

MARION TOWNSHIP

Report on Audit of Financial Statements

For the Year Ended June 30, 2016

MARION TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Robert Hanvey
Clerk - Tammy Beal
Treasurer - James Murray

BOARD OF TRUSTEES

Robert Hanvey
Tammy Beal
James Murray
Gregory Durbin
Daniel Lowe
Scott Lloyd
Les Andersen

TOWNSHIP ATTORNEYS

Michael J. Kehoe, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

October 15, 2016

To the Board of Trustees
Marion Township
2877 West Coon Lake Road
Howell, Michigan 48843

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion Township, Michigan, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Marion Township, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion Township Michigan, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 - 13 and 47 - 49 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 Marion Township Michigan's basic financial statements. The introductory section, combining and individual fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

Brighton, MI

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis June 30, 2016

Within this section of Marion Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2016. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include the sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) 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.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net position at the end of the fiscal year was \$34,077,729. This is a \$1,092,312 decrease over last year's net position of \$35,170,041.

The following tables provide a summary of the Township's financial activities and changes in net position:

**Summary of Net Position
(Under GASB 34)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
ASSETS						
Current and other assets	\$ 14,504,813	\$ 16,281,069	\$ 4,272,311	\$ 6,950,827	\$ 18,777,124	\$ 23,231,896
Capital assets	1,125,433	1,131,711	14,340,650	14,919,253	15,466,083	16,050,964
Total assets	<u>15,630,246</u>	<u>17,412,780</u>	<u>18,612,961</u>	<u>21,870,080</u>	<u>34,243,207</u>	<u>39,282,860</u>
LIABILITIES						
Other liabilities	143,723	70,623	21,755	41,039	165,478	111,662
Bonds/contracts payable	<u> </u>	<u>201,157</u>	<u> </u>	<u>3,800,000</u>	<u> </u>	<u>4,001,157</u>
Total liabilities	<u>143,723</u>	<u>271,780</u>	<u>21,755</u>	<u>3,841,039</u>	<u>165,478</u>	<u>4,112,819</u>
NET POSITION						
Invested in capital assets, net of related debt	1,125,433	1,131,711	14,340,650	11,119,253	15,466,083	12,250,964
Unrestricted	14,001,491	14,217,741	2,327,154	2,509,789	16,328,645	16,727,530
Restricted	<u>359,599</u>	<u>1,791,548</u>	<u>1,923,402</u>	<u>4,399,999</u>	<u>2,283,001</u>	<u>6,191,547</u>
Total net position	<u>\$ 15,486,523</u>	<u>\$ 17,141,000</u>	<u>\$ 18,591,206</u>	<u>\$ 18,029,041</u>	<u>\$ 34,077,729</u>	<u>\$ 35,170,041</u>

**Summary of Changes in Net Position
(Under GASB 34)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
REVENUES						
Program revenues:						
Charges for services	\$ 272,986	\$ 261,627	\$ 264,297	\$ 254,001	\$ 537,283	\$ 515,628
Operating contributions		205				205
Capital contributions	11,585	61,824	15,750	112,750	27,335	174,574
General revenues:						
State shared revenues	777,741	797,693			777,741	797,693
Property taxes	331,314	318,337			331,314	318,337
Interest income						
Investments and assessments	91,485	64,791	125,065	252,966	216,550	317,757
Other	106,434	109,045			106,434	109,045
Gain on sale of capital assets	(74)	(394,126)			(74)	(394,126)
Transfers	(1,346,616)	(53,699)	1,346,616	53,699		
Change in equity of joint ventures	59,427	(112,488)			59,427	(112,488)
Total revenues	<u>304,282</u>	<u>1,053,209</u>	<u>1,751,728</u>	<u>673,416</u>	<u>2,056,010</u>	<u>1,726,625</u>
EXPENSES						
General government	895,325	930,863			895,325	930,863
Parks and recreation	142,906	44,527			142,906	44,527
Public works	910,567	169,243			910,567	169,243
Interest on long-term debt	9,961	24,553			9,961	24,553
Sewer system			1,189,563	1,253,345	1,189,563	1,253,345
Total expenses	<u>1,958,759</u>	<u>1,169,186</u>	<u>1,189,563</u>	<u>1,253,345</u>	<u>3,148,322</u>	<u>2,422,531</u>
Change in net position	(1,654,477)	(115,977)	562,165	(579,929)	(1,092,312)	(695,906)
BEGINNING NET POSITION	<u>17,141,000</u>	<u>17,256,977</u>	<u>18,029,041</u>	<u>18,608,970</u>	<u>35,170,041</u>	<u>35,865,947</u>
ENDING NET POSITION	<u>\$ 15,486,523</u>	<u>\$ 17,141,000</u>	<u>\$ 18,591,206</u>	<u>\$ 18,029,041</u>	<u>\$ 34,077,729</u>	<u>\$ 35,170,041</u>

The governmental activity net position decreased by \$1,654,477, mostly due to higher road project expenditures recorded under Public Works.

The business-type activity revenues exceeded expenses for a net gain of \$562,165 for the year ended June 30, 2016. This is primarily due to a large transfer in from the Water Special Assessment Fund and the Water New User Fund which was used to eliminate the remaining sewer bonds.

Financial Analysis of the Township's Funds

The Township had four major funds for the year ended June 30, 2016. Three of the four major funds were governmental funds which included: the General Fund, the Assessment Revolving Project Fund, and the Water New User Fund. The sole business-type fund was the Sewer Fund.

The General Fund had expenditures over revenues totaling \$235,018, primarily due to increased public works costs.

The Assessment Revolving Project Fund had expenditures exceeding revenues by \$3,933. This fund accounts for the special assessments and road repair projects for various special assessment districts.

The Water New User Fund had a decrease in its fund balance of \$983,685. This was due to the large transfer of \$990,000 to the Sewer Fund. This fund accounts for the tap-ins and unbonded assessments for the Township's participation in the Marion Howell Oceola Genoa (MHOG) Water Authority.

The Township's sole business-type fund, the Sewer Fund, had a net increase in its equity of \$562,165. This is largely due to two large transfers into the fund from the Township's water funds.

Budgetary Highlights

The Township adopted its General Fund budget prior to beginning operations for the year ended June 30, 2016. The budget was amended during the fiscal year to bring it closer to economic reality before the end of the fiscal year. These amendments were fairly immaterial to the basic financial statements.

Capital Asset and Debt Administration

The Governmental activities acquired \$32,112 in land purchases during the year. The Governmental activities also disposed of previously recorded land with a net book value of \$74.

The business-type activities acquired \$32,041 in land purchases through tax foreclosure sales and a collection system generator for \$55,155.

The Township issued no new debt during the year, while retiring all of its remaining debt (consisting of \$201,157 of governmental debt and \$3,800,000 of proprietary debt). The Township has no outstanding debt as of June 30, 2016.

