



**CHARTER TOWNSHIP OF TEXAS**  
**KALAMAZOO COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



*Vredeveld Haefner LLC*

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### **INDEPENDENT AUDITORS' REPORT**

June 13, 2016

Members of Board  
Charter Township of Texas  
Kalamazoo County, Michigan

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Texas (the Township), Kalamazoo County, Michigan, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2015, and the respective changes in financial position 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 8 and the budgetary comparison information on pages 33 through 36 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 supplementary information (combining and individual fund financial statements and schedules) is 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.

*Wrodenold Haefner LLC*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the Charter Township of Texas' (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the Township's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$657,929 as a result of this year's activities.
- Of the \$20,675,110 total net position reported, \$7,189,563 is available to be used at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,963,175, which represents 146 percent of the actual total General Fund expenditures for the current fiscal year.

**Overview of the financial statements**

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental 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 government, reporting the Township's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how general government services, like public safety and public works, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business.
  - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2015 and 2014 is also presented.

**Government-wide financial statements**

The government-wide financial 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 Township's assets, and liabilities and deferred inflows 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.

The two government-wide statements report the Township's net position and how it has changed. Net position (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.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

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 public safety, public works, debt service, and general government. Property taxes and state revenue finance most of these activities.
- *Component unit* - The Township includes one other entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the Township is financially accountable for the Authority.

#### **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 by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has three types of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary 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 ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net position**

Total net position at the end of the fiscal year was \$20,675,110. Of this total, \$13,043,525 is invested in capital assets, \$442,022 is restricted for various purposes, and \$7,189,563 is unrestricted.

*Condensed financial information  
Net position*

	<i>Governmental activities</i>	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 9,517,457	\$ 8,903,207
Capital assets	<u>13,043,525</u>	<u>12,949,815</u>
Total assets	<u>22,560,982</u>	<u>21,853,022</u>
Current and other liabilities	<u>466,862</u>	<u>495,748</u>
Deferred inflows of resources	<u>1,419,010</u>	<u>1,340,093</u>
Net position:		
Investment in capital assets	13,043,525	12,949,815
Restricted	442,022	334,177
Unrestricted	<u>7,189,563</u>	<u>6,733,189</u>
Total net position	<u>\$ 20,675,110</u>	<u>\$ 20,017,181</u>

**Changes in net position**

The Township's total revenues were \$3,902,699. During the 2015 fiscal year, 25 percent of the Township's revenues came from property taxes, 35 percent came from charges for services, and 29 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$3,244,770. Approximately 36 percent of the Township's costs relates to public safety costs, 27 percent to general governmental activities, and 29 percent to public works.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>	
	<u>2015</u>	<u>2014</u>
Program revenues:		
Charges for services	\$ 1,377,526	\$ 1,217,783
Operating grants and contributions	8,379	8,727
Capital grants and contributions	203,983	192,664
General revenues:		
Property taxes	985,078	1,005,913
State shared revenue	1,143,230	1,142,345
Franchise fees	146,236	134,019
Investment return	38,267	32,130
 Total revenues	 <u>3,902,699</u>	 <u>3,733,581</u>
 Expenses:		
General government	874,742	883,404
Public safety	1,168,586	1,194,927
Public works	949,650	749,219
Community and economic development	167,800	132,655
Recreation and culture	83,992	80,908
 Total expenses	 <u>3,244,770</u>	 <u>3,041,113</u>
 Changes in net position	 <u>\$ 657,929</u>	 <u>\$ 692,468</u>
 Net position, end of year	 <u>\$ 20,675,110</u>	 <u>\$ 20,017,181</u>

**Governmental activities**

The \$657,929 increase in net position for 2015 is \$34,539 less than the \$692,468 increase in 2014. Revenues increased by \$169,118, primarily due to new special assessments levied for Crooked Lake maintenance and an increase in building permit revenues. Expenses increased by \$203,657 compared to 2014, primarily due to lift station repairs and increased road maintenance costs.

The total cost of governmental activities this year was \$3,244,770. After subtracting the direct charges to those who directly benefited from the programs (\$1,377,526) and operating and capital grants (\$212,362), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,654,882.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Governmental funds**

The Township's governmental funds reported combined ending fund balances of \$7,216,596 at the end of 2015, representing a \$568,895 increase from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance increased by \$287,093 during the year, as revenues of \$2,333,693 exceeded expenditures of \$1,348,902 and total transfers of \$697,698 to the Fire Improvement, Road Enhancement, and nonmajor funds to subsidize current year activity. The total fund balance was \$3,958,016 at year end.

