

**Township of Bruce
Macomb County, Michigan**

FINANCIAL STATEMENTS

March 31, 2016

Township of Bruce
Macomb County, Michigan
March 31, 2016

BOARD OF TRUSTEES

Richard Cory	Supervisor
Susan Brockmann	Clerk
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Township of Bruce
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Township of Bruce
Macomb County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bruce (the Township) as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Romeo, Washington, Bruce Parks and Recreation Commission or the Washington and Bruce Senior Transportation through Advanced Reservation Commission, which represent 14 percent, 45 percent, and less than 1 percent, respectively, of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for governmental activities, is based solely on the report of the other auditors. 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bruce as of March 31, 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, budgetary comparison schedules, and schedules of funding progress and employer contributions, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor and fiduciary 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 nonmajor and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 12, 2016

Township of Bruce

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

Financial Reporting

This discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2016. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this analysis, the following represents the most significant financial issues for the year ended March 31, 2016:

- The Township's net position in the governmental activities decreased by \$273,638 during the 2015-2016 fiscal year.
- Capital grants and contributions in the governmental activities increased by \$235,661 during the 2015-2016 fiscal year.

Using this Annual Report

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

Government-wide Financial Statements. The 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.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements. 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 operations of the Township 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 the government.

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

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

Township of Bruce

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

The Township maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, and Advanced Life Support funds, all of which are considered to be major funds. The Improvement Revolving and Special Assessment District funds are nonmajor governmental funds and are detailed in the Nonmajor Governmental Funds Combining Balance Sheet in the Other Supplementary Information section of the audit report.

The Township adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and each major Special Revenue Fund to demonstrate compliance with this budget.

Proprietary Funds. The Township maintains two (2) proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-32 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this Management's Discussion and Analysis and the budgetary comparison schedules. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.

The Township as a Whole

The following table shows, in a condensed format, a comparative analysis of the net position as of March 31, 2016 and March 31, 2015.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 4,809,265	\$ 4,404,669	\$ 11,196	\$ 129,886	\$ 4,820,461	\$ 4,534,555
Capital assets	3,166,133	2,883,857	7,067,699	6,993,250	10,233,832	9,877,107
Total assets	7,975,398	7,288,526	7,078,895	7,123,136	15,054,293	14,411,662
Deferred outflows of resources	-	-	265,714	280,476	265,714	280,476
Liabilities						
Current liabilities	407,722	444,804	289,050	276,175	696,772	720,979
Noncurrent liabilities	4,993,906	4,043,219	3,816,342	3,794,107	8,810,248	7,837,326
Total liabilities	5,401,628	4,488,023	4,105,392	4,070,282	9,507,020	8,558,305
Net position						
Net investment in capital assets	2,726,926	2,883,857	3,044,873	2,987,659	5,771,799	5,871,516
Restricted	2,076,907	1,770,192	-	-	2,076,907	1,770,192
Unrestricted	(2,230,063)	(1,853,546)	194,344	345,671	(2,035,719)	(1,507,875)
Total net position	\$ 2,573,770	\$ 2,800,503	\$ 3,239,217	\$ 3,333,330	\$ 5,812,987	\$ 6,133,833

Township of Bruce

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

Net position may serve over time as a useful indicator of a government's financial position. The Township's assets and deferred outflows of resources exceeded liabilities by \$5,812,987 as of March 31, 2016. A portion of the Township's net position reflects its balance of unrestricted net position. These funds may be used to meet the Township's ongoing obligations to citizens and creditors.

An additional portion of the Township's net position (approximately 99%) reflects its net investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (approximately 36%) represents resources that are subject to external restrictions on how they may be used.

The Township's total change in net position was a decrease of \$273,638 during the current year as indicated below.

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue						
Charges for services	\$ 1,257,373	\$ 1,126,569	\$ 424,516	\$ 417,545	\$ 1,681,889	\$ 1,544,114
Operating grants and contributions	80,974	56,167	-	66,594	80,974	122,761
Capital grants and contributions	247,568	11,907	499	-	248,067	11,907
General revenue						
Property taxes	2,059,391	1,954,435	-	-	2,059,391	1,954,435
State shared revenue	522,584	535,452	-	-	522,584	535,452
Investment earnings	7,394	6,952	34,961	41,228	42,355	48,180
Change in equity interest in joint ventures	2,759	-	-	-	2,759	-0-
Miscellaneous	33,244	29,288	-	-	33,244	29,288
Total revenue	4,211,287	3,720,770	459,976	525,367	4,671,263	4,246,137
Program expenses						
General government	882,618	851,222	-	-	882,618	851,222
Public safety	3,139,651	3,137,106	-	-	3,139,651	3,137,106
Public works	348,745	388,681	-	-	348,745	388,681
Recreation and culture	-	30,071	-	-	-0-	30,071
Health and welfare	5,623	17,422	-	-	5,623	17,422
Sewer system	-	-	459,141	535,378	459,141	535,378
Water system	-	-	94,948	71,702	94,948	71,702
Interest on long-term debt	14,175	-	-	-	14,175	-0-
Total program expenses	4,390,812	4,424,502	554,089	607,080	4,944,901	5,031,582
Change in net position	\$ (179,525)	\$ (703,732)	\$ (94,113)	\$ (81,713)	\$ (273,638)	\$ (785,445)

