

Charter Township of Fenton

**Financial Report
with Supplemental Information
December 31, 2016**

Charter Township of Fenton

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Fenton

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Charter Township of Fenton (the "Township") as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Charter Township of Fenton'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 an opinion 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 opinion.

Opinion

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 activity, each major fund, and the aggregate remaining fund information of the Charter Township of Fenton as of December 31, 2016 and the respective changes in its financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Fenton

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the OPEB schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Fenton's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

May 12, 2017

Charter Township of Fenton

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Fenton's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Charter Township of Fenton's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the 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 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 Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

	Governmental Activities			Percent Change
	2015	2016	Change	
Assets				
Other assets	\$ 4,559,088	\$ 5,704,997	\$ 1,145,909	25%
Capital assets	3,298,328	3,276,420	(21,908)	-1%
Total assets	7,857,416	8,981,417	1,124,001	14%
Liabilities				
Current liabilities	402,497	427,915	25,418	6%
Long-term liabilities	1,598,256	2,280,721	682,465	43%
Total liabilities	2,000,753	2,708,636	707,883	1%
Deferred Inflows of Resources	2,063,186	2,080,301	17,115	1%
Net Position				
Net investment in capital assets	2,390,728	1,730,120	(660,608)	-28%
Restricted	1,094,669	1,548,345	453,676	41%
Unrestricted	308,080	914,015	605,935	197%
Total net position	<u>\$ 3,793,477</u>	<u>\$ 4,192,480</u>	<u>\$ 399,003</u>	11%

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

	Governmental Activities			Percent Change
	2015	2016	Change	
Revenue				
Program revenue:				
Charges for services	\$ 439,486	\$ 543,117	\$ 103,631	24%
Operating grants	6,115	11,948	5,833	95%
General revenue:				
Property taxes	740,464	766,896	26,432	4%
Township-wide assessments	1,579,246	2,342,342	763,096	48%
State-shared revenue	1,209,739	1,242,711	32,972	3%
Investment earnings	668	1,325	657	98%
Other revenue	421,112	439,718	18,606	4%
Total revenue	4,396,830	5,348,057	951,227	22%
Program Expenses				
General government	1,225,448	935,012	(290,436)	-24%
Legislative	45,280	63,851	18,571	41%
Public safety	1,379,399	1,469,373	89,974	7%
Public works	1,234,784	1,979,080	744,296	60%
Recreation and cultural	63,037	127,350	64,313	-100%
Interest on long-term debt	37,910	49,388	11,478	30%
Total expenses	3,985,858	4,624,054	638,196	16%
Transfers	(550,000)	(325,000)	225,000	41%
Change in Net Position	\$ (139,028)	\$ 399,003	\$ 538,031	387%

The governmental net position increased slightly from a year ago, increasing from \$3,793,477 to \$4,192,480. Last year's net position decreased by 4 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$605,935 for the governmental activities. This represents an increase of approximately 197 percent. The current level of unrestricted net position for our governmental activities stands at \$914,015, which may be used to meet the Township's ongoing obligations to citizens and creditors.

The Township saw an increase in public works expenses due to a special assessment project.

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

	Business-type Activities			Percent Change
	2015	2016	Change	
Assets				
Other assets	\$ 1,840,573	\$ 1,834,614	\$ (5,959)	0%
Capital assets	37,311,821	36,186,182	(1,125,639)	-3%
Total assets	39,152,394	38,020,796	(1,131,598)	-3%
Deferred Outflows of Resources	113,435	208,158	94,723	84%
Liabilities				
Current liabilities	684,420	668,791	(15,629)	-2%
Long-term liabilities	21,900,813	19,722,414	(2,178,399)	-10%
Total liabilities	22,585,233	20,391,205	(2,194,028)	-10%
Net Position				
Net investment in capital assets	16,103,967	16,671,926	567,959	4%
Unrestricted	576,629	1,165,823	589,194	102%
Total net position	<u>\$ 16,680,596</u>	<u>\$ 17,837,749</u>	<u>\$ 1,157,153</u>	7%

	Business-type Activities			Percent Change
	2015	2016	Change	
Operating revenue	\$ 6,094,260	\$ 6,171,310	\$ 77,050	1%
Operating expenses, other than depreciation	3,943,408	3,836,735	(106,673)	-3%
Depreciation and amortization	1,204,406	1,191,450	(12,956)	-1%
Operating Income	946,446	1,143,125	196,679	21%
Interest income	304	362	58	19%
Interest expense	855,447	669,352	(186,095)	-22%
Nonoperating expenses	2,141	1,832	(309)	-14%
Capital contributions	486,800	359,850	(126,950)	-26%
Transfers	550,000	325,000	(225,000)	
Change in Net Position	<u>\$ 1,125,962</u>	<u>\$ 1,157,153</u>	<u>\$ 31,191</u>	3%

The Township's business-type activities consist of the Sewer Fund. The net position of business-type activities increased by 7 percent. Last year's net position increased by 7 percent. Unrestricted net position of the business-type activities increased by approximately \$589,000 or 102 percent. Increases in the business-type net position were related to increases in operating revenue and a decrease in interest expense.

