation).

The Township's capital assets (net of depreciation) are summarized as follows:

Georgetown Charter Township's Capital Assets (net of depreciation)

	Governmental activities	Business-type activities	Total
Land	\$ 5,822,470	\$ 299,588	\$ 6,122,058
Construction in progress	2,219,826	-	2,219,826
Buildings and improvements	9,398,881	184,083	9,582,964
Land improvements	1,787,375	-	1,787,375
Machinery and equipment	343,782	-	343,782
Furniture and equipment	-	19,202	19,202
Vehicles	1,965,348	31,574	1,996,922
Infrastructure	7,549,206	-	7,549,206
Water systems	-	15,879,745	15,879,745
Sewer systems	-	23,516,551	23,516,551
Total	\$29,086,888	\$39,930,743	\$69,017,631

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

Debt. At the end of the current fiscal year, the Township had no debt outstanding.

Budgetary Highlights

- The Township budgeted \$1.5 million in 2015 for the construction of a new senior center located on 8th Ave Lake. The 10,000 sq. foot center started in 2015 and is expected to be completed in June of 2016 for a total budget of \$2.5 million.
- The Township budgeted \$1 million in park improvements at Rosewood Park. The majority of the construction was completed in 2015 with the final project to be completed by June of 2016.
- The Township completed \$1.8 million in road improvements in 2015. A portion of the work was originally proposed for 2014, but wasn't completed until 2015.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2016 fiscal year:

- Property values appear to be increasing, however it will take years to replace lost potential revenues. While property tax values can drop at any rate they cannot increase beyond the lower of inflation or 5%. New home construction is on the rise.
- The Township will be completing Rosewood Park improvements.
- The Township Senior/Community Center will be completed.
- Proposed Veteran's Memorial for \$400,000 at 200 Baldwin St.
- Median enhancements on Chicago Dr. for \$650,000.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Superintendent, 1515 Baldwin, Jenison, Michigan 49428.

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BASIC FINANCIAL STATEMENTS

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 12,282,681	\$ 7,038,332	\$ 19,321,013
Receivables:			
Taxes	1,722,856	-	1,722,856
Accounts	249,696	1,077,748	1,327,444
Interest	34,091	20,580	54,671
Due from other governments	614,427	-	614,427
Prepaid items	191,028	-	191,028
Inventory	-	149,258	149,258
	<u>15,094,779</u>	<u>8,285,918</u>	<u>23,380,697</u>
Total current assets			
Noncurrent assets			
Special assessment receivable	11,786	115,236	127,022
Capital assets:			
Non-depreciable	5,822,470	299,588	6,122,058
Construction in progress	2,219,826	-	2,219,826
Depreciable capital assets, net	<u>21,044,592</u>	<u>39,631,155</u>	<u>60,675,747</u>
	<u>29,098,674</u>	<u>40,045,979</u>	<u>69,144,653</u>
Total noncurrent assets			
	<u>44,193,453</u>	<u>48,331,897</u>	<u>92,525,350</u>
Total assets			
Liabilities			
Accounts payable	<u>811,167</u>	<u>639,825</u>	<u>1,450,992</u>
Deferred inflows of resources			
Unavailable revenue - subsequent year property taxes	<u>4,007,689</u>	<u>-</u>	<u>4,007,689</u>
Net position			
Invested in capital assets	29,086,888	39,930,743	69,017,631
Restricted for:			
Perpetual care	1,182,749	-	1,182,749
Unrestricted	<u>9,104,960</u>	<u>7,761,329</u>	<u>16,866,289</u>
Total net position	<u>\$ 39,374,597</u>	<u>\$ 47,692,072</u>	<u>\$ 87,066,669</u>

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

GEORGETOWN CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary government					
Governmental activities					
General government	\$ 958,189	\$ 837,860	\$ -	\$ -	\$ (120,329)
Public safety	3,184,564	72,628	-	-	(3,111,936)
Public works	1,043,561	133,508	-	-	(910,053)
Community and economic development	13,953	-	-	-	(13,953)
Culture and recreation	<u>3,123,982</u>	<u>1,104,703</u>	<u>-</u>	<u>58,894</u>	<u>(1,960,385)</u>
Total governmental activities	<u>8,324,249</u>	<u>2,148,699</u>	<u>-</u>	<u>58,894</u>	<u>(6,116,656)</u>
Business-type activities					
Sewer & water	<u>8,595,125</u>	<u>7,675,355</u>	<u>-</u>	<u>470,424</u>	<u>(449,346)</u>
Total primary government	<u>\$ 16,919,374</u>	<u>\$ 9,824,054</u>	<u>\$ -</u>	<u>\$ 529,318</u>	<u>\$ (6,566,002)</u>