Economic Conditions and Future Activities

During the fiscal year ending June 30, 2016 the Marion Township Board voted to use existing funds in the sewer and water accounts to pay-off the outstanding balance on bonds the Township issued to build the infrastructure. The early redemption of the bonds resulted in saving over \$150,000 in future interest expense.

The Township continues to conduct several place making events during the year. The ninth annual Marion Heritage Days event was held in June and was a great success with several thousand attendees. Other events included a Halloween "Trunk or Treat," Annual Buck Pole contest, and several community sales. The Township received many compliments on these events.

A trial agreement with Western Washtenaw Recycling Authority allows the Township to be a drop-off location for single-stream recycling. The facility has been used by many residents and appears to be successful.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Marion Township at 2877 West Coon Lake Road, Howell, Michigan 48843.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MARION TOWNSHIP

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 2,374,502	\$ 830,165	\$ 3,204,667
Cash and investments - restricted	190,503	1,923,402	2,113,905
Receivables:			
State shared revenues	261,518		261,518
Accounts	15,789	94,090	109,879
Special assessments restricted for capital and debt	294,537	1,424,654	1,719,191
Prepaid expenses	44,251		44,251
Investment in joint ventures	11,323,713		11,323,713
Capital assets			
Land	402,669	824,140	1,226,809
Other capital assets, net of depreciation	722,764	13,516,510	14,239,274
Total assets	<u>15,630,246</u>	<u>18,612,961</u>	<u>34,243,207</u>
LIABILITIES			
Accounts payable	92,189	21,755	113,944
Accrued liabilities	49,550		49,550
Unearned revenue	1,984		1,984
Total liabilities	<u>143,723</u>	<u>21,755</u>	<u>165,478</u>
NET POSITION			
Invested in capital assets, net of related debt	1,125,433	14,340,650	15,466,083
Restricted for:			
Road construction and maintenance	172,888		172,888
Capital projects	186,711		186,711
Debt service		1,923,402	1,923,402
Unrestricted	14,001,491	2,327,154	16,328,645
Total net position	<u>\$ 15,486,523</u>	<u>\$ 18,591,206</u>	<u>\$ 34,077,729</u>

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

MARION TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Major Funds				Total
	General Fund	Assessment Revolving Project Fund	Water New User Fund	Other Nonmajor Funds	
ASSETS					
Cash and investments	\$ 2,179,812	\$ 175,694	\$ 168,397	\$ 41,102	\$ 2,565,005
Receivables					
Special assessments, net		88,375	206,162		294,537
State shared revenues	261,518				261,518
Accounts receivable - other	1,420				1,420
Due from other funds	14,369		22,106	1,000	37,475
Prepaid expenditures	44,251				44,251
Total assets	\$ 2,501,370	\$ 264,069	\$ 396,665	\$ 42,102	\$ 3,204,206
LIABILITIES					
Accounts payable	\$ 85,591	\$ 2,806	\$ 3,792	\$	\$ 92,189
Accrued wages and pension	44,063				44,063
Unearned revenue	1,984				1,984
Due to other funds	1,000			22,106	23,106
Total liabilities	132,638	2,806	3,792	22,106	161,342
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue		88,375	206,162		294,537
FUND BALANCES					
Non-spendable:					
Prepaid expenditures	44,251				44,251
Restricted for:					
Private roads		172,888			172,888
Capital projects			186,711		186,711
Committed to:					
Cemetery				19,996	19,996
Capital improvement	13,018				13,018
Community events	3,007				3,007
Assigned to future budget deficits	538,527				538,527
Unassigned	1,769,929				1,769,929
Total fund balances	2,368,732	172,888	186,711	19,996	2,748,327
Total liabilities, deferred inflows of resources and fund balances	\$ 2,501,370	\$ 264,069	\$ 396,665	\$ 42,102	\$ 3,204,206

The notes are an integral part of the financial statements.

MARION TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balance per balance sheet		\$ 2,748,327
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 1,836,185	
Depreciation	<u>(710,752)</u>	
Capital assets net of depreciation		1,125,433
Equity interests in joint ventures are not financial resources and therefore not reported in the funds		
Equity in joint ventures		11,323,713
Accrued sick and vacation is not included as a liability in the governmental funds		
		(5,487)
Unavailable revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		
Unavailable income		<u>294,537</u>
Net position of governmental activities		<u><u>\$ 15,486,523</u></u>

The notes are an integral part of the financial statements.

MARION TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Major Funds			Other Nonmajor Funds	Eliminations	Total
	General Fund	Assessment Revolving Project Fund	Water New User Fund			
REVENUES						
Taxes	\$ 331,314	\$	\$	\$	\$	\$ 331,314
Special assessment - principal		68,208	114,518			182,726
Special assessment - interest			30,902			30,902
State shared revenues	777,741					777,741
Licenses and permits	143,798					143,798
Connection fees			3,867			3,867
Rental income	34,845					34,845
Charges for services	121,258			7,930		129,188
Interest	3,175	1,319	506			5,000
Miscellaneous	59,565	200	11,824			71,589
Total revenues	1,471,696	69,727	161,617	7,930		1,710,970
EXPENDITURES						
Current:						
General government	857,618					857,618
Parks and recreation/community development	143,970					143,970
Public works	705,126	73,660	31,899	8,030		818,715
Debt service:						
Principal			201,157			201,157
Interest			9,961			9,961
Total expenditures	1,706,714	73,660	243,017	8,030		2,031,421
Excess of revenues over (under) expenditures	(235,018)	(3,933)	(81,400)	(100)		(320,451)
OTHER FINANCING SOURCES (USES)						
Transfers in			87,715		(87,715)	
Transfers (out)			(990,000)	(444,331)	87,715	(1,346,616)
Total other financing sources (uses)			(902,285)	(444,331)		(1,346,616)
Net changes in fund balances	(235,018)	(3,933)	(983,685)	(444,431)		(1,667,067)
FUND BALANCE, JULY 1, 2015	2,603,750	176,821	1,170,396	464,427		4,415,394
FUND BALANCE, JUNE 30, 2016	\$ 2,368,732	\$ 172,888	\$ 186,711	\$ 19,996	\$	\$ 2,748,327

The notes are an integral part of the financial statements.

MARION TOWNSHIP

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net change in fund balances - governmental funds \$ (1,667,067)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlay is as follows:

Capital assets purchased	\$ 32,122
Disposal of assets	(74)
Depreciation expense	<u>(38,326)</u>

Net effect of capital assets (6,278)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Repayment of contracts payable	126,157
Repayment of bonds payable	<u>75,000</u>

Net effect of debt retirement 201,157

Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are established for the Statement of Activities.

Principal collected on assessments	(127,143)
Adjustments to assessments	(122,910)
Assessments levied	<u>7,718</u>

Net effect of assessments (242,335)

Accrued sick and vacation is not included as an expenditure in the governmental funds.

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Income (loss) from joint ventures is reported in the statement of activities but not in the funds statement of revenues, expenditures and changes in fund balance.

