

**Williamstown Township
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2017

Williamstown Township
Ingham County, Michigan
March 31, 2017

BOARD OF TRUSTEES

Wanda Bloomquist	Supervisor
Mark Steinberg	Clerk
Jill Cutshaw	Treasurer
Kevin Duffy	Trustee
Janet Eyster	Trustee
John Kane	Trustee
Rick Williams	Trustee

Williamstown Township

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Williamstown Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2017. Please read it in conjunction with the Township's financial statements.

Financial Highlights

To maintain accountability, revenue and expenditures are separated into police services, cemetery maintenance and services, and the general fund for all other governmental activities. The following represents the most significant financial highlights from the Governmental Funds Balance Sheet for these three funds.

- State shared revenue, our largest revenue source, increased \$9,701 this year, while tax revenue from the current Township property tax levy increased \$7,062 from the previous year.
- Overall revenue for the General Fund increased by \$6,282 and expenditures increased by \$130,512 due to careful control of expenditures.
- With General Fund revenue of \$712,007 and expenditures and transfers out of \$675,140 and \$26,000, respectively, the fund balance increased \$10,867. Expenditures increased due to the purchase of the park property and house with funds saved over several years specifically for that purpose.
- Police services are funded by a special assessment which has decreased from \$150 per residence in the first fiscal year to \$100 in the sixth fiscal year ending March 31, 2017.
- The Cemetery fund receives funding primarily from charges for services (\$71,377), a contribution from the City of Williamston (\$15,000) and from the Township's General Fund (\$26,000).

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position (page 1) and the statement of activities (page 2) provide information about the activities of Williamstown Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services. The fund financial statements (page 3) present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of Williamstown Township in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows, in a condensed format, the net position as of March 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Assets		
Current and other assets	\$ 2,292,517	\$ 2,229,628
Capital assets, net	<u>1,157,245</u>	<u>1,008,234</u>
Total assets	3,449,762	3,237,862
Liabilities		
Current liabilities	77,873	83,389
Noncurrent liabilities	<u>2,604</u>	<u>4,092</u>
Total liabilities	80,477	87,481
Net Position		
Investment in capital assets	1,157,245	1,008,234
Restricted	605,478	577,925
Unrestricted	<u>1,606,562</u>	<u>1,564,222</u>
Total net position	<u>\$ 3,369,285</u>	<u>\$ 3,150,381</u>

Williamstown Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

The Township's total net position was \$3,369,285 at March 31, 2017. The net position investment in capital assets was \$1,157,245. The restricted net position of \$605,478 includes \$17,210 for parks and recreation, \$83,467 for cemetery operations and \$504,801 available only for police services. Unrestricted net position (the part of net position that can be used to finance day-to-day operations) was \$1,606,562 at the end of the fiscal year.

The following table shows the changes in net position during the current year.

	<u>2017</u>	<u>2016</u>
Revenue		
Program Revenue		
Charges for services	\$ 172,145	\$ 140,319
Operating grants and contributions	30,716	19,511
Special assessments	208,018	227,605
General revenues		
Property taxes	201,172	194,110
State shared revenue	383,749	374,048
Investment earnings	8,606	8,586
Other revenue	<u>31,213</u>	<u>27,661</u>
Total revenue	1,035,619	991,840
Program Expenses		
General government	451,656	443,139
Public safety		
Police services	227,552	223,733
Inspections	16,456	15,950
Public works	55,223	68,702
Community and economic development	31,075	39,327
Recreation and cultural	<u>34,753</u>	<u>48,181</u>
Total program expenses	<u>816,715</u>	<u>839,032</u>
Change in Net Position	<u>\$ 218,904</u>	<u>\$ 152,808</u>

Governmental Activities

The Township's governmental revenues totaled \$1,035,619 with the greatest revenue source being State shared revenue, which makes up approximately 37% of total governmental revenue. This was followed by the Police Services Special Assessment (20%). Williamstown's share of property taxes were approximately 19% of total governmental revenue. The Township incurred expenses of \$816,715 during the year. General government makes up approximately 55% of total governmental expenses. General government includes Township Board, Supervisor, Clerk, Treasurer, Building and Grounds, Township Office, Cemetery, and various other functions. Police services cost \$227,552 or about 28% of the total expenses.