(Continued)

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

GEORGETOWN CHARTER TOWNSHIP
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net (expense) revenue	\$ (6,116,656)	\$ (449,346)	\$ (6,566,002)
General revenues			
Property taxes	3,880,223	-	3,880,223
State shared revenues	3,703,337	-	3,703,337
Unrestricted investment earnings	62,659	42,942	105,601
Miscellaneous	319,739	-	319,739
Loss on sale of capital assets	(11,823)	-	(11,823)
Contributions to permanent fund	56,325	-	56,325
Total general revenues and contributions	<u>8,010,460</u>	<u>42,942</u>	<u>8,053,402</u>
Income (loss) before extraordinary item	1,893,804	(406,404)	1,487,400
Extraordinary item - capital asset impairment	<u>(1,166,467)</u>	<u>-</u>	<u>(1,166,467)</u>
Change in net position	727,337	(406,404)	320,933
Net position, beginning of year	<u>38,647,260</u>	<u>48,098,476</u>	<u>86,745,736</u>
Net position, end of year	<u>\$ 39,374,597</u>	<u>\$ 47,692,072</u>	<u>\$ 87,066,669</u>

(Concluded)

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

GEORGETOWN CHARTER TOWNSHIP

GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2015

	<u>General</u>	<u>Nonmajor Perpetual Care Permanent Fund</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 11,100,432	\$ 1,182,249	\$ 12,282,681
Receivables:			
Taxes	1,722,856	-	1,722,856
Accounts	249,196	500	249,696
Special assessments	11,786	-	11,786
Interest	34,091	-	34,091
Due from other governments	614,427	-	614,427
Prepaid items	191,028	-	191,028
Total assets	\$ 13,923,816	\$ 1,182,749	\$ 15,106,565
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 796,565	\$ -	\$ 796,565
Deferred inflows of resources			
Unavailable revenue - special assessments	11,786	-	11,786
Unavailable revenue - subsequent year property taxes	4,007,689	-	4,007,689
Total deferred inflows	4,019,475	-	4,019,475
Fund balances			
Non-spendable			
Prepaid items	191,028	-	191,028
Restricted for perpetual care	-	1,182,749	1,182,749
Committed			
Stabilization funds	1,000,000	-	1,000,000
Unassigned	7,916,748	-	7,916,748
Total fund balances	9,107,776	1,182,749	10,290,525
Total liabilities, deferred inflows and fund balances	\$ 13,923,816	\$ 1,182,749	\$ 15,106,565

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

GEORGETOWN CHARTER TOWNSHIP

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Fund balances - total governmental funds	\$ 10,290,525
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	5,822,470
Add - construction in progress	2,219,826
Add - capital assets (net of accumulated depreciation)	21,044,592
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.	
Add - special assessments deferred receivable	11,786
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(14,602)</u>
Net position of governmental activities	<u>\$ 39,374,597</u>

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

GEORGETOWN CHARTER TOWNSHIP

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Nonmajor Perpetual Care Permanent Fund</u>	<u>Total</u>
Revenues			
Taxes	\$ 3,880,223	\$ -	\$ 3,880,223
Licenses and permits	790,055	-	790,055
Grants	58,894	-	58,894
State	3,703,337	-	3,703,337
Charges for services	1,085,098	56,325	1,141,423
Fines	278,697	-	278,697
Investment earnings	55,120	7,539	62,659
Miscellaneous	857,916	-	857,916
	<u>10,709,340</u>	<u>63,864</u>	<u>10,773,204</u>
Total revenues			
Expenditures			
Current			
General government	789,995	-	789,995
Public safety	2,607,639	-	2,607,639
Public works	2,599,820	-	2,599,820
Community and economic development	13,953	-	13,953
Culture and recreation	5,231,289	-	5,231,289
	<u>11,242,696</u>	<u>-</u>	<u>11,242,696</u>
Total expenditures			
Revenues over (under) expenditures	<u>(533,356)</u>	<u>63,864</u>	<u>(469,492)</u>
Other financing sources (uses)			
Transfers in	38,027	-	38,027
Transfers out	<u>-</u>	<u>(38,027)</u>	<u>(38,027)</u>
Total other financing sources (uses)	<u>38,027</u>	<u>(38,027)</u>	<u>-</u>
Net changes in fund balances	(495,329)	25,837	(469,492)
Fund balances, beginning of year	<u>9,603,105</u>	<u>1,156,912</u>	<u>10,760,017</u>
Fund balances, end of year	<u>\$ 9,107,776</u>	<u>\$ 1,182,749</u>	<u>\$ 10,290,525</u>