59,427

Change in net position of governmental activities \$ (1,654,477)

The notes are an integral part of the financial statements.

MARION TOWNSHIP

**STATEMENT OF NET POSITION
 PROPRIETARY - SEWER FUND
 JUNE 30, 2016**

CURRENT ASSETS

Cash and investments	\$ 830,165	
Accounts receivable - usage	94,090	
Total current assets		\$ 924,255

CURRENT ASSETS (RESTRICTED)

Cash and cash equivalents		
Debt service & future improvements		1,923,402

PROPERTY, PLANT AND EQUIPMENT

Sewer collection system	14,115,473	
Sewer plant	9,795,116	
Computers, equipment, software	134,102	
Land	824,140	
	24,868,831	
Less: accumulated depreciation	(10,528,181)	
Net property, plant and equipment		14,340,650

RESTRICTED ASSETS

Special assessments receivable		
Bonded	1,406,654	
Unbonded	18,000	
Total restricted assets		1,424,654
Total assets		\$ 18,612,961

LIABILITIES

Accounts payable		\$ 21,755
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NET POSITION

Invested in capital assets net of related debt	\$ 14,340,650	
Unreserved	4,250,556	
Total net position		18,591,206
Total liabilities and net position		\$ 18,612,961

The notes are an integral part of the financial statements.

MARION TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY - SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2016**

OPERATING REVENUES

User charges		\$ 264,297
--------------	--	------------

OPERATING EXPENSES

Contract labor	\$ 38,433	
Sewer usage fee	153,914	
Depreciation expense	665,799	
Utilities	10,326	
Telephone	5,189	
Professional fees	25,238	
Administrative fees - billing administration Genoa Township	18,971	
Repairs and maintenance	714	
Refunds	17,683	

Total operating expenses		<u>936,267</u>
---------------------------------	--	----------------

Operating (loss)		(671,970)
-------------------------	--	-----------

NON-OPERATING REVENUES AND (EXPENSES)

Interest income - assessments	122,672	
Interest income - cash and investments	2,388	
Interest expense - debt	(155,718)	
Transfers in	1,346,616	
Other	5	
Uncollectable assessments	(97,578)	

Total non-operating net revenues (expenses)		1,218,385
--	--	-----------

CAPITAL CONTRIBUTIONS

Connection fees - new users		<u>15,750</u>
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Change in net position		562,165
-------------------------------	--	---------

NET POSITION, JULY 1, 2015		<u>18,029,041</u>
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NET POSITION, JUNE 30, 2016		<u><u>\$ 18,591,206</u></u>
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The notes are an integral part of the financial statements.

MARION TOWNSHIP

**STATEMENT OF CASH FLOWS
PROPRIETARY - SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash receipts from:

Customer usage		\$ 258,895
----------------	--	------------

Cash disbursements to:

Operating vendors		<u>(289,752)</u>
-------------------	--	------------------

Net cash from operating activities		<u>(30,857)</u>
---	--	-----------------

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Special assessment collections - principal and interest	\$ 932,353	
Connection fees received	15,750	
Repayment of bonds payable - principal	(3,800,000)	
Payment of interest on bonds	(155,718)	
Short term advance and repayment to other fund	(3,512)	
Purchase of capital assets	(87,196)	
Uncollectible assessments	(97,573)	
Intergovernmental transfers	<u>1,346,616</u>	

Net cash flows from (used in) capital and related financing activities		(1,849,280)
---	--	-------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income - cash and investments		<u>3,391</u>
--	--	--------------

(Decrease) in cash and cash equivalents		(1,876,746)
--	--	-------------

BALANCE, JULY 1, 2015

		<u>4,630,313</u>
--	--	------------------

BALANCE, JUNE 30, 2016

		<u><u>\$ 2,753,567</u></u>
--	--	----------------------------

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED IN) OPERATING ACTIVITIES

Operating income (loss)		\$ (671,970)
-------------------------	--	--------------

Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:

Depreciation expense		665,799
Change in assets and liabilities:		
Receivables, net		(5,402)
Accounts and other payables		<u>(19,284)</u>

Net cash from operating activities		<u><u>\$ (30,857)</u></u>
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NON CASH CAPITAL ACTIVITIES

There were no non cash capital asset acquisitions through contributions by others.

The notes are an integral part of the financial statements.

MARION TOWNSHIP

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2016**

	Agency Funds			
	Flexible Medical Savings Fund	Escrow Fund	Current Tax Fund	Total
ASSETS				
Cash and investments	\$ 16,694	\$ 38,035	\$ 626	\$ 55,355
Total assets	\$ 16,694	\$ 38,035	\$ 626	\$ 55,355
 LIABILITIES				
Due to others	\$ 2,325	\$ 38,035	\$ 626	\$ 40,986
Due to other funds	14,369			14,369
Total liabilities	\$ 16,694	\$ 38,035	\$ 626	\$ 55,355

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

MARION TOWNSHIP

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. THE REPORTING ENTITY

Marion Township is located in Livingston County, Michigan. The Township operates under a Township Board consisting of seven members and provides various services to its residents.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the financial reporting entity. The Township is the primary government having oversight responsibility and control over all activities. The Township receives funding from local and state government sources and must comply with all requirements of these funding source entities. As required by generally accepted accounting principles, the financial statements of the reporting entity include those activities of the Township (the primary government). The Township does not have any activities included in its financial statements related to component units.

The following potential component units have been evaluated under the criteria established by GASB standards and determined not to be component units based on financial independence and accountability.

1. Marion, Howell, Oceola, Genoa Sewer and Water Authority (MHOG) - Marion Township appoints two members of the Authority's eight member board. The Authority is fiscally independent from the Township. The Authority is audited as an independent entity in compliance with Public Act 2.
2. Howell Area Fire Authority - Marion Township appoints one member of the Authority's five member board. The Authority was incorporated January 1, 2002 and is audited as an independent entity in compliance with Public Act 2.
3. Howell Area Parks and Recreation Authority - Marion Township appoints one member of the Authority's five member board. The Authority was incorporated July 1, 2008 and is audited as an independent entity in compliance with Public Act 2.

B. BASIC FINANCIAL STATEMENTS

In accordance with GASB standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB standards. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 general government, except those required to be accounted for in another fund.

The Assessment Revolving Project Fund accounts for all the activity associated with the collection of special assessments and funding of road repairs for special assessment districts.

The Water New User Fund accounts for the activity associated with the collection of connection fees from water customers outside of special assessment districts. The connection fees are used for expansion purposes of the water system (MHOG).

The Township reports the following major business-type fund:

The Sewer Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

Modified accrual is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise fund on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise fund is combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary fund financial statements.