The Township's Funds

The analysis of the Township's funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not Williamstown Township as a whole. Williamstown Township's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax mileages and special assessments. The Township's major funds for the fiscal year ended March 31, 2017, include the General Fund, the Police Services Fund, and the Cemetery Fund.

Williamstown Township

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made no budget adjustments during the year.

The Township's total expenditures were significantly under budget. The public works line items had a remaining balance of approximately \$181,323. The Township's total expenditures were significantly under budget (34% below). The road improvement and maintenance line items expended 16% of the budget with \$169,178 remaining due to county delays in completing road improvement projects. The remainder was primarily due to the Township's diligent review and control of expenditures.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had \$1,157,245 invested in a broad range of capital assets, including land, buildings, and equipment. This is about 15% higher than last year. The increase was primarily due to the acquisition of privately owned land and a home within the boundaries of the park. See Note D in the financial statements for more details.

The Township purchased a multifunctional copier/printer through a capital lease during the 2015 fiscal year and had \$4,092 outstanding as of the fiscal year-end. See Note E in the financial statements for more details related to the Township's long-term debt.

Current Economic Factors

While Williamstown Township's share of property taxes are expected to remain approximately the same during the next year, the fiscal forecast for the State of Michigan is that revenues will be down over the next several years. This decline from the State of Michigan will likely have a negative effect on Township revenue. Williamstown Township will continue to receive revenue from use of the community room and fees contributing to park recreation field expenditures. Revenues from the special assessment for police services are expected to remain about the same.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers and customers with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall.

BASIC FINANCIAL STATEMENTS

Williamstown Township
STATEMENT OF NET POSITION
March 31, 2017

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 1,449,312
Investments	612,137
Receivables	24,115
Prepays	4,318
Total current assets	2,089,882
Noncurrent assets	
Investments	202,635
Capital assets not being depreciated	488,316
Capital assets, net of accumulated depreciation	668,929
Total noncurrent assets	1,359,880
TOTAL ASSETS	3,449,762
LIABILITIES	
Current liabilities	
Accounts payable	74,359
Accrued liabilities	2,026
Current portion of long-term debt	1,488
Total current liabilities	77,873
Noncurrent liabilities	
Noncurrent portion of long-term debt	2,604
TOTAL LIABILITIES	80,477
NET POSITION	
Investment in capital assets	1,157,245
Restricted for police services	504,801
Restricted for cemetery operations	83,467
Restricted for parks and recreation	17,210
Unrestricted	1,606,562
TOTAL NET POSITION	\$ 3,369,285

See accompanying notes to financial statements.

Williamstown Township
STATEMENT OF ACTIVITIES
Year Ended March 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants, Contributions, and Special Assessments	
Governmental activities				
General government	\$ 451,656	\$ 114,763	\$ 15,000	\$ (321,893)
Public safety				
Police services	227,552	-	208,018	(19,534)
Inspections	16,456	-	-	(16,456)
Public works	55,223	8,257	5,716	(41,250)
Community and economic development	31,075	43,215	-	12,140
Recreation and cultural	34,753	5,910	10,000	(18,843)
	<u>\$ 816,715</u>	<u>\$ 172,145</u>	<u>\$ 238,734</u>	
				(405,836)
General revenues				
Property taxes				201,172
State shared revenue				383,749
Investment earnings				8,606
Miscellaneous				31,213
				<u>624,740</u>
				Change in net position
				218,904
				Net position, beginning of the year
				<u>3,150,381</u>
				Net position, end of the year
				<u>\$ 3,369,285</u>

See accompanying notes to financial statements.