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

GEORGETOWN CHARTER TOWNSHIP

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, 2015

Net changes in fund balances - total governmental funds	\$ (469,492)
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Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	4,721,166
Deduct - net book value of disposed capital assets	(550,000)
Deduct - depreciation expense	(1,802,438)
Deduct - impairment loss	(1,166,467)

Special assessments receivable are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.

Deduct - special assessment receipts	(5,151)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	<u>(281)</u>
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Change in net position of governmental activities	<u>\$ 727,337</u>
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The accompanying notes are an integral part of these financial statements.

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF NET POSITION

DECEMBER 31, 2015

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Assets	
Current assets	
Cash and pooled investments	\$ 7,038,332
Accounts receivable	1,077,748
Interest receivable	20,580
Inventory	<u>149,258</u>
Total current assets	<u>8,285,918</u>
Noncurrent assets	
Special assessments receivable	115,236
Land	299,588
Property, plant and equipment-net of accumulated depreciation	<u>39,631,155</u>
Total noncurrent assets	<u>40,045,979</u>
Total assets	<u>48,331,897</u>
Liabilities	
Current liabilities	
Accounts payable	<u>639,825</u>
Net position	
Invested in capital assets	39,930,743
Unrestricted	<u>7,761,329</u>
Total net position	<u>\$ 47,692,072</u>

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

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Operating revenue	
Charges for services	
Water sales	\$ 3,949,296
Sewage disposal services	<u>3,439,066</u>
Total charges for services	7,388,362
Other revenue	<u>286,993</u>
Total operating revenue	<u>7,675,355</u>
Operating expense	
Cost of water	2,148,742
Cost of sewage treatment	2,863,112
Operations and maintenance	618,714
Administration	1,563,955
Depreciation	<u>1,400,602</u>
Total operating expense	<u>8,595,125</u>
Operating income (loss)	(919,770)
Non-operating revenue (expense)	
Investment earnings	<u>42,942</u>
Total non-operating revenue (expense)	<u>42,942</u>
Income (loss) before capital contributions	(876,828)
Connection charges and contributions	<u>470,424</u>
Changes in net position	(406,404)
Net position, beginning of year	<u>48,098,476</u>
Net position, end of year	<u>\$ 47,692,072</u>

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

GEORGETOWN CHARTER TOWNSHIP

PROPRIETARY FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Enterprise</u>
	<u>Water & Sewer</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 7,818,530
Payments to employees	(597,542)
Payments to suppliers	<u>(6,611,373)</u>
Net cash provided by (used in) operating activities	<u>609,615</u>
Cash flows from capital and related financing activities	
Connection charges and contributions	470,424
Special assessments collected (issued)	48,029
Acquisition of capital assets	<u>(322,069)</u>
Net cash provided by (used in) capital and related financing activities	<u>196,384</u>
Cash flows from investing activities	
Interest income	<u>42,942</u>
Net cash provided by (used in) investing activities	42,942
Net increase (decrease) in cash and pooled investments	848,941
Cash and pooled investments, beginning of year	<u>6,189,391</u>
Cash and pooled investments, end of year	<u>\$ 7,038,332</u>
Cash flows from operating activities	
Operating income (loss)	\$ (919,770)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	1,400,602
Change in operating assets and liabilities which provided (used) cash:	
Accounts receivable	143,175
Inventory	64,090
Accounts payable	<u>(78,482)</u>
Net cash provided by (used in) operating activities	<u>\$ 609,615</u>

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

GEORGETOWN CHARTER TOWNSHIP

**AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES**

DECEMBER 31, 2015

Assets

Cash and pooled investments \$ 770,720

Liabilities

Accounts payable \$ 770,720

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

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GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Georgetown Charter Township (the "Township") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. The Township has no component units to be included.

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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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.

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, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement based grants, state shared revenue, and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Taxes, State revenue, grants, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental fund:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the Township's water distribution system and wastewater collection system which provides water and sewer services on a user charge basis.