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

The Township Funds

The following table shows the total governmental fund activity, on a modified accrual basis:

	Governmental Funds			Percent Change
	2015	2016	Change	
Revenue				
Property taxes	\$ 740,464	\$ 766,896	\$ 26,432	4%
Charges for services	273,470	300,628	27,158	10%
Licenses and permits	128,887	208,737	79,850	62%
State-shared revenue	1,209,739	1,242,711	32,972	3%
Federal, state, and local grants	26,397	31,779	5,382	20%
Cable franchise fees	412,882	415,562	2,680	1%
Fines and forfeitures	16,847	13,921	(2,926)	-17%
Interest and rentals	668	1,325	657	98%
Special assessments	1,579,246	1,697,379	118,133	7%
Other	8,230	19,156	10,926	133%
Total revenue	4,396,830	4,698,094	301,264	7%
Expenditures				
Current:				
General government	1,192,812	1,104,233	(88,579)	-7%
Legislative	45,280	63,851	18,571	41%
Public safety	1,254,597	1,342,175	87,578	7%
Public works	1,137,846	1,871,384	733,538	64%
Recreation and culture	63,037	127,350	64,313	-100%
Debt service	169,210	185,688	16,478	10%
Total expenditures	3,862,782	4,694,681	831,899	22%
Excess of Revenue Over Expenditures	534,048	3,413	(530,635)	-99%
Other Financing Sources (Uses)				
Proceeds from sales of capital assets	-	5,000	5,000	-100%
Transfers - Net	(550,000)	(325,000)	225,000	-41%
Face value of debt issue	-	775,000	775,000	100%
Total other financing (uses) sources	(550,000)	455,000	1,005,000	-183%
Net Change in Fund Balances	(15,952)	458,413	474,365	-2974%
Fund Balances - Beginning of year	2,123,931	2,107,979	(15,952)	-1%
Fund Balances - End of year	\$ 2,107,979	\$ 2,566,392	\$ 458,413	22%

Charter Township of Fenton

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

As the Township completed the year, its General Fund reported a fund balance of \$1,540,126. This represents an increase of \$4,700 from the prior year. The Township's General Fund revenue, excluding other financing sources, totaled \$2.89 million. Property taxes were \$766,896 or 26.5 percent of the total revenue. State revenue sharing made up \$1,275,977 or 44 percent of total revenue.

Capital Asset and Debt Administration

At the end of 2016, the Township had invested \$1.7 million and \$16.7 million in capital assets, net of related debt in governmental activities and business-type activities, respectively. This amount complies with methods established by the Governmental Accounting Standards Board (GASB).

Long-term Debt

At year end, the Township had \$1,546,300 in governmental long-term debt. In the Sewer Enterprise Fund, the Township has \$19.2 million in bonds outstanding.

Economic Factors and Next Year's Budgets and Rates

The budget for 2016 was amended as required by state law. Both the original and amended budgets have been shown in this document for 2016. The Township has again produced a timely budget for 2017.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show 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 Fenton Township office.

Charter Township of Fenton

Statement of Net Position December 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 2,722,334	\$ 1,042,186	\$ 3,764,520
Receivables	2,406,167	953,029	3,359,196
Internal balances	325,000	(325,000)	-
Prepaid expenses	97,540	148,227	245,767
Restricted assets - Cash and cash equivalents	147,564	-	147,564
Land held for resale	6,392	-	6,392
Net OPEB asset	-	16,172	16,172
Capital assets (Note 4):			
Assets not subject to depreciation	93,280	39,065	132,345
Assets subject to depreciation	3,183,140	36,147,117	39,330,257
Total assets	8,981,417	38,020,796	47,002,213
Deferred Outflows of Resources -			
Bond refunding loss being amortized	-	208,158	208,158
Liabilities			
Accounts payable	90,150	108,134	198,284
Accrued interest payable	14,574	138,559	153,133
Due to other governmental units	172,352	-	172,352
Deposits payable	50,500	-	50,500
Accrued liabilities and other	6,575	-	6,575
Unearned revenue	93,764	422,098	515,862
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 6)	45,602	-	45,602
Current portion of long-term debt (Note 6)	151,300	2,139,066	2,290,366
Due in more than one year:			
Compensated absences (Note 6)	13,095	-	13,095
Net OPEB obligation	675,724	-	675,724
Long-term debt (Note 6)	1,395,000	17,583,348	18,978,348
Total liabilities	2,708,636	20,391,205	23,099,841
Deferred Inflows of Resources			
Property taxes levied for the following year	513,201	-	513,201
Special assessments levied for the following year	1,567,100	-	1,567,100
Total deferred inflows of resources	2,080,301	-	2,080,301
Net Position			
Net investment in capital assets	1,730,120	16,671,926	18,402,046
Restricted for:			
Fire operations	518,685	-	518,685
Waste collection	107,619	-	107,619
Mosquito control	118,344	-	118,344
Debt service	281,618	-	281,618
Public access programming	522,079	-	522,079
Unrestricted	914,015	1,165,823	2,079,838
Total net position	<u>\$ 4,192,480</u>	<u>\$ 17,837,749</u>	<u>\$ 22,030,229</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Fenton

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 935,012	\$ 222,815	\$ -	\$ -
Legislative	63,851	-	-	-
Public safety	1,469,373	320,302	-	-
Public works	1,979,080	-	11,948	-
Recreation and culture	127,350	-	-	-
Interest on long-term debt	49,388	-	-	-
Total governmental activities	4,624,054	543,117	11,948	-
Sewer Fund	5,699,369	6,171,310	-	359,850
Total primary government	<u>\$ 10,323,423</u>	<u>\$ 6,714,427</u>	<u>\$ 11,948</u>	<u>\$ 359,850</u>
General revenue:				
Property taxes				
Special assessment revenue				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Statement of Activities
Year Ended December 31, 2016**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (712,197)	\$ -	\$ (712,197)
(63,851)	-	(63,851)
(1,149,071)	-	(1,149,071)
(1,967,132)	-	(1,967,132)
(127,350)	-	(127,350)
(49,388)	-	(49,388)
(4,068,989)	-	(4,068,989)
-	831,791	831,791
(4,068,989)	831,791	(3,237,198)
766,896	-	766,896
2,342,342	-	2,342,342
1,242,711	-	1,242,711
1,325	362	1,687
415,562	-	415,562
19,156	-	19,156
5,000	-	5,000
4,792,992	362	4,793,354
(325,000)	325,000	-
399,003	1,157,153	1,556,156
3,793,477	16,680,596	20,474,073
\$ 4,192,480	\$ 17,837,749	\$ 22,030,229