Williamstown Township

Governmental Funds

BALANCE SHEET

March 31, 2017

	General	Police Services	Cemetery	Total Governmental Funds
ASSETS				
Cash	\$ 874,787	\$ 452,190	\$ 122,335	\$ 1,449,312
Investments	609,423	104,114	101,235	814,772
Receivables				
Accounts	10,250	-	900	11,150
Special assessments	-	6,268	-	6,268
Taxes	5,331	-	-	5,331
Interest	966	47	353	1,366
Prepays	4,318	-	-	4,318
	<u>\$ 1,505,075</u>	<u>\$ 562,619</u>	<u>\$ 224,823</u>	<u>\$ 2,292,517</u>
TOTAL ASSETS				
LIABILITIES				
Accounts payable	\$ 15,818	\$ 57,818	\$ 723	\$ 74,359
Accrued liabilities	1,801	-	225	2,026
	<u>17,619</u>	<u>57,818</u>	<u>948</u>	<u>76,385</u>
TOTAL LIABILITIES				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	10,000	-	-	10,000
FUND BALANCES				
Nonspendable				
Prepays	4,318	-	-	4,318
Restricted				
Police services	-	504,801	-	504,801
Cemetery operations	-	-	83,467	83,467
Parks and recreation	17,210	-	-	17,210
Committed				
Roads	86,065	-	-	86,065
Capital outlay infrastructure	67,609	-	-	67,609
Minimum fund balance	200,000	-	-	200,000
Assigned				
Cemetery operations	-	-	140,408	140,408
Subsequent year's expenditures	484,386	-	-	484,386
Unassigned	617,868	-	-	617,868
	<u>1,477,456</u>	<u>504,801</u>	<u>223,875</u>	<u>2,206,132</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 1,505,075</u>	<u>\$ 562,619</u>	<u>\$ 224,823</u>	<u>\$ 2,292,517</u>

See accompanying notes to financial statements.

Williamstown Township

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

March 31, 2017

Total fund balances - governmental funds \$ 2,206,132

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:

The cost of capital assets is	\$ 1,532,234	
Accumulated depreciation is	<u>(374,989)</u>	
		1,157,245

Long-term receivables are not available to pay for current period expenditures and, therefore, are considered unavailable revenue in the funds. These consist of:

Unavailable revenue		10,000
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Capital leases		<u>(4,092)</u>
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Net position of governmental activities \$ 3,369,285

Williamstown Township

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2017

	General	Police Services	Cemetery	Total Governmental Funds
REVENUES				
Taxes	\$ 206,818	\$ -	\$ -	\$ 206,818
Licenses and permits	68,891	1,051	-	69,942
Intergovernmental	389,465	-	15,000	404,465
Charges for services	6,312	-	71,377	77,689
Interest and rents	12,946	1,750	611	15,307
Other	27,575	208,018	15,805	251,398
TOTAL REVENUES	712,007	210,819	102,793	1,025,619
EXPENDITURES				
Current				
General government	537,633	-	63,422	601,055
Public safety	16,456	227,552	-	244,008
Public works	55,223	-	-	55,223
Community and economic development	31,075	-	-	31,075
Recreation and cultural	34,753	-	-	34,753
Capital outlay	-	-	1,100	1,100
TOTAL EXPENDITURES	675,140	227,552	64,522	967,214
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,867	(16,733)	38,271	58,405
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	26,000	26,000
Transfer out	(26,000)	-	-	(26,000)
TOTAL OTHER FINANCING SOURCES (USES)	(26,000)	-0-	26,000	-0-
NET CHANGE IN FUND BALANCES	10,867	(16,733)	64,271	58,405
Fund balances, beginning of year	1,466,589	521,534	159,604	2,147,727
Fund balances, end of year	<u>\$ 1,477,456</u>	<u>\$ 504,801</u>	<u>\$ 223,875</u>	<u>\$ 2,206,132</u>

See accompanying notes to financial statements.

Williamstown Township

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2017

Net change in fund balances - total governmental funds **\$ 58,405**

Amounts reported for governmental activities in the statement of activities are different because:

In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 183,839	
Depreciation expense	<u>(34,828)</u>	
Excess of capital outlay over depreciation expense		149,011

Revenues in the statement of activities that do not provide current financial resources are not report as revenues in the funds.