The enterprise fund accounts for operations where the intent of the Township 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. Under GASB standards, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Private-sector standards of accounting prior to December 1, 1989 are generally followed in financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activity.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

D. BUDGETS AND BUDGETARY ACCOUNTING

1. A 2015 - 2016 fiscal year budget for the General Fund was adopted by the Township Board in June of 2015. The budget includes proposed expenditures and means of financing them.
2. A public hearing was conducted to obtain taxpayers comments.
3. The budget for the General Fund and all special revenue funds should be adopted on a basis consistent with generally accepted accounting principles.
4. Appropriations lapse at year end.
5. Budgeted amounts are as originally adopted or as amended by the Township Board.

E. CAPITAL ASSETS

Under GASB standards, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered a capital asset regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. PROPERTY TAXES

The Township's property taxes are levied and become a lien on December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14th, with the final collection date of February 28th before they are added to the county delinquent tax rolls.

The Township levied .81550 mills on a taxable value of \$405,665,831. For the year ended June 30, 2016, the Township recognized the property taxes levied December 1, 2015 as revenue.

G. INVESTMENTS

Investments are stated at market value, except investments in high quality commercial paper which is stated at amortized cost.

H. CASH EQUIVALENTS

For purposes of the statement of cash flows, deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash and cash equivalents.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

K. RECEIVABLES

When necessary the Township utilizes an allowance for uncollectable accounts to value its receivables. With the exception of special assessment receivables discussed in Note 8, as of the Statement of Net Position date, the Township considers all of its current receivables to be collectable.

L. FUND EQUITY

In the fund financial statements, under GASB standards, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed - Amounts that have been formally set aside by the Township Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- Assigned - Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned - Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes 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, committed, or assigned to those purposes.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

M. DEFERRED OUTFLOWS OF RESOURCES

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

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category, which is the unavailable revenue reported in the governmental funds balance sheets. Unavailable revenue is revenue that is legally due the government but which will not be collected within 60 days after year-end and therefore does not meet the availability criteria for revenue recognition.

MARION TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes Townships to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations. The Township is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all of the investments mentioned in the preceding paragraph. The Township has designated several banks for the deposit of its funds.

The Township's cash and investments are exposed to various risks as explained in greater detail in the following paragraphs:

Custodial Credit Risk

- Deposits - Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Township's deposits may not be returned to the Township.

As of June 30, 2016, the carrying value of deposits in banks totaled \$5,420,541 which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 1,689,810
Uninsured and collateralized by securities held by pledging financial institutions	<u>3,730,731</u>
Total deposits in banks	<u>\$ 5,420,541</u>

The Township's investment policy does not address this risk.

- Investments - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments, collateral or securities that are in the possession of an outside party.

As of June 30, 2016, the Township's investments were exposed to custodial credit risk as follows:

Non-negotiable CD's	<u>\$ 1,146,911</u>
Insured by FDIC and collateralized	<u>\$ 1,146,911</u>

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

Credit Risk

Credit risk is the risk that a counterparty to an investment will not fulfill its obligations.

As of June 30, 2016, the Township's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Amount</u>
Non-negotiable CD's	Unrated	\$ 1,146,911

The Township's investment policy addresses credit risk and investments held at June 30, 2016, comply with the policy and statutory authority.

As of June 30, 2016, cash and investments consisted of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Checking accounts	\$ 3,669,536	\$ 3,669,536	\$
Money market and savings accounts	604,094	604,094	
Non-negotiable CDs	<u>1,146,911</u>		<u>1,146,911</u>
Total	<u><u>\$ 5,420,541</u></u>	<u><u>\$ 4,273,630</u></u>	<u><u>\$ 1,146,911</u></u>

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position

Cash and investments	\$ 2,556,463
Cash and investments - restricted	<u>2,762,109</u>
Total	5,318,572

Fiduciary Funds

Cash and investments	<u>55,355</u>
Total cash and investments	<u><u>\$ 5,373,927</u></u>

Differences in the above reconciliation and actual amounts consist of cash on hand and outstanding items that had not cleared the bank as of June 30, 2016.

MARION TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - INTERFUND TRANSACTIONS AND BALANCES

Interfund receivables and payables between individual funds of the Township, as reported in the fund financial statements, as of June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30, 2016 Balance</u>	<u>Description</u>
General Fund	Flexible Savings Fund	\$ 14,369	Reimbursement
Cemetery Fund	General Fund	1,000	Reimbursement
Water-New User Fund	Water-Special Assessment Fund	<u>22,106</u>	Closing out fund
		<u>\$ 37,475</u>	

The balances are the result of the time lag between dates services are provided or reimbursable expenditures occur and payments between the funds are made.

The Township transferred \$356,616 from the Water Special Assessment Fund to the Sewer Fund and \$990,000 from the Water New User Fund to the Sewer Fund to aid in the repayment of debt.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for governmental activities is as follows:

	Audited Balance 7/1/2015	Additions	Deletions	Audited Balance 6/30/2016
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 370,621	\$ 32,122	\$ (74)	\$ 402,669
Capital assets being depreciated:				
Buildings	1,204,795			1,204,795
Equipment	125,254			125,254
Park improvements	103,467			103,467
Subtotal	1,433,516			1,433,516
Accumulated depreciation:				
Buildings	(546,040)	(25,575)		(571,615)
Equipment	(80,617)	(8,279)		(88,896)
Park improvements	(45,769)	(4,472)		(50,241)
Subtotal	(672,426)	(38,326)		(710,752)
Net capital assets being depreciated	761,090	(38,326)		722,764
Net capital assets	\$ 1,131,711	\$ (6,204)	\$ (74)	\$ 1,125,433

The Township has no debt associated with these assets.

Depreciation expense was charged to the following programs:

Governmental activities:	
General government	\$ 33,854
Parks and recreation	4,472
	\$ 38,326

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4 - CAPITAL ASSETS – continued

A summary of changes in capital assets for business-type activities is as follows:

	Audited Balance 7/1/2015	Additions	Deletions	Audited Balance 6/30/2016
<u>Business-type Activities</u>				
Capital assets not being depreciated				
Land	\$ 312,740	\$ 32,041	\$	\$ 344,781
Land acquisition costs	479,359			479,359
Total capital assets not being depreciated	792,099	32,041		824,140
Capital assets being depreciated:				
Sewer plant	9,795,116			9,795,116
Collection system	14,060,318	55,155		14,115,473
Equipment	134,102			134,102
Subtotal	23,989,536	55,155		24,044,691
Accumulated depreciation:				
Sewer plant	(3,959,657)	(267,757)		(4,227,414)
Collection system	(5,768,623)	(398,042)		(6,166,665)
Equipment	(134,102)			(134,102)
Subtotal	(9,862,382)	(665,799)		(10,528,181)
Net capital assets being depreciated	14,127,154	(610,644)		13,516,510
Net capital assets	\$ 14,919,253	\$ (578,603)	\$	\$ 14,340,650

Depreciation expense was charged to the sewer disposal program.