Charter Township of Fenton

Governmental Funds Balance Sheet December 31, 2016

	General Fund	Waste Collection Fund	Fire Fund	Debt Service - Lake Valley SAD	Nonmajor Fund - Mosquito Fund	Total
Assets						
Cash and cash equivalents (Note 3)	\$ 1,119,731	\$ 585,524	\$ 674,971	\$ 134,054	\$ 208,054	\$ 2,722,334
Receivables:						
Property taxes receivable	226,903	-	-	-	-	226,903
Special assessments receivable	100,210	431,713	325,454	644,963	106,380	1,608,720
Cable revenue receivables	116,352	282	-	-	60	116,694
Due from other governmental units	435,767	-	18,083	-	-	453,850
Due from other funds	341,211	-	13,480	-	-	354,691
Prepaid expenses	61,596	-	35,944	-	-	97,540
Land held for resale	6,392	-	-	-	-	6,392
Restricted assets (Note 1)	-	-	-	147,564	-	147,564
Total assets	\$2,408,162	\$1,017,519	\$1,067,932	\$ 926,581	\$ 314,494	\$5,734,688
Liabilities						
Accounts payable	\$ 18,164	\$ 68,350	\$ 3,636	\$ -	\$ -	\$ 90,150
Due to other governmental units	172,352	-	-	-	-	172,352
Due to other funds	13,480	2,600	12,611	-	1,000	29,691
Deposits payable	50,500	-	-	-	-	50,500
Accrued liabilities and other	6,575	-	-	-	-	6,575
Unearned revenue	93,764	-	-	-	-	93,764
Total liabilities	354,835	70,950	16,247	-	1,000	443,032
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	644,963	-	644,963
Property taxes levied for the following year	513,201	-	-	-	-	513,201
Special assessments levied for the following year	-	838,950	533,000	-	195,150	1,567,100
Total deferred inflows of resources	513,201	838,950	533,000	644,963	195,150	2,725,264
Fund Balances						
Nonspendable:						
Land held for resale	6,392	-	-	-	-	6,392
Prepays	61,596	-	35,944	-	-	97,540
Restricted:						
Fire operations	-	-	482,741	-	-	482,741
Debt service	-	-	-	281,618	-	281,618
Public access programming	522,079	-	-	-	-	522,079
Waste collection	-	107,619	-	-	-	107,619
Mosquito control	-	-	-	-	118,344	118,344
Unassigned	950,059	-	-	-	-	950,059
Total fund balances	1,540,126	107,619	518,685	281,618	118,344	2,566,392
Total liabilities, deferred inflows of resources, and fund balances	\$2,408,162	\$1,017,519	\$1,067,932	\$ 926,581	\$ 314,494	\$5,734,688

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Fenton

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2016

Fund Balance Reported in Governmental Funds	\$ 2,566,392
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 are not reported in the funds	3,276,420
Bonds payable are not due and payable in the current period and are not reported in the funds	(1,546,300)
Special assessment receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	644,963
Accrued interest is not due and payable in the current period and is not reported in the funds	(14,574)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(58,697)
Other long-term liabilities, such as net postemployment obligations, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(675,724)</u>
Net Position of Governmental Activities	<u>\$ 4,192,480</u>

Charter Township of Fenton

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2016

	General Fund	Waste Collection Fund	Fire Fund	Debt Service - Lake Valley SAD	Nonmajor Fund - Mosquito Fund	Total
Revenue						
Property taxes	\$ 766,896	\$ -	\$ -	\$ -	\$ -	\$ 766,896
Licenses and permits	208,737	-	-	-	-	208,737
Federal grants	2,900	-	-	-	-	2,900
State-shared revenue and grants	1,271,590	-	-	-	-	1,271,590
Charges for services	193,717	-	106,911	-	-	300,628
Fines and forfeitures	13,921	-	-	-	-	13,921
Investment income	1,325	-	-	-	-	1,325
Other revenue:						
Special assessments	-	835,417	533,650	133,899	194,413	1,697,379
Cable franchise fees	415,562	-	-	-	-	415,562
Other miscellaneous income	19,156	-	-	-	-	19,156
Total revenue	<u>2,893,804</u>	<u>835,417</u>	<u>640,561</u>	<u>133,899</u>	<u>194,413</u>	<u>4,698,094</u>
Expenditures						
Current:						
General government	1,104,233	-	-	-	-	1,104,233
Legislative	63,851	-	-	-	-	63,851
Public safety	808,109	-	534,066	-	-	1,342,175
Public works	291,925	822,799	-	610,191	146,469	1,871,384
Recreation and culture	127,350	-	-	-	-	127,350
Debt service:						
Principal	136,300	-	-	-	-	136,300
Interest on long-term debt	32,298	-	-	17,090	-	49,388
Total expenditures	<u>2,564,066</u>	<u>822,799</u>	<u>534,066</u>	<u>627,281</u>	<u>146,469</u>	<u>4,694,681</u>
Excess of Revenue Over (Under) Expenditures	329,738	12,618	106,495	(493,382)	47,944	3,413
Other Financing Sources (Uses)						
Proceeds from the issuance of long-term debt	-	-	-	775,000	-	775,000
Proceeds from sale of capital assets	-	-	5,000	-	-	5,000
Transfers out	(325,000)	-	-	-	-	(325,000)
Total other financing (uses) sources	<u>(325,000)</u>	<u>-</u>	<u>5,000</u>	<u>775,000</u>	<u>-</u>	<u>455,000</u>
Net Change in Fund Balances	4,738	12,618	111,495	281,618	47,944	458,413
Fund Balances - Beginning of year	<u>1,535,388</u>	<u>95,001</u>	<u>407,190</u>	<u>-</u>	<u>70,400</u>	<u>2,107,979</u>
Fund Balances - End of year	<u>\$1,540,126</u>	<u>\$107,619</u>	<u>\$ 518,685</u>	<u>\$ 281,618</u>	<u>\$118,344</u>	<u>\$2,566,392</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Charter Township of Fenton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 458,413
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	273,349
Depreciation expense	(295,257)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	644,963
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(775,000)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	136,300
Change in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(6,502)
Increases in the obligation for other postemployment benefits are recorded when earned in the statement of activities	(37,263)
Change in Net Position of Governmental Activities	<u>\$ 399,003</u>