Increase in unavailable revenue		10,000
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Repayment of long-term debt and borrowing of long-term debt are reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consisted of:

Principal retirements		<u>1,488</u>
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Change in net position of governmental activities **\$ 218,904**

Williamstown Township

Fiduciary Fund

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2017

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 23</u>
LIABILITIES	
Due to others	<u>\$ 23</u>

See accompanying notes to financial statements.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Williamstown Township, Michigan (the Township) was organized as a township in 1937 under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board that consists of a Supervisor, Clerk, Treasurer, and four Trustees, and provides services to its residents in many areas including roads and planning.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present all financial activities of Williamstown Township. The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township contain all the funds controlled by the Township Board.

2. Jointly Governed Organizations

The Township participates in the following activity, which is considered to be a jointly governed organization in relation to the Township due to there being no ongoing financial interest or responsibility.

Northeast Ingham Emergency Service Authority (NIESA) - The Township, in conjunction with the City of Williamston, Locke Township, Wheatfield Township, Leroy Township, and the Village of Webberville, entered into an agreement effective January 1, 1999, to create the NIESA to provide fire and emergency services to the constituent municipalities. The Williamston Community Fire and Ambulance Board ceased operations on December 31, 1998.

The Township has one (1) representative on the seven (7) member board. The Township and each constituent municipality levy 1.9326 mills of tax to support the operations of NIESA. The Township has no other financial responsibility.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Police Services Fund is used to account for restricted special assessment financial resources that are used for police services.
- c. The Cemetery Fund is used to account for restricted and committed financial resources that are used for operations of the cemetery.

The Township also reports agency funds to account for assets held by the Township as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The Township's agency fund is the Current Tax Collection Fund.

4. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for agency funds since assets equal liabilities.

5. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is sixty (60) days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Budgets and Budgetary Accounting

The General Fund and Major Special Revenue Fund budgets shown as required supplementary information to the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the required supplementary information:

- a. Prior to April 1, the budget is legally adopted on a departmental (activity) level through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between departments within a fund or any revisions that alter the total expenditures of a fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year for the General Fund.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations that are adopted.

7. Cash and Investments

Cash consist of checking and savings accounts. Cash in excess of current requirements is invested in certificates of deposit and disclosed as part of the Township's investments. The certificates of deposit are classified as investments due to having an original maturity of over ninety (90) days.

8. Prepays

Prepays consist of certain insurance premiums and other expenditures representing costs applicable to future periods. Reported prepaid expenditures are equally offset by nonspendable fund balance, which indicates they do not constitute "available spendable resources" even though they are a component of current assets.

9. Property Tax

The Township bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1 of the year following the levy. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2017, the Township levied .8415 mills for general governmental services. The total taxable value for the 2016 levy for property within the Township was \$227,345,665.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities column. Capital assets are those with an estimated useful life of more than one (1) year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	5 - 15 years
Vehicles	5 - 10 years

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and fund balance, when applicable, will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance/net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time. In addition to liabilities, the statement of net position and fund balance, when applicable, will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not currently have any items that meet the recognition criteria for classification as deferred inflows of resources or deferred outflows of resources.

12. Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

13. Comparative Data

Comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE B: CASH AND INVESTMENTS - CONTINUED

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.156 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Deposits

As of March 31, 2017, the carrying amounts and the bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and savings	\$ 1,449,095	\$ 1,475,584
Certificates of deposit	814,772	814,772
	<u>\$ 2,263,867</u>	<u>\$ 2,290,356</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2017, the Township accounts were federally insured for \$1,831,432 and the amount of \$458,924 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE B: CASH AND INVESTMENTS - CONTINUED

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying its investments by security type and institution to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The amounts referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of March 31, 2017:

	<u>Primary Government</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash	\$ 1,449,312	\$ 23	\$ 1,449,335
Investments - current	612,137	-	612,137
Investments - noncurrent	<u>202,635</u>	<u>-</u>	<u>202,635</u>
	<u>\$ 2,264,084</u>	<u>\$ 23</u>	<u>\$ 2,264,107</u>

The cash caption on the combined balance sheet and statement of net position include \$240 in petty cash.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to Cemetery Fund from:	
General Fund	<u>\$ 26,000</u>

The transfer to the Cemetery Fund from the General Fund was to fund current year operations.