The Road Enhancement Fund experienced a decrease in fund balance of \$119,186 during the current year, as revenues of \$359,596 and a transfer from the General Fund of \$141,287 did not cover current year expenditures of \$620,069. Total fund balance was \$77,100 at year end.

The Fire Improvement Fund experienced an increase in fund balance of \$188,436 during the current year, as revenues of \$376,696 and a transfer from the General Fund of \$456,411 exceeded expenditures of \$644,671. Total fund balance at year end was \$604,004.

The Sewer and Water Fund experienced an increase in fund balance of \$95,771, as revenues of \$283,798 exceeded expenditures of \$188,027. Total fund balance at year end was \$2,295,475.

**Proprietary fund**

The Building Inspections Fund experienced a \$51,139 increase in net position and a \$55,556 net increase in cash. Higher levels of construction in the Township, reflecting improved economic conditions, as well as contracted intergovernmental services contributed to the fund's increased revenue. The fund's net position was \$319,226 at year end.

**General Fund budgetary highlights**

The Township made minor amendments to the General Fund budgeted expenditures during the year to reclassify anticipated general government expenditures to cover unanticipated costs in public work and capital outlay, as well as transfers out. Actual revenues were \$43,461 more than budgeted, while expenditures were \$134,495 less than the amounts appropriated. Transfers to other funds were \$300 less than budgeted. These variances resulted in a \$178,256 positive budget variance, with a \$287,093 increase in fund balance, compared to a budget that expected a \$108,837 increase in fund balance.

Positive expenditure variances primarily resulted from lower than anticipated costs for general government, public safety, community and economic development, and culture and recreation functions, with the largest variance coming from amounts appropriated for hall and grounds (\$44,215) and planning and zoning (\$36,650). The public works and capital outlay functions showed a negative variance, as actual expenditures were more than appropriated, primarily due to an unanticipated increase in charges from street lighting and unbudgeted expenditures for cemetery improvements, fire equipment, and development of the community parks master plan.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The Township's investment in capital assets for its governmental activities as of December 31, 2015, amounts to \$13,043,525 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer, water, and road infrastructure. The \$93,710 increase in the Township's investment in capital assets for the current fiscal year reflects \$710,322 in capital asset additions less \$616,612 depreciation for the year.

Capital asset acquisitions during the current year include:

- \$614,917 for the Township's portion on shared road projects
- \$37,223 for costs toward the non-motorized trail project
- \$22,348 for fire equipment
- \$24,970 for cemetery fencing
- \$8,295 for the purchase of land for cemetery expansion

More detailed information about the Township's capital assets is presented in Note 6 of the notes to the basic financial statements.

**Debt**

The Township had no long-term debt outstanding at the end of the fiscal year. Other reported noncurrent liabilities consisted of a liability for compensated absences of \$24,090.

More detailed information about the Township's long-term liabilities is presented in Note 10 of the notes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Revenues for road enhancements and fire improvements, which were approved in 2010, and levies recognized in 2015, will help the Township to maintain its road infrastructure and provide essential public safety services during 2016 and subsequent years.

The Township has significant accumulated resources and expects to provide all ongoing services at current levels.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Julie VanderWiere, Township Superintendent  
Linda Kerr, Township Clerk  
Charter Township of Texas  
7110 West Q Avenue  
Kalamazoo, MI 49009

Phone: (269) 375-1591

**BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**

December 31, 2015

	<u>Primary government Governmental activities</u>	<u>Component unit</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 8,060,090	\$ 79,034
Receivables, net	1,161,309	4,971
Prepaid expenses	<u>64,702</u>	<u>-</u>
Total current assets	<u>9,286,101</u>	<u>84,005</u>
Noncurrent assets:		
Receivables, net	111,657	-
Advance to component unit	119,699	-
Capital assets not being depreciated	712,859	122,329
Capital assets, net of depreciation	<u>12,330,666</u>	<u>125,957</u>
Total noncurrent assets	<u>13,274,881</u>	<u>248,286</u>
Total assets	<u>22,560,982</u>	<u>332,291</u>
<b>LIABILITIES</b>		
Current liabilities:		
Payables	133,606	-
Unearned assessment revenue	<u>309,166</u>	<u>-</u>
Total current liabilities	<u>442,772</u>	<u>-</u>
Noncurrent liabilities:		
Compensated absences	24,090	-
Advance from primary government	<u>-</u>	<u>119,699</u>
Total noncurrent liabilities	<u>24,090</u>	<u>119,699</u>
Total liabilities	<u>466,862</u>	<u>119,699</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied for the subsequent year	1,052,110	24,039
Assessments levied for the subsequent year	<u>366,900</u>	<u>-</u>
Total deferred inflows of resources	<u>1,419,010</u>	<u>24,039</u>
<b>NET POSITION</b>		
Net investment in capital assets	13,043,525	128,587
Restricted for:		
Public safety	297,073	-
Public works	144,949	59,966
Unrestricted	<u>7,189,563</u>	<u>-</u>
Total net position	<u>\$ 20,675,110</u>	<u>\$ 188,553</u>