Charter Township of Fenton

Proprietary Funds Statement of Net Position December 31, 2016

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 1,042,186
Receivables:	
Delinquent usage receivable	315,099
User fees	626,488
Connection fees	11,442
Prepaid expenses	<u>148,227</u>
Total current assets	2,143,442
Noncurrent assets:	
Net OPEB asset	16,172
Capital assets (Note 4):	
Assets not subject to depreciation	39,065
Assets subject to depreciation	<u>36,147,117</u>
Total noncurrent assets	<u>36,202,354</u>
Total assets	38,345,796
Deferred Outflows of Resources -	
Bond refunding loss being amortized	208,158
Liabilities	
Current liabilities:	
Accounts payable	108,134
Accrued interest payable	138,559
Due to other funds	325,000
Unearned revenue	422,098
Current portion of long-term debt (Note 6)	<u>2,139,066</u>
Total current liabilities	3,132,857
Noncurrent liabilities - Long-term debt	<u>17,583,348</u>
Total liabilities	<u>20,716,205</u>
Net Position	
Net investment in capital assets	16,671,926
Unrestricted	<u>1,165,823</u>
Total net position	<u><u>\$ 17,837,749</u></u>

Charter Township of Fenton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2016

	<u>Enterprise Fund</u> <u>Sewer Fund</u>
Operating Revenue - Charges for services	\$ 6,171,310
Operating Expenses	
Sewer treatment fees	2,264,291
Other contractual services	1,205,421
Equipment repairs and maintenance	17,219
Insurance	30,597
Billing fees and postage	8,142
Administrative expense	163,568
Utilities	117,588
Miscellaneous	29,909
Depreciation	1,191,450
Total operating expenses	<u>5,028,185</u>
Operating Income	1,143,125
Nonoperating Revenue (Expense)	
Investment income	362
Bond interest expense	(669,352)
Bond agent fees	(1,832)
Total nonoperating expense	<u>(670,822)</u>
Income - Before contributions	472,303
Capital Contributions - Tap-in fees	359,850
Transfers In	<u>325,000</u>
Change in Net Position	1,157,153
Net Position - Beginning of year	<u>16,680,596</u>
Net Position - End of year	<u><u>\$ 17,837,749</u></u>

Charter Township of Fenton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2016

	Enterprise Fund Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 6,004,728
Payments to suppliers	(3,777,870)
Payments to employees	(24,499)
Internal activity - Payments to other funds	(103,755)
Other receipts	(112,681)
Net cash provided by operating activities	1,985,923
Cash Flows from Noncapital Financing Activities -	
Transfers from other funds	325,000
Cash Flows from Capital and Related Financing Activities	
Tap-in fees	352,000
Purchase of capital assets	(65,811)
Principal and interest paid on capital debt	(2,986,069)
Net cash used in capital and related financing activities	(2,699,880)
Net Decrease in Cash and Cash Equivalents	(388,957)
Cash and Cash Equivalents - Beginning of year	1,431,143
Cash and Cash Equivalents - End of year	\$ 1,042,186
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 1,143,125
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	1,191,450
Changes in assets and liabilities:	
Receivables	(279,263)
Prepaid and other assets	(131,189)
Accounts payable	26,486
Due to other funds	46,245
Net OPEB obligation	(10,931)
Net cash provided by operating activities	\$ 1,985,923
Noncash Transactions	
Refunding of sewer bonds	\$ 7,466,479
Payments to escrow agent for refunding of sewer bonds	(7,466,479)

See Note 6 regarding the noncash transaction related to bond refunding that occurred during the year.