Williamstown Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE D: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2017, was as follows:

Governmental Activities

	Balance April 1, 2016	Additions/ Reclassifications	Deletions/ Reclassifications	Balance March 31, 2017
Capital assets not being depreciated				
Land	\$ 403,116	\$ 85,200	\$ -	\$ 488,316
Construction in progress	58,841	12,624	(71,465)	-0-
Subtotal	461,957	97,824	(71,465)	488,316
Capital assets being depreciated				
Buildings and improvements	633,040	157,480	-	790,520
Vehicles	71,860	-	(22,000)	49,860
Equipment	203,538	-	-	203,538
Subtotal	908,438	157,480	(22,000)	1,043,918
Less accumulated depreciation for:				
Buildings and improvements	(185,971)	(20,030)	-	(206,001)
Vehicles	(41,711)	(3,066)	22,000	(22,777)
Equipment	(134,479)	(11,732)	-	(146,211)
Subtotal	(362,161)	(34,828)	22,000	(374,989)
Net capital assets being depreciated	546,277	122,652	-0-	668,929
Total net capital assets	<u>\$ 1,008,234</u>	<u>\$ 220,476</u>	<u>\$ (71,465)</u>	<u>\$ 1,157,245</u>

Depreciation expense was charged to the following governmental activities:

General government \$ 34,828

NOTE E: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended March 31, 2017.

	Balance April 1, 2016	Additions	Deletions	Balance March 31, 2017	Amount Due Within One Year
Capital lease	<u>\$ 5,580</u>	<u>\$ -</u>	<u>\$ (1,488)</u>	<u>\$ 4,092</u>	<u>\$ 1,488</u>

Williamstown Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE E: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt are presented below:

Capital Lease

\$7,440 capital lease payable (multifunctional copier/printer system), dated December 17, 2014, due in monthly installments of \$124 through December 17, 2019.

\$ 4,092

The annual requirements to pay the outstanding long-term debt are as follows:

Fiscal Year Ending March 31,	Capital Lease
2018	\$ 1,488
2019	1,488
2020	<u>1,116</u>
	<u>\$ 4,092</u>

NOTE F: RETIREMENT PLAN

The Township is the sponsor of a retirement plan for the sole benefit of its employees. The Township Pension Plan is a defined contribution pension benefit plan. Contributions are based on a pre-established wage-based contribution schedule with the Township contributing 50% and the employee 50% of the amount. The Township and the employee each contribute 6.2% of gross wages.

All members of the Township board are eligible to participate in the plan. All eligible employees participate in the plan. The plan is administered by Nationwide.

For the year ended March 31, 2017, the Township had a total payroll of \$272,672. The Township Retirement Plan covered a payroll of \$139,113. The Township made contributions of \$8,625. The employee contributions were also \$8,625.

NOTE G: RISK MANAGEMENT

The Township participates in the Michigan Township Participating Plan (the Plan), with other municipalities for auto, property, crime, general liability, boiler and machinery, employee benefits liability, public official liability, electronic data processing (EDP), law enforcement liability, and inland marine losses. The Plan is organized under Public Act 138 of 1982, as amended. The Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to the transfer of risk to U.S. Specialty Insurance Company (USSIC) backing the Michigan Township Participating Plan under a master policy for the period July 1, 2011 to July 1, 2019. Due to the Master Policy purchase, there is no pooling of risk between members, but is instead considered commercial insurance. Settled claims relating to this insurance have not exceeded the amount of insurance coverage in any of the past three (3) fiscal years.