See notes to financial statements

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**BALANCE SHEET - governmental funds**

December 31, 2015

	<u>General</u>	<u>Road Enhancement</u>	<u>Fire Improvement</u>
<b>ASSETS</b>			
Cash	\$ 3,793,922	\$ 309,654	\$ 859,951
Receivables	713,862	134,346	153,050
Advance to component unit	119,699	-	-
Prepaid items	54,953	-	1,025
	<u>54,953</u>	<u>-</u>	<u>1,025</u>
Total assets	<u>\$ 4,682,436</u>	<u>\$ 444,000</u>	<u>\$ 1,014,026</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 48,630	\$ -	\$ 21,783
Unearned special assessments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>48,630</u>	<u>-</u>	<u>21,783</u>
Deferred inflows of resources:			
Property taxes levied for the subsequent year	663,871	-	388,239
Assessments levied for the subsequent year	-	366,900	-
Unavailable special assessments	-	-	-
Unavailable interest revenue	11,919	-	-
	<u>11,919</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>675,790</u>	<u>366,900</u>	<u>388,239</u>
Fund balances:			
Nonspendable for:			
Prepaid items	54,953	-	1,025
Long-term advance to component unit	119,699	-	-
Restricted for:			
Road maintenance	-	-	-
Street lighting	-	-	-
Private lake maintenance	-	-	-
Committed for:			
Building improvements	300,000	-	-
Fire protection	150,000	-	-
Parks and recreation	60,000	-	-
Assigned for:			
Employee benefits	64,640	-	-
Road maintenance	-	77,100	-
Fire protection	284,350	-	602,979
Parks and recreation	157,647	-	-
Sidewalks and trails	50,000	-	-
Sewer and water improvements	478,400	-	-
Administrative capital	25,000	-	-
Building improvements	250,152	-	-
Unassigned	1,963,175	-	-
	<u>1,963,175</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,958,016</u>	<u>77,100</u>	<u>604,004</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,682,436</u>	<u>\$ 444,000</u>	<u>\$ 1,014,026</u>

<u>Sewer and Water</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
\$ 2,304,859	\$ 481,644	\$ 7,750,030
141,839	127,228	1,270,325
-	-	119,699
<u>6,849</u>	<u>1,875</u>	<u>64,702</u>
<u>\$ 2,453,547</u>	<u>\$ 610,747</u>	<u>\$ 9,204,756</u>
\$ 36,265	\$ 19,580	\$ 126,258
-	309,166	309,166
<u>36,265</u>	<u>328,746</u>	<u>435,424</u>
-	-	1,052,110
-	-	366,900
111,657	-	111,657
<u>10,150</u>	<u>-</u>	<u>22,069</u>
<u>121,807</u>	<u>-</u>	<u>1,552,736</u>
-	-	55,978
-	-	119,699
-	9,743	9,743
-	62,921	62,921
-	72,285	72,285
-	-	300,000
-	-	150,000
-	-	60,000
-	-	64,640
-	-	77,100
-	-	887,329
-	137,052	294,699
-	-	50,000
2,295,475	-	2,773,875
-	-	25,000
-	-	250,152
<u>-</u>	<u>-</u>	<u>1,963,175</u>
<u>2,295,475</u>	<u>282,001</u>	<u>7,216,596</u>
<u>\$ 2,453,547</u>	<u>\$ 610,747</u>	<u>\$ 9,204,756</u>

See notes to financial statements

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**BALANCE SHEET - governmental funds (Continued)**

December 31, 2015

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Reconciliation of the balance sheet with the statement of net position:

Total fund balance - total governmental funds (page 13) \$ 7,216,596

Amounts reported for *governmental activities* in the statement of net position (page 11) are different because:

Special assessments and interest receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds. 133,726

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 13,021,372

Net position of the Building Inspections Fund that has been combined with those of *governmental activities*. 319,226

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (15,810)