NOTE 5 - LONG-TERM DEBT

Contracts Payable

The Township entered into a contract to repay bonds issued by Livingston County in which the proceeds of such bonds were used to construct a joint water system with three other townships. The Township had two bonds outstanding at the beginning of the fiscal year. One bond was issued for \$1,125,000 and another was issued for \$734,750. Both of these bonds were retired during the year.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5 - LONG-TERM DEBT - Continued

General Obligation Bonds

The Township issued general obligation bonds to provide funds to advance refund bonds. At the beginning of the fiscal year, there was one general obligation bond outstanding and one business-type bond outstanding. The 2005 general obligation bond had been issued for \$1,995,000 and the 2005 business-type bond had been issued for \$13,525,000. Both of these bonds were retired during the year, and \$2,605,000 was paid early.

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Contracts payable	\$ 126,157	\$	\$ (126,157)	\$	\$
General obligation bonds	<u>75,000</u>	<u></u>	<u>(75,000)</u>	<u></u>	<u></u>
Governmental activity long-term liabilities	201,157		(201,157)		
Business-type activities:					
General obligation bonds	<u>3,800,000</u>	<u></u>	<u>(3,800,000)</u>	<u></u>	<u></u>
Total long-term liabilities	<u>\$ 4,001,157</u>	<u>\$</u>	<u>\$ (4,001,157)</u>	<u>\$</u>	<u>\$</u>

NOTE 6 - DEFINED CONTRIBUTION PENSION PLANS

The Township has adopted the John Hancock "New Dimensions" Pension Plan for Michigan Township employees. All elected/appointed officials and employees working 32 or more hours a week are eligible for participation in this single-employer plan. The Township contributes 4.0% of compensation. The employee may also voluntarily contribute up to 10% of after-tax compensation. The Township's payroll for employees covered by the plan for the year ended June 30, 2016 was \$388,835.

TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS \$ 23,480

In addition, the Township sponsors a deferred compensation plan qualifying under Section 457 of the Internal Revenue Code with ING Life Insurance and Annuity Company. The Township is not obligated to make matching or employer contributions to the plan.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 7 - STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES

Pursuant to the Governmental Accounting Standards Board (GASB) standards, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year.

The direct method was utilized to present cash flows from operations. The following is a summary of beginning and ending cash and investments for the sewer proprietary fund:

	<u>7/1/2015</u>	<u>6/30/2016</u>
Current assets		
Cash and investments	\$ 4,630,313	\$ 2,753,567

NOTE 8 - SPECIAL ASSESSMENTS RECEIVABLE

Special assessments are levied on various properties within the Township that benefit from certain capital improvements. Generally, such assessments are established in accordance with Public Act 188 of 1954 and collected from property owners in annual installments over a period of five (5) to twenty (20) years. The annual receipts of such assessments are typically used to service debt which financed capital improvements in the assessment district.

The current economic environment has caused a number of property owners in various special assessment districts to become delinquent on their obligation to pay the annual installments in a timely manner. In normal times these delinquent assessments would be satisfied through a lien and foreclosure process. However, due to the decline in the value of the property collateralizing such assessments, it has become apparent that a portion, if not all, of certain assessments may ultimately be uncollectable. Management has evaluated all uncollected special assessments throughout the Township. As indicated in the following schedule, management has estimated the following long-term special assessments receivable will be uncollectable:

	<u>Water New User Fund</u>	<u>Sewer Fund</u>	<u>Assessment Revolving Project Fund</u>	<u>Total</u>
Gross special assessments receivable	\$ 294,898	\$ 1,502,190	\$ 88,375	\$ 1,885,463
Less: allowance for uncollectable assessments	(88,736)	(77,536)		(166,272)
Net special assessments receivable	\$ 206,162	\$ 1,424,654	\$ 88,375	\$ 1,719,191

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 9 - ASSETS RESTRICTED FOR CAPITAL AND DEBT

Restricted assets in the Water Assessment Debt Service Fund, Water New User Capital Projects Fund and Sewer Proprietary Fund as of June 30, 2016, consisted of the following:

	<u>Water Assessment Fund</u>	<u>Water New User Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 22,106	\$ 168,397	\$ 1,923,402	\$ 2,113,905
Special assessment receivables		294,537	1,424,654	1,719,191
Total	<u>\$ 22,106</u>	<u>\$ 462,934</u>	<u>\$ 3,348,056</u>	<u>\$ 3,833,096</u>

These assets are restricted specifically for specific capital improvements and the payment of the related debt service obligations.

NOTE 10 - INVESTMENT IN JOINT VENTURES

As of June 30, 2016 the Township has investments in three joint ventures as follows:

Marion, Howell, Oceola, Genoa Joint Sewer and Water Authority

The Township is a member of the Marion, Howell, Oceola, Genoa Joint Sewer and Water Authority (hereinafter "MHOG"). As the name implies, MHOG was incorporated by the Townships of Marion, Howell, Oceola, and Genoa. MHOG was formed to operate and maintain a joint water system that serves residents in each member township. Marion Township holds a 25% share of the equity in this joint venture which amounted to \$10,447,446 as of June 30, 2016. Such amount is recorded in the government-wide statement of net position as an investment in joint ventures. The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements of MHOG can be obtained from the administrative offices of MHOG at 2911 Dorr Road, Howell, MI. Selected financial information of MHOG as of and for the fiscal year ended September 30, 2015 (the date financial information was last available) were as follows:

Total assets	\$ 45,700,919
Total liabilities	\$ 3,911,135
Total net position	\$ 41,789,784
Total revenue	\$ 2,926,191
Total expenses	\$ 3,502,250

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 10 - INVESTMENT IN JOINT VENTURES - continued

Howell Area Fire Authority

The Township is a member of the Howell Area Fire Authority (hereinafter "Fire Authority"). The Fire Authority was incorporated by the City of Howell and the Townships of Marion, Howell, Oceola, and Cohoctah. The Fire Authority was formed for the purpose of providing fire protection and safety services to the residents of its incorporating members. The Fire Authority operations are funded through a voter approved millage. Marion Township holds a 20% share of the equity in this joint venture which amounted to \$889,027 as of June 30, 2016. Such amount is recorded in the government-wide statement of net position as an investment in joint ventures. The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements for the Fire Authority can be obtained from the administrative offices of the Fire Authority at 1211 W. Grand River, Howell, Michigan. Selected financial information of the Fire Authority as of and for the fiscal year ended June 30, 2016 (the date financial information was last available) was as follows:

Total assets	\$ 5,141,434
Total liabilities	\$ 696,298
Total net assets	\$ 4,445,136
Total revenue	\$ 2,610,921
Total expenditures	\$ 1,824,596

Howell Area Parks and Recreation Authority

The Township is a member of the Howell Area Parks and Recreation Authority (hereinafter "Recreation Authority"). The Recreation Authority was incorporated by the City of Howell and the Townships of Marion, Oceola and Genoa. The Recreation Authority was formed for the purpose of providing recreational opportunities for the citizens of the member governments. The Recreation Authority began operating on July 1, 2008. The Township appoints one member to the five member Recreation Authority board. The Township holds a 25% equity interest in the joint venture which amounted to (\$12,760) at June 30, 2016. This amount is recorded in the government-wide statement of net position as an investment in joint venture.