The Township carries commercial insurance for the risk of loss due to workers' compensation claims. Settled claims relating to commercial insurance have not exceed the amount of insurance coverage in any of the past three (3) fiscal years.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE H: INTERGOVERNMENTAL AGREEMENT

The Township has contracted with Meridian Township to provide police services to the Township through December 31, 2018. The contract specified that Meridian Township will provide 80 hours of police patrol coverage within Williamstown Township each week and provide officers for emergency and non-emergency response to all dispatch calls with Williamstown Township twenty-four (24) hours per day, seven days each week. Williamstown Township pays Meridian Township \$216,723 per calendar year, plus \$56.17 per hour for emergency and non-emergency police services beyond the eighty (80) hours of coverage each week. The additional police services charged beyond eighty (80) hours of coverage each week is capped at \$22,500 per quarter.

NOTE I: DETAILS OF FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five (5) fund balance classifications under this standard.

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Township's highest level of decision-making authority is the Board of Trustees. Formal action that is required to be taken to establish a fund balance commitment is a resolution from the Township Board.

For assigned fund balance, the Township has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Trustees.

The Township has not formally adopted a policy that determines when both restricted and unrestricted fund balances are available which should be used first, therefore restricted resources will be used first, then unrestricted resources if they are needed.

The Township has not formally adopted a policy that determines whether committed, assigned, or unassigned amounts are considered to be spent when an expenditure is incurred for purposes which amounts from any of those fund balance classifications could be used.

The Township has adopted a policy which states the Township will maintain a minimum General Fund balance equal to or exceeding the anticipated Township revenue from winter property taxes, or \$200,000, whichever is larger.

Williamstown Township

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE J: UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities for all state and local governments, focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries for whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Township is current evaluating the impact this standard will have on the financial statements when adopted during the 2019-2020 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2020-2021 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Williamstown Township

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Current tax levy	\$ 190,107	\$ 190,107	\$ 195,684	\$ 5,577
Trailer tax	160	160	307	147
Interest and penalties	2,000	2,000	5,182	3,182
Administrative fees	5,615	5,615	5,645	30
Total taxes	197,882	197,882	206,818	8,936
Licenses and permits				
Cable television license	25,240	25,240	29,841	4,601
Building permits	22,000	22,000	39,050	17,050
Total licenses and permits	47,240	47,240	68,891	21,651
Intergovernmental				
Sales and use tax	396,046	396,046	383,749	(12,297)
Metro act	4,800	4,800	5,716	916
Total intergovernmental	400,846	400,846	389,465	(11,381)
Charges for services				
Planning fees	15,000	15,000	4,165	(10,835)
Wireless internet	3,400	3,400	2,000	(1,400)
Copies	100	100	147	47
Total charges for services	18,500	18,500	6,312	(12,188)
Interest and rents				
Interest	6,890	6,890	6,246	(644)
Rentals	6,000	6,000	6,700	700
Total interest and rents	12,890	12,890	12,946	56
Other				
Special assessments	5,600	5,600	6,257	657
Donations	2,000	2,000	3,375	1,375
Refunds and rebates	3,100	3,100	10,316	7,216
Miscellaneous	7,775	7,775	7,627	(148)
Total other	18,475	18,475	27,575	9,100
TOTAL REVENUES	695,833	695,833	712,007	16,174

Williamstown Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended March 31, 2017

EXPENDITURES	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Current				
General government				
Township board	\$ 236,224	\$ 236,224	\$ 244,471	\$ (8,247)
Supervisor	49,193	49,193	38,694	10,499
Clerk	49,336	49,336	43,678	5,658
Board of review	2,473	2,473	1,469	1,004
Treasurer	60,173	60,173	54,145	6,028
Assessor	48,162	48,162	40,130	8,032
Elections	28,312	28,312	19,288	9,024
Building and grounds	68,154	68,154	50,512	17,642
Board of appeals	3,146	3,146	1,329	1,817
Township office	53,404	53,404	43,917	9,487
Total general government	598,577	598,577	537,633	60,944
Public safety				
Building inspection	20,678	20,678	16,456	4,222
Public works				
Drains at large	10,000	10,000	9,272	728
Road improvements and maintenance	204,451	204,451	35,273	169,178
Recycling/transfer station	22,095	22,095	10,678	11,417
Total public works	236,546	236,546	55,223	181,323
Community and economic development				
Planning commission	68,578	68,578	30,559	38,019
Red cedar	2,179	2,179	489	1,690
Zoning administrator	426	426	27	399
Total community and economic development	71,183	71,183	31,075	40,108
Recreation and cultural				
Park land maintenance	58,345	58,345	31,891	26,454
Historical committee	1,500	1,500	1,356	144
Senior grant	1,276	1,276	1,506	(230)
Total recreation and cultural	61,121	61,121	34,753	26,368