Additionally, the Township reports the following fund types:

The *Permanent Fund* is used to account for the assets held by the Township pursuant to a trust agreement. The principal portion of the fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

The *Agency Fund* is used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and permanent funds. General and permanent funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget is adopted by department within a function.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Michigan State law. The appropriations resolution is based on the projected expenditures budgets of the department heads of the Township. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department within a function must be approved by the Board of Trustees. Thus the legal level of budgetary control is at the department within a function level. Supplemental appropriations were necessary during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the Township considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

Investments

Investments are stated at fair value at the balance sheet date. Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds participating in the pool.

Township investment policy allows for all investments authorized by State statutes. State statutes authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

- f. 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.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables and Payables

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".

All trade and property tax receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

Inventory and Prepaid Items

Inventories are valued at cost on the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

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

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, and infrastructure assets (e.g., water and sewer systems, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (\$20,000 for business-type activities) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Included in capital assets as infrastructure, are the Township's investment in roads and drains within the Township that are considered intangible assets (shared road improvements and flowage rights). Although paid for by the Township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	15-20
Buildings and improvements	20-40
Water and sewer systems	50
Roads (shared road improvements)	15
Drains	15
Vehicles	5-20
Machinery and equipment	5-15
Office furniture and equipment	5

Compensated Absences

Individual employees have a vested right to receive payments for unused vacation. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has no item that qualifies for reporting in this category.

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 (revenue) until that time. The governmental funds and governmental activities report unearned revenues from property taxes levied for the following year. Additionally the governmental funds report unavailable revenues related to special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Stabilization amounts are established by formal action of the Board. Any increases or use of stabilization amounts are required to be authorized by the Board. Board action is also required to commit or assign fund balance.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Property Taxes

Township property taxes attach as an enforceable lien on property as of December 1 of each year and are due without penalty on or before February 14. Tax bills include the Township's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the county for collection, which advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer. The December 1 levy is recorded as a receivable (to the extent uncollected) and unearned revenue at the end of the year and is intended to fund expenditures of the following year.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Charges between enterprise funds and other functions of the Township are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2015, the Township carried commercial insurance to cover risks of losses. The Township had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a department within a function basis. The approved budgets of the Township for these budgeted funds were adopted at the department within a function level.

During the year ended December 31, 2015, the Township did not incur any expenditures which were in excess of the amounts appropriated.

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and pooled investments	\$12,282,681	\$7,038,332	\$770,720	\$20,091,733

The cash and investments making up the above balances are as follows:

Deposits	\$19,670,594
Investments	<u>420,139</u>
Total	<u>\$20,091,733</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$19,957,822 of the Township's bank balance of \$21,207,822 was exposed to custodial credit risk because the balance was uninsured and uncollateralized. The Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Investments

The Township chooses to disclose its investments by specifically identifying each. As of year-end, the Township had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
US Treasury Bond 8.75%	5/15/17	\$420,139	AAA	Moody

Investment and Deposit Risk

Interest Rate Risk. State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Township does not have, a policy for investment custodial credit risk. Of the above investments \$420,139 is subject to custodial credit risk because the investments are uninsured and unregistered and held by the Township's brokerage firm.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Township has not adopted a formal policy for concentration of credit risk. All investments held at year-end are reported above.

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 7,072,149	\$466,788	\$1,716,467	\$ 5,822,470
Construction in progress	-	2,219,826	-	2,219,826
Total capital assets, not being depreciated	<u>7,072,149</u>	<u>2,686,614</u>	<u>1,716,467</u>	<u>8,042,296</u>
Capital assets, being depreciated				
Buildings and improvements	14,954,344	-	-	14,954,344
Land improvements	3,482,606	51,956	-	3,534,562
Machinery and equipment	1,240,013	179,622	32,124	1,387,511
Furniture and equipment	328,875	-	-	328,875
Vehicles	3,784,316	48,447	31,596	3,801,167
Infrastructure	24,098,776	1,754,527	-	25,853,303
Total capital assets, being depreciated	<u>47,888,930</u>	<u>2,034,552</u>	<u>63,720</u>	<u>49,859,762</u>
Less accumulated depreciation for				
Buildings and improvements	5,181,604	373,859	-	5,555,463
Land improvements	1,582,929	164,258	-	1,747,187
Machinery and equipment	1,019,438	56,415	32,124	1,043,729
Office furniture and equipment	328,875	-	-	328,875
Vehicles	1,668,173	199,242	31,596	1,835,819
Infrastructure	17,295,433	1,008,664	-	18,304,097
Total accumulated depreciation	<u>27,076,452</u>	<u>1,802,438</u>	<u>63,720</u>	<u>28,815,170</u>
Net capital assets, being depreciated	<u>20,812,478</u>	<u>232,114</u>	<u>-</u>	<u>21,044,592</u>
Governmental Activities capital assets, net	<u>\$27,884,627</u>	<u>\$2,918,728</u>	<u>\$1,716,467</u>	<u>\$29,086,888</u>