Net position of *governmental activities* \$ 20,675,110

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended December 31, 2015

	<u>General</u>	<u>Road Enhancement</u>	<u>Fire Improvement</u>
<b>REVENUES</b>			
Taxes	\$ 867,912	\$ -	\$ 375,672
Licenses and permits	146,440	-	-
State grants	1,151,258	-	-
Charges for services	140,733	-	-
Fines and forfeitures	3,011	-	-
Interest and rentals	22,638	371	876
Other:			
Special assessments	-	359,225	-
Miscellaneous	1,701	-	148
	<u>2,333,693</u>	<u>359,596</u>	<u>376,696</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
General government	805,599	-	-
Public safety	225,198	-	644,671
Public works	48,918	620,069	-
Community and economic development	167,800	-	-
Recreation and culture	19,283	-	-
Capital outlay	82,104	-	-
	<u>1,348,902</u>	<u>620,069</u>	<u>644,671</u>
Total expenditures			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>984,791</u>	<u>(260,473)</u>	<u>(267,975)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	141,287	456,411
Transfers out	(697,698)	-	-
	<u>(697,698)</u>	<u>141,287</u>	<u>456,411</u>
Net other financing sources (uses)			
<b>NET CHANGES IN FUND BALANCES</b>			
	287,093	(119,186)	188,436
<b>FUND BALANCES - BEGINNING</b>			
	<u>3,670,923</u>	<u>196,286</u>	<u>415,568</u>
<b>FUND BALANCES - ENDING</b>			
	<u>\$ 3,958,016</u>	<u>\$ 77,100</u>	<u>\$ 604,004</u>

<u>Sewer and Water</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ 1,243,584
-	-	146,440
-	-	1,151,258
183,635	-	324,368
-	-	3,011
22,595	444	46,924
77,433	306,357	743,015
135	3,499	5,483
<u>283,798</u>	<u>310,300</u>	<u>3,664,083</u>
1,770	-	807,369
-	-	869,869
185,311	256,297	1,110,595
-	-	167,800
-	-	19,283
946	37,222	120,272
<u>188,027</u>	<u>293,519</u>	<u>3,095,188</u>
<u>95,771</u>	<u>16,781</u>	<u>568,895</u>
-	100,000	697,698
-	-	(697,698)
-	100,000	-
95,771	116,781	568,895
<u>2,199,704</u>	<u>165,220</u>	<u>6,647,701</u>
<u>\$ 2,295,475</u>	<u>\$ 282,001</u>	<u>\$ 7,216,596</u>

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds (Continued)

Year ended December 31, 2015

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 15)	\$ 568,895
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	710,322
Provision for depreciation	(610,775)
Changes in deferred inflows of resources	
Net decrease in unavailable special assessments	(60,233)
Net increase in unavailable interest revenue	3,681
Changes in other assets/liabilities:	
Net increase in compensated absences	(5,100)
Change in net position of the Building Inspections Fund has been combined with those of the <i>governmental activities</i>	<u>51,139</u>
Change in net position of <i>governmental activities</i>	<u>\$ 657,929</u>

Charter Township of Texas

STATEMENT OF NET POSITION - *proprietary fund*

December 31, 2015

	<u><i>Building Inspections</i></u>
<b>ASSETS</b>	
Cash	\$ 310,060
Receivables	2,641
Capital assets, net of \$34,084 accumulated depreciation	<u>22,153</u>
Total assets	<u>334,854</u>
<b>LIABILITIES</b>	
Payables	7,348
Compensated absences	<u>8,280</u>
Total liabilities	<u>15,628</u>
<b>NET POSITION</b>	
Net investment in capital assets	22,153
Unrestricted	<u>297,073</u>
Total net position	<u>\$ 319,226</u>

The assets, liabilities, and net position of the Building Inspections Fund have been combined with those of *governmental activities*.

See notes to financial statements

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - *proprietary fund***

December 31, 2015

	<u>Building Inspections</u>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 274,557
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	183,519
Other	36,229
Depreciation	<u>5,837</u>
Total operating expenses	<u>225,585</u>
<b>OPERATING INCOME</b>	48,972
<b>NONOPERATING REVENUES</b>	
Interest revenue	<u>2,167</u>
<b>CHANGE IN NET POSITION</b>	51,139
<b>NET POSITION - BEGINNING</b>	<u>268,087</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 319,226</u></u>

The revenues and expenses of the Building Inspections Fund have been combined with those of *governmental activities*.