Charter Township of Fenton

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2016

	Retiree Health Care Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 6,075,684
Investments - Mutual funds	284,891	-
Total assets	284,891	<u>\$ 6,075,684</u>
Liabilities		
Accounts payable	-	\$ 2,815
Due to other governmental units	-	30
Refundable deposits, bonds, etc.	-	252,427
Undistributed taxes	-	5,820,412
Total liabilities	-	<u>\$ 6,075,684</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 284,891</u>	

Charter Township of Fenton

Fiduciary Funds Statement of Changes in Fiduciary Net Position Retiree Health Care Fund Year Ended December 31, 2016

Additions

Investment income:	
Interest and dividends	\$ 3,539
Net decrease in fair value of investments	21,243
Investment-related expenses	<u>(1,195)</u>
Net investment income	23,587
Contributions - Employer	<u>34,926</u>
Total additions	58,513
Deductions - Benefit payments	<u>10,426</u>
Net Increase in Net Position Held in Trust	48,087
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>236,804</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 284,891</u></u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies

Reporting Entity

The Charter Township of Fenton is governed by an elected seven-member council (board). The accompanying financial statements present the Township. The Township had no component units at December 31, 2016.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Township reports the following funds as “major” governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Waste Collection Fund is used to account for the customer charges which are to be used to pay contracted services for rubbish collection and disposal.
- The Fire Fund is used to account for the revenue and expenditures related to fire protection and emergency medical services.
- The Debt Service - Lake Valley SAD Fund is used to account for the revenue and expenditures related to the Lake Valley street improvement special assessment.
- The Mosquito Control Fund is used to account for the customer charges which are to be used to pay contracted services for mosquito control (note that this is not a "major fund" because the amount of activity is not financially significant).

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Township reports the following fund as a “major” enterprise fund:

- The Sewer Disposal System is a separate fund maintained for the operations of the sanitary sewer collection system that transports sewage to the treatment plant operated by Genesee County.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- The Retiree Health Care Fund accumulates resources for postemployment benefit payments for Township retired employees.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

- The Agency Funds account for assets held by the Township as an agent for individuals, private organizations, and other governments. These agency funds are reported as fiduciary funds and are not included in the government-wide statement of net position and statement of activities.

Interfund Activity - During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

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

Restricted Assets - Unspent bond proceeds of the Debt Service - Lake Valley SAD Fund are required to be set aside for capital projects related to Lake Valley. These amounts have also been classified as restricted assets.

Capital Assets - Capital assets, which include property, building, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, building, and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Land improvements	15 years
Building and improvements	15-40 years
Sewer system infrastructure	50 years
Machinery and equipment	3-15 years
Furniture and fixtures	5 years
Roads	20 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay and the portion of sick pay that is determined to be payable are accrued when incurred in the government-wide and proprietary fund financial statements. Liabilities for these amounts are reported in governmental funds only if they are due and payable, for example, as a result of employee resignations and retirements. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and Debt Service Fund are generally used to liquidate governmental long-term debt and the Sewer Fund is generally used to liquidate business-type debt.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - The Township offers retiree healthcare benefits to retirees. The Township has elected to use the alternative measurement method permitted by GASB Statement No. 45 for plans with fewer than 100 total plan members to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. The net OPEB obligation has generally been liquidated from the funds from which the individual employees' salaries are paid, which are generally the General Fund, the Fire Fund, and the Sewer Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has a deferred outflow in the Sewer Fund and government-wide statements related to bond refunding loss that is being amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. There are deferred inflows in the governmental funds and in the government-wide statements related to property taxes and special assessments that have been collected by the Township prior to year end but are used to fund 2017 operations. In addition, there are deferred inflows in the governmental funds related to special assessments that have been completed during 2016, but the revenue is unavailable at year end and is expected to be received in future periods.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund Equity - In the fund financial statements, 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 for use for specific purposes. Commitments are made and can be rescinded only via resolutions of the Township board.

Assigned: Intent to spend resources on specific purposes expressed by the governing body. Assignments must be authorized by resolution and approved by the governing body.

Unassigned: Amounts that do not fall into any other category above. 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.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Unpaid property taxes become a lien on the property on March 1 of the second year following the year of the levy.

The Township's 2015 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended December 31, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the Township totaled \$709 million, on which taxes levied consisted of 0.7091 mills for operating purposes. This resulted in \$507,958 for operations. These amounts are recognized in the respective General Fund financial statements as tax revenue.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Sewer Fund and internal service funds is charges to customers for sales and services. The Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at January 1, 2016		\$ (1,019,080)
Current year permit revenue		204,478
Related expenses:		
Direct costs	\$ (46,797)	
Estimated indirect costs	<u>(55,380)</u>	<u>(102,177)</u>
Current year surplus		<u>102,301</u>
Cumulative shortfall at December 31, 2016		<u>\$ (916,779)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit 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 as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Retiree Health Care Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse purchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

The Township's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$11,915,291 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Township has equity securities in mutual funds following recurring fair value measurements as of December 31, 2016. The equity securities are classified in Level 1 and are valued using prices quoted in active markets for those securities.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 4 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2016	Additions	Disposals	Balance December 31, 2016
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 93,280	\$ -	\$ -	\$ 93,280
Capital assets being depreciated:				
Roads	1,816,654	161,778	-	1,978,432
Buildings and improvements	2,228,845	-	-	2,228,845
Machinery and equipment	2,706,080	100,978	(28,119)	2,778,939
Furniture and fixtures	16,174	10,593	-	26,767
Land improvements	395,618	-	-	395,618
Subtotal	7,163,371	273,349	(28,119)	7,408,601
Accumulated depreciation:				
Roads	663,898	107,696	-	771,594
Buildings and improvements	906,703	60,670	-	967,373
Machinery and equipment	2,099,097	106,891	(28,119)	2,177,869
Furniture and fixtures	16,174	529	-	16,703
Land improvements	272,451	19,471	-	291,922
Subtotal	3,958,323	295,257	(28,119)	4,225,461
Net capital assets being depreciated	3,205,048	(21,908)	-	3,183,140
Net capital assets	<u>\$ 3,298,328</u>	<u>\$ (21,908)</u>	<u>\$ -</u>	<u>\$ 3,276,420</u>
Business-type Activities				
	Balance January 1, 2015	Additions		Balance December 31, 2016
Capital assets not being depreciated:				
Land	\$ 5,485	\$ -		\$ 5,485
Construction in progress	-	33,580		33,580
Subtotal	5,485	33,580		39,065
Capital assets being depreciated:				
Buildings	520,171	-		520,171
Sewer lines and equipment	58,845,778	32,231		58,878,009
Subtotal	59,365,949	32,231		59,398,180
Accumulated depreciation:				
Buildings	49,205	13,404		62,609
Sewer lines and equipment	22,010,408	1,178,046		23,188,454
Subtotal	22,059,613	1,191,450		23,251,063
Net capital assets being depreciated	37,306,336	(1,159,219)		36,147,117
Net capital assets	<u>\$ 37,311,821</u>	<u>\$ (1,125,639)</u>		<u>\$ 36,186,182</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 4 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 65,403
Public safety		107,696
Public works		<u>122,158</u>
Total governmental activities		<u>\$ 295,257</u>
Business-type activities - Sewer		<u>\$ 1,191,450</u>