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 299,588	\$ -	\$ -	\$ 299,588
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	299,588	-	-	299,588
Capital assets being depreciated				
Buildings	1,102,722	-	-	1,102,722
Furniture and equipment	254,298	-	-	254,298
Vehicles	144,612	24,062	-	168,674
Water systems	25,849,272	-	-	25,849,272
Sewer systems	39,863,387	298,007	-	40,161,394
Total capital assets, being depreciated	67,214,291	322,069	-	67,536,360
Less accumulated depreciation for				
Buildings	863,503	55,136	-	918,639
Furniture and equipment	215,894	19,202	-	235,096
Vehicles	125,090	12,010	-	137,100
Water systems	9,452,541	516,986	-	9,969,527
Sewer systems	15,847,575	797,268	-	16,644,843
Total accumulated depreciation	26,504,603	1,400,602	-	27,905,205
Net capital assets, being depreciated	40,709,688	(1,078,533)	-	39,631,155
Business-type Activities capital assets, net	\$41,009,276	\$(1,078,533)	\$ -	\$39,930,743

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

Governmental Activities	
General government	\$ 198,268
Public safety	720,975
Public works	198,268
Culture and recreation	684,927
Total depreciation expense - governmental activities	\$1,802,438
 Business-type Activities	
Water & Sewer	\$1,400,602

GEORGETOWN CHARTER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

5. LONG-TERM DEBT COMMITMENT

The Township, along with other local municipalities, purchases water from the City of Wyoming for storage and distribution to the Township's customers. The City of Wyoming bills Ottawa County Public Utilities for this water purchase which in turn bills individual municipalities.

Ottawa County has issued general obligation bonds to provide for the construction and acquisition of a portion of the City of Wyoming water system for the benefit of the local municipalities. Each participating municipality has pledged its full faith and credit for the payment of its respective share of contract payments to Ottawa County sufficient to pay the principal and interest on the bonds.

Separate contract payments for principal and interest on these bonds are not made by the Township but instead are included as part of the overall water rate charged by Ottawa County to the Township.

At December 31, 2015, the portion of these Ottawa County bonds outstanding for which the Township has pledged its full faith and credit amounted to approximately \$27,000,000.

6. PENSION PLANS

Defined Contribution Pension Plans

The Georgetown Charter Township Group Pension Plan is a defined contribution plan established by the Township to provide benefits at retirement to employees of the Township meeting length of service requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. No contributions are required of plan members. The Township contribution is 11.5% of covered salary and amounted to \$149,886 for 2015. Plan provisions and contribution requirements are established and may be amended by the Georgetown Charter Township Board.

Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held in trust for employees and the related assets and liabilities are not included in this report.

7. EXTRAORDINARY ITEM

The Township purchased land in 2014 for \$2,006,467. The building on the property was demolished and the value decreased substantially. The land was appraised in 2015 for \$840,000 and an impairment loss of \$1,166,467 was recognized. The land is reflected on the Township's financial statements with a book value of \$840,000.

8. COMMITMENTS/SUBSEQUENT EVENTS

At year-end the Township had construction commitments of approximately \$1,400,000 to complete the new Senior Center as well as the Rosewood Park improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