Charter Township of Texas

**STATEMENT OF CASH FLOWS - proprietary fund**

Year ended December 31, 2015

	<u>Building Inspections</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 274,557
Payments to employees	(157,769)
Payments to suppliers	<u>(63,399)</u>
Net cash provided by operating activities	53,389
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	<u>2,167</u>
<b>NET INCREASE IN CASH</b>	55,556
<b>CASH - BEGINNING</b>	<u>254,504</u>
<b>CASH - ENDING</b>	<u><u>\$ 310,060</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 48,972
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,837
Increase in accounts receivable	(1,228)
Decrease in accounts payable	(121)
Decrease in accrued payroll	(2,081)
Increase in compensated absences	<u>2,010</u>
Net cash provided by operating activities	<u><u>\$ 53,389</u></u>

See notes to financial statements

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - Agency Fund**

*December 31, 2015*

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**ASSETS**

Cash \$ 7,186,394

**LIABILITIES**

Customer deposits \$ 7,943

Due to other governmental units 7,178,451

Total liabilities \$ 7,186,394

*See notes to financial statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Charter Township of Texas, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, these financial statements present the Township (the primary government) and the component unit described below, located in Kalamazoo County. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and existence of a financial benefit or burden, and whether the financial statements would be misleading if data were not included.

*Discretely presented component unit - Downtown Development Authority:*

The component unit's governing body is appointed by the Township Board and its budgets must be approved by the Township Board. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter is excluded from 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 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 for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal year is considered to be susceptible to accrual as revenues of the current period. 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:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Enhancement Fund accounts for financial resources used for road improvement projects. Revenues are primarily derived from special assessments.

The Fire Improvement Fund accounts for financial resources used for the operational and capital costs of the Township's public safety functions. Revenues are primarily derived from property taxes.

The Sewer and Water Capital Projects Fund accounts for financial resources used for the expansion and repairs and maintenance of sewer and water lines located in the Township. Revenues are primarily derived from connection fees.

The Township reports one proprietary fund, its Building Inspections Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports a single fiduciary fund (Agency Fund). Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Proprietary funds distinguish operating 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 proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, liabilities, deferred inflows of resources, and net position or equity:*

*Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled investment income is proportionately allocated to all funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, liabilities, deferred inflows of resources, and net position or equity (continued):*

*Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

*Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported 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 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. 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. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 20 years
Sewer and water systems	50 years

*Compensated absences* - It is the Township's policy to permit employees to accumulate earned but unused sick pay benefits. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

*Unearned revenue* - Unearned revenue represents resources related to special assessments which have not yet been earned due to performance of service.

*Deferred inflows of resources*- The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. Property taxes and assessments, which are levied to finance the following period's budget, are deferred and recognized as revenue in the period that they are intended to finance. Special assessment and interest revenues, which are not available (collected later than 60 days after the end of the Township's fiscal year), are deferred in governmental funds and recognized as revenue in the period that they become available.

*Net position* - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, liabilities, deferred inflows of resources, and net position or equity (continued):*

*Net position flow assumption* - Sometimes, the Township 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 and unrestricted - net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

*Fund equity* - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14 (with the final collection date of February 28), at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the subsequent year.

*Use of estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

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

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

*Excess of expenditures over appropriations* - The following schedule sets forth the budget variances:

<u>Fund</u>	<u>Function</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Primary government:				
General	Public works	\$ 46,450	\$ 48,918	\$ 2,468
	Capital outlay	40,000	82,104	42,104

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH**

The Township and component unit's cash were reported in the basic financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary activity</u>	<u>Component unit</u>	<u>Total</u>
Deposits	\$ 8,060,090	\$ 7,186,394	\$ 79,034	\$ 15,325,518

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. As of December 31, 2015, \$12,364,795 of the Township's bank balance of \$15,142,963 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2015, for the Township's individual major and nonmajor governmental funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Interest</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Intergovern- mental</u>	<u>Totals</u>
Governmental:						
General	\$ 45,824	\$ 12,229	\$ 261,014	\$ -	\$ 394,795	\$ 713,862
Road Enhancement	-	-	-	134,346	-	134,346
Fire Improvement	-	-	153,050	-	-	153,050
Sewer and Water	-	11,559	-	130,280	-	141,839
Nonmajor funds	-	-	-	127,228	-	127,228
Total governmental funds	<u>\$ 45,824</u>	<u>\$ 23,788</u>	<u>\$ 414,064</u>	<u>\$ 391,854</u>	<u>\$ 394,795</u>	<u>\$ 1,270,325</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,657</u>	<u>\$ -</u>	<u>\$ 111,657</u>
Proprietary - building inspections	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,641</u>	<u>\$ 2,641</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,971</u>

**NOTE 5 - PROPERTY TAXES**

The 2014 taxable valuation of the Township approximated \$753,830,000, on which ad valorem taxes levied consisted of 0.8060 mills for operating purposes and 0.4992 mills for fire operations, raising approximately \$607,000 and \$376,000, respectively. This amount is recognized in the respective fund financial statements as property tax revenue.