Williamstown Township

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended March 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Other	\$ 40,500	\$ 40,500	\$ -	\$ 40,500
TOTAL EXPENDITURES	1,028,605	1,028,605	675,140	353,465
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(332,772)	(332,772)	36,867	369,639
OTHER FINANCING (USES)				
Transfer out	(26,000)	(26,000)	(26,000)	-0-
NET CHANGE IN FUND BALANCE	(358,772)	(358,772)	10,867	369,639
Fund balance, beginning of year	1,466,589	1,466,589	1,466,589	-0-
Fund balance, end of year	\$ 1,107,817	\$ 1,107,817	\$ 1,477,456	\$ 369,639

Williamstown Township

Police Services Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,300	\$ 1,300	\$ 1,051	\$ (249)
Interest	396	396	1,750	1,354
Other				
Special assessments	<u>229,220</u>	<u>229,220</u>	<u>208,018</u>	<u>(21,202)</u>
TOTAL REVENUES	230,916	230,916	210,819	(20,097)
EXPENDITURES				
Current				
Public safety	<u>318,938</u>	<u>318,938</u>	<u>227,552</u>	<u>91,386</u>
NET CHANGE IN FUND BALANCE	(88,022)	(88,022)	(16,733)	71,289
Fund balance, beginning of year	<u>521,534</u>	<u>521,534</u>	<u>521,534</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 433,512</u>	<u>\$ 433,512</u>	<u>\$ 504,801</u>	<u>\$ 71,289</u>

Williamstown Township

Cemetery Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,000	\$ -0-
Charges for services	28,050	28,050	71,377	43,327
Interest	350	350	611	261
Other	-	-	15,805	15,805
TOTAL REVENUES	43,400	43,400	102,793	59,393
EXPENDITURES				
Current				
General government	82,834	82,834	63,422	19,412
Capital outlay	6,000	6,000	1,100	4,900
TOTAL EXPENDITURES	88,834	88,834	64,522	24,312
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(45,434)	(45,434)	38,271	83,705
OTHER FINANCING SOURCES				
Transfer in	26,000	26,000	26,000	-0-
NET CHANGE IN FUND BALANCE	(19,434)	(19,434)	64,271	83,705
Fund balance, beginning of year	159,604	159,604	159,604	-0-
Fund balance, end of year	<u>\$ 140,170</u>	<u>\$ 140,170</u>	<u>\$ 223,875</u>	<u>\$ 83,705</u>

Williamstown Township

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended March 31, 2017

NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

The Township's budgeted expenditures in the General Fund have been shown at the departmental (activity) level. The approved budgets of the Township have been adopted at the departmental (activity) level.

During the year ended March 31, 2017, the Township incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Township board	\$ 236,224	\$ 244,471	\$ 8,247
Recreation and cultural			
Senior grant	1,276	1,506	230

OTHER SUPPLEMENTARY INFORMATION

Williamstown Township

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2017

REVENUES	
Licenses and permits	
Building permits	\$ 39,050
Charges for services	
Planning fees	<u>4,165</u>
 TOTAL REVENUES	 43,215
EXPENDITURES	
Public safety	
Building inspection	16,456
Community and economic development	
Zoning administrator	27
Planning commission	<u>30,559</u>
 TOTAL EXPENDITURES	 <u>47,042</u>
 EXCESS OF REVENUES (UNDER) EXPENDITURES	 (3,827)
 Code enforcement (deficit), beginning of year	 <u>(591,431)</u>
 Code enforcement (deficit), end of year	 <u><u>\$ (595,258)</u></u>