GEORGETOWN CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,899,495	\$ 3,899,495	\$ 3,880,223	\$ (19,272)
Licenses and permits	634,325	634,325	790,055	155,730
Grants	46,309	46,309	58,894	12,585
State	3,550,150	3,633,150	3,703,337	70,187
Charges for services	1,152,300	1,191,300	1,085,098	(106,202)
Fines	268,850	268,850	278,697	9,847
Investment earnings	35,500	35,500	55,120	19,620
Miscellaneous	209,500	738,076	857,916	119,840
Total revenues	<u>9,796,429</u>	<u>10,447,005</u>	<u>10,709,340</u>	<u>262,335</u>
Expenditures				
Current				
General government				
Township Board	59,250	59,250	41,855	17,395
Supervisor	30,000	30,000	24,594	5,406
Township office	208,224	208,224	154,938	53,286
Elections	13,000	45,000	44,003	997
Assessor	176,000	176,000	140,170	35,830
Clerk	21,900	21,900	17,948	3,952
Board of Review	4,305	4,305	2,263	2,042
Treasurer	20,430	20,430	14,925	5,505
Superintendent	166,710	172,671	168,099	4,572
Cemetery	198,750	210,236	181,200	29,036
	<u>898,569</u>	<u>948,016</u>	<u>789,995</u>	<u>158,021</u>
Public safety				
Sheriff E-Unit	1,602,000	1,602,000	1,362,026	239,974
School safety	81,300	81,300	65,374	15,926
Fire department	1,054,400	1,055,240	970,355	84,885
Building inspection	292,450	292,450	209,884	82,566
	<u>3,030,150</u>	<u>3,030,990</u>	<u>2,607,639</u>	<u>423,351</u>
Public works				
Drains	147,010	427,010	401,048	25,962
Streets	1,035,000	2,318,120	1,844,534	473,586
Street lighting	442,000	442,000	354,238	87,762
	<u>1,624,010</u>	<u>3,187,130</u>	<u>2,599,820</u>	<u>587,310</u>

(continued)

GEORGETOWN CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2015

Community and economic development				
Planning Commission	\$ 25,900	\$ 25,900	\$ 11,385	\$ 14,515
Zoning Board of Appeals	6,500	6,500	2,568	3,932
	<u>32,400</u>	<u>32,400</u>	<u>13,953</u>	<u>18,447</u>
 Recreation and culture				
Parks	1,468,900	1,827,885	1,817,971	9,914
Senior transportation	148,900	148,900	138,866	10,034
Senior center	95,350	1,595,350	1,505,108	90,242
Community projects	50,000	50,000	28,000	22,000
Historical Society	11,700	11,700	5,458	6,242
Ice arena	807,150	807,150	733,395	73,755
Library	1,384,300	1,384,300	1,002,491	381,809
	<u>3,966,300</u>	<u>5,825,285</u>	<u>5,231,289</u>	<u>593,996</u>
 Total expenditures	<u>9,551,429</u>	<u>13,023,821</u>	<u>11,242,696</u>	<u>1,781,125</u>
 Revenues over (under) expenditures	<u>245,000</u>	<u>(2,576,816)</u>	<u>(533,356)</u>	<u>2,043,460</u>
 Other financing sources (uses)				
Budgeted use of fund balance	-	(2,821,816)	-	2,821,816
Transfers in	40,000	40,000	38,027	(1,973)
	<u>40,000</u>	<u>(2,781,816)</u>	<u>38,027</u>	<u>2,819,843</u>
 Net change in fund balance	285,000	(5,358,632)	(495,329)	4,863,303
 Fund balances, beginning of year	<u>9,603,105</u>	<u>9,603,105</u>	<u>9,603,105</u>	<u>-</u>
 Fund balances, end of year	<u>\$ 9,888,105</u>	<u>\$ 4,244,473</u>	<u>\$ 9,107,776</u>	<u>\$ 4,863,303</u>

(concluded)

Note to required supplementary information

Budgets and Budgetary Accounting

The Township adopts an annual budget for the general fund following the GAAP basis of accounting. Unexpended appropriations lapse at year end.

**INDIVIDUAL FUND
FINANCIAL SCHEDULE**

GEORGETOWN CHARTER TOWNSHIP

**PERPETUAL CARE PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 56,325	\$ 56,325
Investment earnings	40,000	40,000	38,026	(1,974)
Change in fair value of investments	-	-	(30,487)	(30,487)
Total revenues	40,000	40,000	63,864	23,864
Expenditures				
Current				
Public works	-	-	-	-
Revenues over (under) expenditures	40,000	40,000	63,864	23,864
Other financing sources (uses)				
Transfers out	(40,000)	(40,000)	(38,027)	1,973
Net changes in fund balances	-	-	25,837	25,837
Fund balances, beginning of year	<u>1,156,912</u>	<u>1,156,912</u>	<u>1,156,912</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,156,912</u>	<u>\$ 1,156,912</u>	<u>\$ 1,182,749</u>	<u>\$ 25,837</u>