Note 5 - Interfund Receivables and Payables

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Sewer Fund	\$ 325,000
	Fire Fund	12,611
	Waste Collection Fund	2,600
	Mosquito Fund	<u>1,000</u>
	Total General Fund	341,211
Fire Fund	General Fund	<u>13,480</u>
	Total	<u>\$ 354,691</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Sewer Fund	<u>\$ 325,000</u>

The transfers from the General Fund to the Sewer Fund represent transfers of unrestricted resources.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 6 - Long-term Debt

The Township was a participant in the county-wide sanitary sewer construction program. This program was financed by general obligation bonds issued by Genesee County. The Township was obligated to assume the portion of the total debt for the construction of the sewer system within its boundaries. The sewer contracts are supported by the full faith and credit of the Township. Significant details regarding the Township's obligations under this program, and details regarding other long-term liabilities, are as follows:

A summary of changes in long-term debt during 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Notes payable:					
General Obligation Limited Tax Bonds	\$ 765,000	\$ -	\$ 65,000	\$ 700,000	\$ 65,000
Installment obligations:					
The State Bank	142,600	-	71,300	71,300	71,300
Lake Valley SAD	-	775,000	-	775,000	15,000
Total notes payable	907,600	775,000	136,300	1,546,300	151,300
Accumulated sick and vacation time	52,195	67,163	60,661	58,697	45,602
Total governmental activities	<u>\$ 959,795</u>	<u>\$ 842,163</u>	<u>\$ 196,961</u>	<u>\$ 1,604,997</u>	<u>\$ 196,902</u>
Business-type Activities					
General obligation contracts:					
Ripley Rolston Contract (County Bond)	\$ 200,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Refunded General Obligation Capital Improvement Bonds 2007	-	6,800,000	-	6,800,000	530,000
Bond Refunding Premium	-	666,479	55,540	610,939	55,540
Refunded Sewage Disposal System No. 3 2004 B and Improvement Projects Series 2004 A	7,595,000	-	700,000	6,895,000	720,000
Bond Refunding Premium	567,176	-	63,020	504,156	63,020
Sewer Disposal System No. 3 1996A-Refunding	452,489	-	452,489	-	-
District 3 Expansion (98) Refunding 2007 (County Bond)	1,178,800	-	210,943	967,857	322,619
Bond Refunding Discount	(62,756)	-	(5,459)	(57,297)	(5,458)
General Obligation Capital Improvement Bonds 2007	7,715,000	-	7,715,000	-	-
General Obligation Capital Improvement Bonds 2009	2,105,000	-	110,000	1,995,000	115,000
Refunded Sewage Disposal System No. 3 2003	2,075,000	-	235,000	1,840,000	230,000
Bond refunding premium	75,104	-	8,345	66,759	8,345
Total business-type activities	<u>\$ 21,900,813</u>	<u>\$ 7,466,479</u>	<u>\$ 9,644,878</u>	<u>\$ 19,722,414</u>	<u>\$ 2,139,066</u>

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 6 - Long-term Debt (Continued)

Annual requirements to amortize all debt outstanding as of December 31, 2016, including interest payments, are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 151,300	\$ 43,009	\$ 194,309	\$ 2,017,619	\$ 678,868	\$ 2,696,487
2018	120,000	35,150	155,150	1,959,391	627,672	2,587,063
2019	120,000	32,201	152,201	1,965,847	575,017	2,540,864
2020	130,000	29,085	159,085	1,750,000	513,656	2,263,656
2021	130,000	25,799	155,799	1,850,000	447,094	2,297,094
2022-2026	620,000	72,825	692,825	7,735,000	1,070,095	8,805,095
2027-2029	275,000	17,448	292,448	1,320,000	87,413	1,407,413
Total	\$ 1,546,300	\$ 255,517	\$ 1,801,817	\$ 18,597,857	\$ 3,999,815	\$ 22,597,672

Act 359, Public Acts of 1947, as amended, provides that net indebtedness of municipalities cannot exceed 10 percent of the assessed real and personal property in the Township. As of December 31, 2016, the Charter Township of Fenton had \$71,300 applicable to the limitation (the sewer utility contracts and special assessment debt are excluded from the limitation). The Township's debt limit is \$80,614,150.