The 2015 taxable valuation of the Township approximated \$779,100,000, on which ad valorem taxes levied consisted of 0.8570 mills for operating purposes and 0.4992 mills for fire operations, raising approximately \$667,000 and \$388,000, respectively. These amounts are recognized in the respective fund financial statements as deferred tax revenue, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS**

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

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 560,305	\$ 8,295	\$ -	\$ 568,600
Construction in progress	107,036	37,223	-	144,259
Total capital assets not being depreciated	<u>667,341</u>	<u>45,518</u>	<u>-</u>	<u>712,859</u>
Capital assets being depreciated:				
Buildings	1,808,140	-	-	1,808,140
Improvements	794,664	24,970	-	819,634
Furniture and equipment	1,110,802	24,917	-	1,135,719
Vehicles	1,018,678	-	-	1,018,678
Infrastructure	13,849,754	614,917	-	14,464,671
Subtotal	<u>18,582,038</u>	<u>664,804</u>	<u>-</u>	<u>19,246,842</u>
Less accumulated depreciation for:				
Buildings	(312,615)	(36,321)	-	(348,936)
Improvements	(257,200)	(37,748)	-	(294,948)
Furniture and equipment	(758,955)	(63,042)	-	(821,997)
Vehicles	(791,327)	(31,597)	-	(822,924)
Infrastructure	(4,179,467)	(447,904)	-	(4,627,371)
Subtotal	<u>(6,299,564)</u>	<u>(616,612)</u>	<u>-</u>	<u>(6,916,176)</u>
Total capital assets being depreciated, net	<u>12,282,474</u>	<u>48,192</u>	<u>-</u>	<u>12,330,666</u>
Governmental activities capital assets, net	<u>\$ 12,949,815</u>	<u>\$ 93,710</u>	<u>\$ -</u>	<u>\$ 13,043,525</u>
Component unit:				
Capital assets not being depreciated - land	<u>\$ 122,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,329</u>
Capital assets being depreciated - land improvements	163,964	-	-	163,964
Less accumulated depreciation	<u>(31,459)</u>	<u>(6,548)</u>	<u>-</u>	<u>(38,007)</u>
Total capital assets being depreciated, net	<u>132,505</u>	<u>(6,548)</u>	<u>-</u>	<u>125,957</u>
Component unit capital assets, net	<u>\$ 254,834</u>	<u>\$ (6,548)</u>	<u>\$ -</u>	<u>\$ 248,286</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS (Continued)**

From time to time, the Township records capitalizable costs, as part of current expenditure functions, for purposes of administrative control. In 2015, capitalizable costs of \$2,569 were reported within general government, \$14,313 were reported within public safety, and \$614,917 were reported within public works in the statement of revenues, expenditures, and changes in fund balance - governmental funds (page 15).

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 35,697
Public safety	76,472
Public works	453,026
Recreation and culture	<u>51,417</u>
 Total governmental activities	 <u>\$ 616,612</u>

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A summary of interfund transfers for the year ended December 31, 2015, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Road Enhancement	\$ 141,287	General	<u>\$ 697,698</u>
Fire Improvement	456,411		
Nonmajor funds	<u>100,000</u>		
	<u>\$ 697,698</u>		

The transfers to the Road Enhancement Fund and Fire Improvement Fund represent support to cover expenditures that could not be covered by current tax revenues.

The transfer to the nonmajor fund represents support to finance capital expenditures for the non-motorized trail project.

**NOTE 8 - ADVANCE TO COMPONENT UNIT**

During the year ended December 31, 2013, the primary government advanced \$119,699 to the component unit. The advance will be collected over 15 years at an interest rate of 1.5% per annum. The first five years are interest only payments, followed by a ten-year period of principal and interest collections.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 - PAYABLES**

Payables as of December 31, 2015, for the Township's individual major funds and nonmajor governmental funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Intergovern- mental</u>	<u>Customer deposits</u>	<u>Totals</u>
Governmental:					
General	\$ 24,377	\$ 2,104	\$ -	\$ 22,149	\$ 48,630
Fire Improvement	7,855	13,928	-	-	21,783
Sewer and Water	10,002	-	26,263	-	36,265
Nonmajor funds	7,552	-	12,028	-	19,580
Total governmental funds	<u>\$ 49,786</u>	<u>\$ 16,032</u>	<u>\$ 38,291</u>	<u>\$ 22,149</u>	<u>\$ 126,258</u>
Proprietary:					
Building Inspection Fund	<u>\$ 670</u>	<u>\$ 14,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,628</u>