MARION TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 10 - INVESTMENT IN JOINT VENTURES - continued

The Township is also responsible to contribute a certain amount of cash each year to subsidize the Recreation Authority's operating costs. Such contributions are calculated annually based upon budgeted needs. The Township is unaware of any circumstances that would cause an additional burden or benefit to the participating governments in the near future. Complete financial statements for the Recreation Authority can be obtained from the administrative offices at 925 West Grand River, Howell, Michigan. The Recreation Authority converted to a fiscal year end of December 31, 2015 (previously June 30, 2015). Selected financial information of the Recreation Authority as of and for the six months ended December 31, 2015 (the date financial information was last available) was as follows:

Total assets	\$	108,182
Total liabilities	\$	159,522
Total net position (deficit)	\$	(51,040)
Total revenue	\$	771,693
Total expenditures	\$	682,283

REQUIRED SUPPLEMENTARY INFORMATION

MARION TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 327,500	\$ 327,500	\$ 331,314	\$ 3,814
Licenses and permits	135,850	135,850	143,798	7,948
State shared revenues	785,000	775,000	777,741	2,741
Charges for services	112,000	112,000	113,537	1,537
Other revenues	74,041	71,541	105,306	33,765
Total revenues	1,434,391	1,421,891	1,471,696	49,805
EXPENDITURES	1,866,880	1,754,330	1,706,714	47,616
Excess of revenues over (under) expenditures	(432,489)	(332,439)	(235,018)	97,421
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(35,000)	(82,000)		82,000
Net change in fund balance	(467,489)	(414,439)	(235,018)	179,421
FUND BALANCE, JULY 1, 2015	2,603,750	2,603,750	2,603,750	
FUND BALANCE, JUNE 30, 2016	\$ 2,136,261	\$ 2,189,311	\$ 2,368,732	\$ 179,421

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MARION TOWNSHIP

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE - BUDGETARY INFORMATION

Highlights of the budgetary process are disclosed in Note 1 of the Notes to the Financial Statements. It should be noted that a budget is not presented for the Water New User Fund, which is a major fund this year ended June 30, 2016. The Water New User Fund is classified as a capital projects fund and under PA #2 is not required to adopt an operating budget.

The Township failed to adopt budgets for the following funds which is a requirement of PA #2:

1. Recreation Fund (combined with General Fund)
2. Heritage Days Fund (combined with General Fund)
3. Cemetery Fund
4. Water System Assessment Fund
5. Assessment Revolving Project Fund

Budget Overruns

In the General Fund budget for the year ended June 30, 2016 expenditures exceeded appropriations in several areas in immaterial amounts.

SUPPLEMENTAL INFORMATION

COMBINING FINANCIAL STATEMENTS

MARION TOWNSHIP

**ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
COMBINING BALANCE SHEET
JUNE 30, 2016**

	<u>General Fund Pre - GASB 54 Consolidation</u>	<u>Recreation Fund</u>	<u>Heritage Days Fund</u>	<u>Eliminations</u>	<u>Totals Restated General Fund</u>
ASSETS					
Cash and investments	\$ 2,135,393	\$ 41,912	\$ 2,507	\$	\$ 2,179,812
State shared revenue receivable	261,518				261,518
Accounts receivable	920		500		1,420
Due from other funds	42,744			(28,375)	14,369
Prepaid expenses	44,251				44,251
Total assets	<u>\$ 2,484,826</u>	<u>\$ 41,912</u>	<u>\$ 3,007</u>	<u>\$ (28,375)</u>	<u>\$ 2,501,370</u>
Liabilities					
Accounts payable	\$ 85,072	\$ 519		\$	\$ 85,591
Accrued wages and pension payable	44,063				44,063
Unearned revenue	1,984				1,984
Due to other funds	1,000	28,375		(28,375)	1,000
Total liabilities	<u>132,119</u>	<u>28,894</u>		<u>(28,375)</u>	<u>132,638</u>
Fund Balances					
Nonspendable for:					
Prepaid expenses	44,251				44,251
Committed to:					
Capital improvement		13,018			13,018
Community events			3,007		3,007
Unassigned	2,308,456				2,308,456
Total fund balance	<u>2,352,707</u>	<u>13,018</u>	<u>3,007</u>		<u>2,368,732</u>
Total liabilities and fund balance	<u>\$ 2,484,826</u>	<u>\$ 41,912</u>	<u>\$ 3,007</u>	<u>\$ (28,375)</u>	<u>\$ 2,501,370</u>

MARION TOWNSHIP

ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Cemetery Fund	Water System Assessment Fund	Assessment Revolving Project Fund	Totals
ASSETS				
Cash and investments	\$ 18,996	\$ 22,106	\$ 175,694	\$ 216,796
Special assessments receivable, net			88,375	88,375
Due from other funds	1,000			1,000
Total assets	<u>\$ 19,996</u>	<u>\$ 22,106</u>	<u>\$ 264,069</u>	<u>\$ 306,171</u>
LIABILITIES				
Accounts payable	\$	\$	\$ 2,806	\$ 2,806
Due to other funds		22,106		22,106
Total liabilities		22,106	2,806	24,912
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue			88,375	88,375
FUND BALANCE	<u>19,996</u>		<u>172,888</u>	<u>192,884</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 19,996</u>	<u>\$ 22,106</u>	<u>\$ 264,069</u>	<u>\$ 306,171</u>

MARION TOWNSHIP

ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Cemetery Fund</u>	<u>Water System Assessment Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 18,996	\$ 22,106	\$ 41,102
Due from other funds	<u>1,000</u>		<u>1,000</u>
Total assets	<u>\$ 19,996</u>	<u>\$ 22,106</u>	<u>\$ 42,102</u>
LIABILITIES			
Due to other funds	\$	\$ 22,106	\$ 22,106
FUND BALANCE	<u>19,996</u>		<u>19,996</u>
Total liabilities and fund balance	<u>\$ 19,996</u>	<u>\$ 22,106</u>	<u>\$ 42,102</u>