Advance and Current Refundings - During the year, the Township issued \$6,800,000 in general obligation bonds at a premium of \$666,479 with an average interest rate of 3.36 percent. The proceeds of these bonds, along with an additional cash payment from the Township of \$37,410, were used to advance refund \$7,215,000 of outstanding revenue bonds with an average interest rate of 4.52 percent. The net proceeds of \$7,369,494 (after payment of \$134,395 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for bonds has been removed. The advance refunding reduced total debt service payments over the next 11 years by \$998,550, which represents an economic gain of \$866,110.

Future Revenue Pledged for Debt Payment - The above contractual obligations to the County are a result of the County issuance of bonds on the Township's behalf. The Township has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. Proceeds from the County bonds provided financing for sewer improvements. The remaining principal and interest to be paid on the bonds total \$1,128,609. During the current year, net revenue of the system totaled \$2,334,575 compared to the annual debt requirements of \$362,126.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employee injuries and medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, errors and omissions, and sewer discharge claims; the Township is uninsured for unemployment claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the authority itself.

The Township estimates the liability for unemployment and sewer discharge claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. The Township has incurred claims in the current year related to sewer backups which did not exceed the amount of insurance deductibles. There is no unpaid claim balance at the beginning or end of the year for unemployment claims.

Note 8 - Defined Contribution Pension Plan

The Township has a defined contribution pension plan (the "Charter Township of Fenton Group Pension Plan") covering all eligible employees who wish to participate. The plan is administered by John Hancock Life Insurance Company. By Township ordinance, the Township contributes 10 percent and employees contribute 5 percent of wages to the plan. The employee may voluntarily contribute in excess of that amount. Benefits are fully vested after 20 months of service with the benefit payable at age 55, or retirement, if later. Employees between the ages of 18 and 65 with at least 90 days of service who wish to participate may elect coverage on January 1 of the plan year. Total payroll and covered payroll for the year were \$780,833 and \$498,620, respectively. The Township's 2016 contributions were \$51,829. Employees contributed \$37,433 during 2016.

Note 9 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to certain active employees after they retire or leave office. This is a single-employer defined benefit plan administered by the Township. The benefits are provided under an ordinance passed by the Township.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits (Continued)

Funding Policy - The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC is allocated between governmental activities and business-type activities based on payroll percentages.

Funding Progress - For the year ended December 31, 2016, the Township has estimated the cost of providing retiree healthcare benefits through a valuation as of December 31, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 72,141
Interest on the prior year's net OPEB obligation	44,327
Less adjustment to the annual required contribution	<u>(55,210)</u>
Annual OPEB cost	61,258
Amounts contributed:	
Payments of current premiums	(10,426)
Advance funding by Sewer Fund	<u>(24,500)</u>
Increase in net OPEB obligation	26,332
OPEB obligation - Beginning of year	<u>633,220</u>
OPEB obligation - End of year	<u><u>\$ 659,552</u></u>

The Sewer Fund opted to contribute more than the ARC applicable to the Sewer Fund for the current year, resulting in a net OPEB asset in the Sewer Fund.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year were as follows:

Fiscal Year Ended	Valuation Date	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
12/31/14	12/31/13	\$ 111,391	29.5	\$ 564,076
12/31/15	12/31/13	111,391	30.0	633,220
12/31/16	12/31/16	72,141	48.4	659,552

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Valuation Date	Value of Assets (a)	Accrued Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (Percent) (a/b)
12/31/08	\$ -	\$ 1,380,749	\$ 1,380,749	-
12/31/11	110,622	1,041,248	930,626	10.6
12/31/13	160,611	1,029,542	868,931	15.6
12/31/16	260,391	726,633	466,242	35.8

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

The following assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Mortality - Life expectancies were based on mortality tables from the United States Life Tables - 2007 version.

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

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the NIH National Health Expenditure Projections, 2008-2024.

Health Insurance Premiums - 2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - The expected long-term inflation assumption of 2.0 percent was based on past trend of wage increases.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 9 - Other Postemployment Benefits (Continued)

Based on the historical and expected returns of the Township's short-term investment portfolio, a discount rate of 7 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016 was 30 years.

Note 10 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Township will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later. The Township is currently evaluating the impact these standards will have on the financial statements when adopted during the 2017 and 2018 fiscal years.

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which addresses the recognition and measurement of irrevocable split-interest agreements where the government is a beneficiary of the agreement. This standard will require the Township to recognize on the face of the financial statements any assets, liabilities, and deferred inflows of resources at the inception of the agreement. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the 2017 fiscal year.

The Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This standard defines an asset retirement obligation (ARO) as "a legally enforceable liability associated with the retirement of a tangible capital asset." Examples include the removal of a sewage treatment plant or the removal of wind turbines. The GASB recognizes that specific guidance did not exist for these types of AROs as there did for the closure and postclosure care costs for landfills. This statement provides guidance for measuring and recording other AROs and is effective for the Township's financial statements for the year ending December 31, 2019.

Charter Township of Fenton

Notes to Financial Statements December 31, 2016

Note 10 - Upcoming Accounting Pronouncements (Continued)

The Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This standard improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

Note 11 - Tax Abatements

The Township uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal year ended December 31, 2016, the Township abated \$1,214 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Note 12 - Subsequent Events

Subsequent to year end, the Township issued debt of \$1,700,000 for Capital Improvement Bonds for pump station improvements and the board approved the purchase of two new rescue squad trucks and one utility truck in the amount of \$410,000.