**NOTE 10 - NONCURRENT LIABILITIES**

Long-term liability activity for the year ended December 31, 2015, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Compensated absences	<u>\$ 16,980</u>	<u>\$ 13,930</u>	<u>\$ (6,820)</u>	<u>\$ 24,090</u>	<u>\$ -</u>

**NOTE 11 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability of up to \$4,000,000, building contents and property, and workers' compensation coverage are managed through purchased commercial insurance.

**NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN**

The Township contributes to the Texas Charter Township Group Pension Plan, a defined contribution pension plan, which is administered by a third party administrator. The plan covers all elected officials, full-time and certain part-time employees, who are eligible to participate after ninety days of employment, and for fire fighters who are eligible to participate after completing a probationary period.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 10% of each qualified employee's total earnings to the plan. Employees are permitted to make voluntary contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2015, the Township and eligible employees made contributions of \$82,876 and \$-0-, respectively. At December 31, 2015, the Township reported no accrued liability as part of the contributions to the plan.

**NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN (Continued)**

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested immediately.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Taxes	\$ 872,495	\$ 872,495	\$ 867,912	\$ (4,583)
Licenses and permits	125,250	125,250	146,440	21,190
State grants	1,165,737	1,165,737	1,151,258	(14,479)
Charges for services	102,950	102,950	140,733	37,783
Fines and forfeitures	1,200	1,200	3,011	1,811
Interest and rentals	16,200	16,200	22,638	6,438
Other - miscellaneous	6,400	6,400	1,701	(4,699)
	<u>2,290,232</u>	<u>2,290,232</u>	<u>2,333,693</u>	<u>43,461</u>
Total revenues				
<b>EXPENDITURES</b>				
General government:				
Legislative - Township Board	27,000	27,000	26,042	958
Supervisor	81,900	87,900	87,168	732
Election	7,675	11,675	1,941	9,734
Assessor	91,150	92,150	90,882	1,268
Clerk	140,900	140,900	125,127	15,773
Board of review	4,410	4,410	3,157	1,253
Treasurer	125,025	125,025	122,606	2,419
Hall and grounds	93,237	93,237	49,022	44,215
Cemetery	24,000	31,000	27,490	3,510
Other	338,300	299,800	272,164	27,636
	<u>933,597</u>	<u>913,097</u>	<u>805,599</u>	<u>107,498</u>
Total general government				
Public safety - police	<u>246,600</u>	<u>246,600</u>	<u>225,198</u>	<u>21,402</u>
Public works:				
Street lights	5,000	15,000	17,275	(2,275)
Drains	350	350	140	210
Sanitation and refuse collection	31,100	31,100	31,503	(403)
	<u>36,450</u>	<u>46,450</u>	<u>48,918</u>	<u>(2,468)</u>
Total public works				
Community and economic development - planning and zoning	<u>204,450</u>	<u>204,450</u>	<u>167,800</u>	<u>36,650</u>

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2015

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>EXPENDITURES (Continued)</b>				
Recreation and culture - parks and recreation	\$ 32,800	\$ 32,800	\$ 19,283	\$ 13,517
Capital outlay	30,000	40,000	82,104	(42,104)
Total expenditures	<u>1,483,897</u>	<u>1,483,397</u>	<u>1,348,902</u>	<u>134,495</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	806,335	806,835	984,791	177,956
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(597,998)</u>	<u>(697,998)</u>	<u>(697,698)</u>	<u>300</u>
<b>NET CHANGES IN FUND BALANCES</b>	208,337	108,837	287,093	178,256
<b>FUND BALANCES - BEGINNING</b>	<u>3,670,923</u>	<u>3,670,923</u>	<u>3,670,923</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,879,260</u>	<u>\$ 3,779,760</u>	<u>\$ 3,958,016</u>	<u>\$ 178,256</u>