MARION TOWNSHIP

**ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund - Pre GASB 54 Consolidation	Recreation Fund	Heritage Days Fund	Totals Restated General Fund
REVENUES				
Taxes	\$ 331,314	\$	\$	\$ 331,314
Licenses and permits	143,798			143,798
State shared revenues	777,741			777,741
Charges for services	113,537			113,537
Interest	3,175			3,175
Cell tower lease	34,845			34,845
Community event income			7,721	7,721
Other	59,440	125		59,565
Total revenues	1,463,850	125	7,721	1,471,696
EXPENDITURES				
Current:				
Payroll taxes and benefits	226,152			226,152
Township board	40,228			40,228
Supervisor	37,510			37,510
Public works	14,223			14,223
Election	19,926			19,926
Professional fees	40,445			40,445
Assessor	95,461			95,461
Legal	7,101			7,101
Clerk	69,738			69,738
Tax roll prep	7,666			7,666
Board of review	2,954			2,954
Treasurer	81,349			81,349
Unallocated	112,294			112,294
Cemetery	6,000			6,000
Zoning	37,870			37,870
Planning commission	8,848			8,848
Zoning board of appeals	1,977			1,977
Drains	7,744			7,744
Roads	677,159			677,159
Recreation	106,387	27,971		134,358
Community event expenditures	516		9,096	9,612
Bonds and insurance	63,258			63,258
Building improvement	770			770
Equipment	4,071			4,071
Total expenditures	1,669,647	27,971	9,096	1,706,714
Net changes in fund balances	(205,797)	(27,846)	(1,375)	(235,018)
FUND BALANCE, JULY 1, 2015	2,558,504	40,864	4,382	2,603,750
FUND BALANCE, JUNE 30, 2016	\$ 2,352,707	\$ 13,018	\$ 3,007	\$ 2,368,732

MARION TOWNSHIP

**ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Cemetery Fund</u>	<u>Water System Assessment Fund</u>	<u>Assessment Revolving Project Fund</u>	<u>Totals</u>
REVENUES				
Special assessments	\$	\$	\$ 68,208	\$ 68,208
Service charges	7,930			7,930
Interest income - special assessments			1,319	1,319
Miscellaneous			200	200
Total revenues	<u>7,930</u>		<u>69,727</u>	<u>77,657</u>
EXPENDITURES				
Construction and maintenance	<u>8,030</u>		<u>73,660</u>	<u>81,690</u>
Excess of revenues over (under) expenditures	(100)		(3,933)	(4,033)
OTHER FINANCING SOURCES (USES)				
Transfers out		<u>(444,331)</u>		<u>(444,331)</u>
Net change in fund balances	(100)	(444,331)	(3,933)	(448,364)
FUND BALANCE, JULY 1, 2015	<u>20,096</u>	<u>444,331</u>	<u>176,821</u>	<u>641,248</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 19,996</u>	<u>\$</u>	<u>\$ 172,888</u>	<u>\$ 192,884</u>

MARION TOWNSHIP

**ALL NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Cemetery Fund</u>	<u>Water System Assessment Fund</u>	<u>Totals</u>
REVENUES			
Service charges	\$ 7,930	\$	\$ 7,930
EXPENDITURES			
Construction and maintenance	<u>8,030</u>	<u></u>	<u>8,030</u>
Excess of revenues over (under) expenditures	(100)		(100)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u></u>	<u>(444,331)</u>	<u>(444,331)</u>
Net change in fund balances	(100)	(444,331)	(444,431)
FUND BALANCE, JULY 1, 2015	<u>20,096</u>	<u>444,331</u>	<u>464,427</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 19,996</u>	<u>\$</u>	<u>\$ 19,996</u>

INDIVIDUAL FUNDS

GENERAL FUND (PRE GASB 54 RESTATEMENT)

MARION TOWNSHIP

GENERAL FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
JUNE 30, 2016

ASSETS

Cash and investments		\$ 2,135,393
Accounts receivable - state		261,518
Accounts receivable - other		920
Due from other funds		42,744
Prepaid expenses		<u>44,251</u>
Total assets		<u><u>\$ 2,484,826</u></u>

LIABILITIES

Accounts payable	\$ 85,072	
Accrued wages and salaries	41,845	
Accrued pension	2,218	
Unearned revenue	1,984	
Due to other funds	<u>1,000</u>	
Total liabilities		\$ 132,119

FUND BALANCE

		<u>2,352,707</u>
Total liabilities and fund balance		<u><u>\$ 2,484,826</u></u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 327,500	\$ 331,314	\$ 3,814
Licenses and permits	135,850	143,798	7,948
State shared revenues	775,000	777,741	2,741
Charges for services	112,000	113,537	1,537
Other revenues	<u>71,541</u>	<u>97,460</u>	<u>25,919</u>
Total revenues	1,421,891	1,463,850	41,959
EXPENDITURES	<u>1,754,330</u>	<u>1,669,647</u>	<u>84,683</u>
Net revenues over (under) expenditures	<u>(332,439)</u>	<u>(205,797)</u>	<u>126,642</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(82,000)</u>	<u> </u>	<u>82,000</u>
Net change in fund balance	(414,439)	(205,797)	208,642
FUND BALANCE, JULY 1, 2015	<u>2,558,504</u>	<u>2,558,504</u>	<u> </u>
FUND BALANCE, JUNE 30, 2016	<u><u>\$ 2,144,065</u></u>	<u><u>\$ 2,352,707</u></u>	<u><u>\$ 208,642</u></u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 327,500	\$ 331,314	\$ 3,814
LICENSES AND PERMITS			
Licenses, fees, permits	15,850	15,776	(74)
Cable franchise fees	120,000	128,022	8,022
Total licenses and permits	135,850	143,798	7,948
STATE SHARED REVENUES	775,000	777,741	2,741
CHARGES FOR SERVICES			
Tax collection administration	112,000	113,537	1,537
OTHER REVENUES			
Printing and publications		27	27
Interest income	700	3,175	2,475
Video franchise fees	23,000	26,102	3,102
Cell tower lease	34,840	34,845	5
Rental income	1,000	1,500	500
Miscellaneous	1,501	17,940	16,439
Metro act	10,500	13,871	3,371
Total other revenues	71,541	97,460	25,919
Total revenues	\$ 1,421,891	\$ 1,463,850	\$ 41,959

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
PAYROLL TAXES AND BENEFITS			
Payroll taxes	\$ 31,000	\$ 30,569	\$ 431
Unemployment taxes	2,000		2,000
Health insurance	204,000	192,461	11,539
Payroll processing	4,000	3,122	878
	241,000	226,152	14,848
TOWNSHIP BOARD			
Salaries	33,100	32,138	962
Meetings and seminars	1,500	752	748
Mileage	300	306	(6)
Printing and publications	1,500	1,605	(105)
Membership dues	5,800	5,397	403
Miscellaneous	250	30	220
	42,450	40,228	2,222
SUPERVISOR			
Salary	36,760	36,759	1
Supplies	250		250
Mileage	250		250
Meetings and seminars	1,350	751	599
Miscellaneous	100		100
	38,710	37,510	1,200
PUBLIC WORKS			
Salary	15,000	13,798	1,202
Reimbursement from water/sewer	(8,000)		(8,000)
Supplies	250		250
Mileage	200	50	150
Meetings and seminars	250		250
Watershed planning	450	375	75
	8,150	14,223	(6,073)