Required Supplemental Information

Charter Township of Fenton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 761,000	\$ 770,700	\$ 766,896	\$ (3,804)
Licenses and permits	144,200	204,200	208,737	4,537
Federal grants	105,000	105,000	2,900	(102,100)
State-shared revenue and grants	1,268,400	1,270,400	1,271,590	1,190
Charges for services	190,300	195,300	193,717	(1,583)
Fines and forfeitures	21,500	21,500	13,921	(7,579)
Investment income	1,500	1,500	1,325	(175)
Other revenue:				
Special assessments	9,000	9,000	-	(9,000)
Cable franchise fees	420,000	420,000	415,562	(4,438)
Other miscellaneous income	24,000	48,300	19,156	(29,144)
Total revenue	<u>2,944,900</u>	<u>3,045,900</u>	<u>2,893,804</u>	<u>(152,096)</u>
Expenditures - Current				
General government	1,288,700	1,287,500	1,104,233	183,267
Legislative	61,900	77,900	63,851	14,049
Public safety	791,100	819,100	808,109	10,991
Public works	528,000	583,200	460,523	122,677
Recreation and culture	125,200	128,200	127,350	850
Total expenditures	<u>2,794,900</u>	<u>2,895,900</u>	<u>2,564,066</u>	<u>331,834</u>
Excess of Revenue Over Expenditures	150,000	150,000	329,738	179,738
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	250,000	250,000	-	(250,000)
Transfers out	(400,000)	(400,000)	(325,000)	(75,000)
Net Change in Fund Balance	-	-	4,738	(145,262)
Fund Balance - Beginning of year	<u>1,535,388</u>	<u>1,535,388</u>	<u>1,535,388</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 1,535,388</u></u>	<u><u>\$ 1,535,388</u></u>	<u><u>\$ 1,540,126</u></u>	<u><u>\$ 4,738</u></u>

Charter Township of Fenton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Waste Collection Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 830,000	\$ 835,000	\$ 835,417	\$ 417
Expenditures - Current - Public works	804,100	824,300	822,799	1,501
Net Change in Fund Balance	25,900	10,700	12,618	1,918
Fund Balance - Beginning of year	95,001	95,001	95,001	-
Fund Balance - End of year	<u>\$ 120,901</u>	<u>\$ 105,701</u>	<u>\$ 107,619</u>	<u>\$ 1,918</u>

Charter Township of Fenton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 108,500	\$ 114,000	\$ 106,911	\$ (7,089)
Other revenue - Special assessments	533,500	533,500	533,650	150
Total revenue	642,000	647,500	640,561	(6,939)
Expenditures - Current -				
Public safety - Fire and EMS	595,200	652,400	534,066	118,334
Excess of Revenue Over (Under) Expenditures	46,800	(4,900)	106,495	111,395
Other Financing Sources -				
Proceeds from sale of capital assets	-	5,000	5,000	-
Net Change in Fund Balance	46,800	100	111,495	111,395
Fund Balance - Beginning of year	407,190	407,190	407,190	-
Fund Balance - End of year	<u>\$ 453,990</u>	<u>\$ 407,290</u>	<u>\$ 518,685</u>	<u>\$ 111,395</u>

Charter Township of Fenton

Required Supplemental Information OPEB Schedules Year Ended December 31, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual OPEB Costs	Percentage of OPEB Costs Contributed
12/31/08	\$ -	\$ 1,380,749	\$ 1,380,749	-	\$ 107,282	35.0
12/31/11	110,622	1,041,248	930,626	10.6	104,986	12.5
12/31/13	160,611	1,029,542	868,931	15.6	112,678	25.5
12/31/16	260,391	726,633	466,242	35.8	61,256	57.0

The actuarial accrued liability decreased significantly for the December 31, 2016 valuation due to the coverage of premiums for retirees by the Township decreasing from 100 percent to 80 percent.

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/13	12/31/13	\$ 111,391	26.0
12/31/14	12/31/13	111,391	29.5
12/31/15	12/31/13	111,391	30.0
12/31/16	12/31/16	72,141	48.4

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2016, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	23 years
Asset valuation method	Four-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	2.0%
*Includes inflation at	2.0%
Cost of living adjustments	None

Charter Township of Fenton

Note to Required Supplemental Information Year Ended December 31, 2016

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A public hearing is held in conjunction with a regular board meeting.
2. The Township board adopts the budget on a departmental level at a regular board meeting.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations).

Other Supplemental Information

Charter Township of Fenton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Fund Mosquito Fund Year Ended December 31, 2016

	Original Budget - Unaudited	Amended Budget - Unaudited	Actual	Variance with Amended Budget
Revenue - Other revenue - Special assessments	\$ 192,000	\$ 192,000	\$ 194,413	\$ 2,413
Expenditures - Current - Public works	169,400	169,400	146,469	22,931
Net Change in Fund Balance	22,600	22,600	47,944	25,344
Fund Balance - Beginning of year	70,400	70,400	70,400	-
Fund Balance - End of year	<u>\$ 93,000</u>	<u>\$ 93,000</u>	<u>\$ 118,344</u>	<u>\$ 25,344</u>

Charter Township of Fenton

Other Supplemental Information Fiduciary Funds - Agency Funds December 31, 2016

	Agency Funds		
	Trust and Agency Fund	Current Tax Collection Fund	Total Agency Funds
Assets - Cash and cash equivalents	\$ 255,272	\$ 5,820,412	\$ 6,075,684
Liabilities			
Accounts payable	\$ 2,815	\$ -	\$ 2,815
Due to other governmental units	30	-	30
Deposits payable	252,427	-	252,427
Undistributed taxes	-	5,820,412	5,820,412
Total liabilities	\$ 255,272	\$ 5,820,412	\$ 6,075,684