Charter Township of Texas

**BUDGETARY COMPARISON SCHEDULE - Road Enhancement Fund**

Year ended December 31, 2015

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Interest	\$ 221	\$ 221	\$ 371	\$ 150
Other - special assessments	<u>528,958</u>	<u>528,958</u>	<u>359,225</u>	<u>(169,733)</u>
Total revenues	529,179	529,179	359,596	(169,583)
<b>EXPENDITURES</b>				
Public works - road maintenance	<u>711,582</u>	<u>711,582</u>	<u>620,069</u>	<u>91,513</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(182,403)	(182,403)	(260,473)	(78,070)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>141,287</u>	<u>141,287</u>	<u>141,287</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	(41,116)	(41,116)	(119,186)	(78,070)
<b>FUND BALANCES - BEGINNING</b>	<u>196,286</u>	<u>196,286</u>	<u>196,286</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 155,170</u>	<u>\$ 155,170</u>	<u>\$ 77,100</u>	<u>\$ (78,070)</u>

**BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund**

Year ended December 31, 2015

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Taxes	\$ 366,000	\$ 366,000	\$ 375,672	\$ 9,672
Interest	150	150	876	726
Other - miscellaneous	-	-	148	148
Total revenues	<u>366,150</u>	<u>366,150</u>	<u>376,696</u>	<u>10,546</u>
<b>EXPENDITURES</b>				
Public safety - fire protection	744,139	744,139	644,671	99,468
Capital outlay	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
Total expenditures	<u>764,139</u>	<u>764,139</u>	<u>644,671</u>	<u>119,468</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(397,989)</u>	<u>(397,989)</u>	<u>(267,975)</u>	<u>130,014</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	456,411	456,411	456,411	-
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	-	<u>75,000</u>
Net other financing sources	<u>381,411</u>	<u>381,411</u>	<u>456,411</u>	<u>75,000</u>
<b>NET CHANGES IN FUND BALANCES</b>	(16,578)	(16,578)	188,436	205,014
<b>FUND BALANCES - BEGINNING</b>	<u>415,568</u>	<u>415,568</u>	<u>415,568</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 398,990</u>	<u>\$ 398,990</u>	<u>\$ 604,004</u>	<u>\$ 205,014</u>

**SUPPLEMENTARY INFORMATION**

**BALANCE SHEET - component unit**

December 31, 2015

**ASSETS**

Cash	\$ 79,034
Receivables	<u>4,971</u>
Total assets	<u><u>\$ 84,005</u></u>

**DEFERRED INFLOWS OF RESOURCES  
AND FUND BALANCES**

Deferred inflows of resources - property tax revenues levied for the subsequent year	\$ 24,039
Fund balance - restricted for public works	<u>59,966</u>
Total deferred inflows of resources and fund balance	<u><u>\$ 84,005</u></u>

Reconciliation of the balance sheet with the statement of net position:

Fund balance	\$ 59,966
Amounts reported for the <i>component unit</i> in the statement of net position (page 11) are different because:	
Capital assets used are not financial resources and, therefore, are not reported in the fund.	248,286
Long-term advance from primary government is not reported in the fund.	<u>(119,699)</u>
Net position of the <i>component unit</i>	<u><u>\$ 188,553</u></u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *component unit***

Year ended December 31, 2015

**REVENUES**

Taxes	\$ 29,533
Interest	72
Other	<u>3,092</u>
Total revenues	<u>32,697</u>

**EXPENDITURES**

Current - public works	17,413
Debt services - interest	<u>1,800</u>
Total expenditures	<u>19,213</u>

**NET CHANGE IN FUND BALANCE** 13,484

**FUND BALANCE - BEGINNING** 46,482

**FUND BALANCE - ENDING** \$ 59,966

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance \$ 13,484

Amounts reported for the *component unit* in the statement of activities (page 12) are different because:

Capital assets - provision for depreciation (6,548)

Change in net position of *component unit* \$ 6,936

Charter Township of Texas

**BUDGETARY COMPARISON SCHEDULE - component unit**

Year ended December 31, 2015

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 27,500	\$ 27,500	\$ 29,533	\$ 2,033
Interest	-	-	72	72
Other	-	-	3,092	3,092
Total revenues	<u>27,500</u>	<u>27,500</u>	<u>32,697</u>	<u>5,197</u>
<b>EXPENDITURES</b>				
Public works	24,070	24,070	17,413	6,657
Debt services - interest	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	-
Total expenditures	<u>25,870</u>	<u>25,870</u>	<u>19,213</u>	<u>6,657</u>
<b>NET CHANGES IN FUND BALANCES</b>	1,630	1,630	13,484	11,854
<b>FUND BALANCES - BEGINNING</b>	<u>46,482</u>	<u>46,482</u>	<u>46,482</u>	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 48,112</u>	<u>\$ 48,112</u>	<u>\$ 59,966</u>	<u>\$ 11,854</u>

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