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
ELECTIONS			
Salaries	12,600	11,844	756
Supplies	3,500	3,523	(23)
Equipment	1,000	969	31
Printing and publications	1,000	80	920
Postage	2,500	3,067	(567)
Mileage	200	60	140
Miscellaneous	4,900	383	4,517
Total elections	25,700	19,926	5,774
LITIGATION			
	2,000		2,000
PROFESSIONAL FEES			
Financial services	9,500	17,775	(8,275)
Software support	13,000	13,767	(767)
Economic development	9,000	8,500	500
Engineering	4,500	403	4,097
Total professional fees	36,000	40,445	(4,445)
ASSESSOR			
Salaries	93,850	89,936	3,914
Professional fees	1,000		1,000
Dues and memberships	1,000	968	32
Training and seminars	500	450	50
Supplies	1,000	892	108
Mileage	750	675	75
Software	500		500
Miscellaneous	150	130	20
Postage	3,500	2,410	1,090
Total assessor	102,250	95,461	6,789
LEGAL			
	10,700	7,101	3,599

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
CLERK			
Salaries	36,760	36,759	1
Salaries - other	29,400	29,203	197
Dues and subscriptions	500	459	41
Mileage	750	840	(90)
Training and seminars	2,000	1,675	325
Supplies	500	802	(302)
Miscellaneous	50		50
	69,960	69,738	222
TAX ROLL			
Tax roll prep	6,000	5,425	575
Postage		2,241	(2,241)
	6,000	7,666	(1,666)
BOARD OF REVIEW			
Salaries	2,300	2,219	81
Supplies and publications	1,000	660	340
Training and seminars	200	75	125
	3,500	2,954	546
TREASURER			
Salaries	36,760	36,759	1
Salaries - other	37,700	37,606	94
Supplies	1,200	1,052	148
Collection fees	200		200
Dues and publications	650	90	560
Legal	800	771	29
Mileage	1,800	1,216	584
Miscellaneous	500	168	332
Training	3,750	3,687	63
	83,360	81,349	2,011

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Salaries - secretary	50,000	44,961	5,039
Custodial	4,500	4,350	150
Trash removal	10,750	7,545	3,205
Supplies	9,000	10,538	(1,538)
Equipment - maintenance	6,000	4,505	1,495
Postage	6,000	4,367	1,633
Grounds maintenance	13,500	9,026	4,474
Buildings maintenance	3,000	178	2,822
Telephone	8,000	6,277	1,723
Utilities	10,000	6,432	3,568
Internet	1,750	1,582	168
Major repairs	12,000	11,040	960
Miscellaneous	2,750	1,493	1,257
	<u>137,250</u>	<u>112,294</u>	<u>24,956</u>
Total unallocated			
	<u>6,000</u>	<u>6,000</u>	
CEMETERY			
ZONING ADMINISTRATOR			
Salary	43,000	36,885	6,115
Miscellaneous	250	120	130
Mileage	900	723	177
Supplies	250	44	206
Legal fees	250	68	182
Professional fees	1,000		1,000
Training	250	30	220
	<u>45,900</u>	<u>37,870</u>	<u>8,030</u>
Total zoning administrator			

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PLANNING COMMISSION			
Salaries	5,400	3,975	1,425
Supplies	100		100
Legal fees	750	187	563
Miscellaneous	100		100
Professional fees	4,500	2,384	2,116
Printing and publications	1,700	692	1,008
Recording secretary	1,750	1,175	575
Training and seminars	500	435	65
	<u>14,800</u>	<u>8,848</u>	<u>5,952</u>
Total planning commission			
ZONING BOARD OF APPEALS			
Salaries	3,600	975	2,625
Supplies	50		50
Training and seminars	500		500
Legal fees	1,250	497	753
Miscellaneous	100		100
Professional fees	500		500
Printing and publications	1,250	420	830
Recording secretary	750	85	665
	<u>8,000</u>	<u>1,977</u>	<u>6,023</u>
Total zoning board of appeals			
DRAINS	<u>12,000</u>	<u>7,744</u>	<u>4,256</u>
ROADS			
Dust control	60,000	62,563	(2,563)
Maintenance	600,000	614,596	(14,596)
	<u>660,000</u>	<u>677,159</u>	<u>(17,159)</u>
Total roads			
RECREATION			
HAPRA contract	104,000	106,387	(2,387)
	<u>104,000</u>	<u>106,387</u>	<u>(2,387)</u>
HERITAGE DAYS	<u>2,100</u>	<u>516</u>	<u>1,584</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

MARION TOWNSHIP

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
BONDS AND INSURANCE			
Insurance/bonds	38,000	36,953	1,047
Retirement	26,000	23,480	2,520
Administration fees	5,500	2,825	2,675
	69,500	63,258	6,242
BUILDING IMPROVEMENT			
Capital outlay - equipment	13,000	770	12,230
EQUIPMENT	2,000	4,071	(2,071)
CONTINGENCY	10,000		10,000
Total expenditures	\$ 1,754,330	\$ 1,669,647	\$ 84,683

PROPRIETARY SEWER FUND

MARION TOWNSHIP
PROPRIETARY SEWER FUND
STATEMENT OF REVENUES AND EXPENSES FOR OPERATIONS ONLY
FOR THE YEARS ENDED JUNE 30, 2007 - 2016

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
REVENUE										
User charges -										
Quarterly charges for usage	\$ 264,297	\$ 254,001	\$ 239,446	\$ 220,408	\$ 212,747	\$ 202,607	\$ 173,243	\$ 190,260	\$ 196,837	\$ 155,289
EXPENSES										
Contract labor	38,433	45,275	39,527	47,460	38,040	38,177	45,984	51,565	37,908	36,824
Sewer usage fee	153,914	151,343	137,972	114,199	92,450	87,507	85,001	131,523	93,033	76,836
Utilities	10,326	8,164	10,237	9,896	8,890	9,041	9,263	7,838	7,558	6,813
Telephone	5,189	7,485	5,988	5,075	4,391	3,656	3,420	3,195	2,978	3,055
Administrative fees -										
Reimbursement to gen fund		5,000	4,000	4,000	2,202	2,202	2,485	2,557	3,403	4,656
Billing administrative (Genoa Twp.)	18,971	18,055	16,915	15,560	15,003	14,615	14,272	14,072	13,713	17,551
Professional fees	25,238	7,531	17,218	9,290	16,772	14,067	25,969	30,662	36,037	59,383
Repairs and maintenance	714	1,658	13,840	4,872	1,528	6,663	48,366	6,721	1,591	1,246
Miscellaneous		440						650	1,513	
Total expenses	<u>252,785</u>	<u>244,951</u>	<u>245,697</u>	<u>210,352</u>	<u>179,276</u>	<u>175,928</u>	<u>234,760</u>	<u>248,783</u>	<u>197,734</u>	<u>206,364</u>
Net operating income (loss)	<u>\$ 11,512</u>	<u>\$ 9,050</u>	<u>\$ (6,251)</u>	<u>\$ 10,056</u>	<u>\$ 33,471</u>	<u>\$ 26,679</u>	<u>\$ (61,517)</u>	<u>\$ (58,523)</u>	<u>\$ (897)</u>	<u>\$ (51,075)</u>

This schedule is prepared to present revenues and expenses related to current operations only (excludes tap-in fees and depreciation) and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.