Governmental Activities

The net position of the Township's governmental activities decreased \$179,525 during fiscal year 2016. Although the Township's revenues grew by approximately 13% and the expenses of \$4,390,812 during fiscal year 2016 decreased by less than 1% from fiscal year 2015, the Township continues to analyze ways to obtain revenue or cut expenses without losing service as a result of the continued loss in net position. A key element related to the change in net position is the public safety expenses which is approximately 72% of the total expenses and includes fire and ambulance services.

Township of Bruce

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

Business-type Activities

The net position of the Township's business-type activities decreased \$94,113 during fiscal year 2016. Although the total expenses decreased approximately 9%, revenues also decreased approximately 12%, which resulted in the business-type activities decreasing overall as the expenses continue to be more than the revenue. The majority of the revenue is generated through charges for services, which makes up approximately 92% of the total business-type activities revenue.

The Township's Funds

Governmental Funds. The analysis of the Township's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the governmental funds, not the Township as a whole. The Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental funds for the fiscal year ended March 31, 2016, were the General Fund, Fire Fund, and Advanced Life Support Fund. The General Fund pays for most of the Township's governmental operating services. The most significant service provided within the General Fund during the fiscal year was for general government, which incurred expenditures of \$552,820 for the fiscal year.

The Fire Fund and Advanced Life Support Fund are used to account for fire and ambulance services and are funded with special millages. The funds incurred total expenditures of \$849,564 and \$1,695,578, respectively, of which \$2,381,666 were for fire and ambulance services. The remaining expenditures were for capital outlay.

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

Unrestricted net position of the Sewer System and the Water System at the end of the year amounted to a deficit of \$266,280 and a positive \$460,625, respectively. The decrease in net position for the Sewer System was \$80,685; while the decrease in net position for the Water System was \$13,428. Other significant factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township's Board of Trustees revised the General Fund's budget several times. The Township began the year expecting no usage of fund balance. Even after all budget adjustments were made, the Township continued to anticipate no usage of fund balance although both the General Fund's budgeted revenues and expenditures were increased by a total of \$137,957 throughout the year. Actual expenditures came in approximately \$122,539 under the final budgeted amount adopted by the Township's Board of Trustees. Actual revenues were \$33,762 less than the final anticipated amount with the net change in fund balance being an increase of \$88,777, before GAAP-basis adjustments.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year, the Township had approximately \$10,233,832 invested in a broad range of governmental and business-type capital assets, including infrastructure, buildings, land, vehicles, equipment, and utilities, net of accumulated depreciation. During the fiscal year 2016, the most significant capital asset additions were the purchase of a fire truck and sewer system improvements. Further details related to the Township's capital assets can be found in Note G to the financial statements.

Long-term Debt. The Township's long-term debt decreased by approximately \$11,926 during fiscal year 2016. This change was largely related to obtaining additional debt in the fiscal year, but making more in payments during the year on the bonds and loans currently outstanding. The carrying amount of the Township's obligation for compensated absences, included in the long-term debt, was \$186,364 at fiscal year end. Further details related to the Township's long-term debt can be found in Note H to the financial statements.

Township of Bruce

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

Current Economic Factors

Revenue sharing makes up a significant portion of the Township's budget. While this has leveled off, the Township has experienced a slight increase during the most last few budget cycles. A close watch will be maintained as the State of Michigan continues to investigate financial solutions.

Increases in property values have resulted in a slight increase in the property tax revenue for the Township. The trend of increases in property values and corresponding revenue is expected to continue as the Township has noticed significant new construction and building permits being obtained.

Also, the planning commission recently approved major development through the industrial corridor that has already entered the engineering approval phase, phase one (1) of the three (3) project phases. The Township expects to see significant growth in the industrial area as building permits, sewer and water revenue, taxable values, and employment appear to have been given a boost by the development that is already occurring.

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 demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township at 223 East Gates Street, Romeo, Michigan 48065.

BASIC FINANCIAL STATEMENTS

Township of Bruce
STATEMENT OF NET POSITION
March 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,592,811	\$ 107,523	\$ 2,700,334
Current portion of receivables	144,251	122,316	266,567
Due from other governmental units	88,118	72,770	160,888
Internal balances	715,988	(715,988)	-0-
Prepays	14,478	2,200	16,678
Total current assets	3,555,646	(411,179)	3,144,467
Noncurrent assets			
Internal balances	77,869	(77,869)	-0-
Noncurrent portion of receivables	25,376	500,244	525,620
Investment in Romeo, Washington, Bruce Parks and Recreation Commission	802,174	-	802,174
Investment in Washington and Bruce Senior Transportation through Advanced Reservation Commission	348,200	-	348,200
Capital assets not being depreciated	680,770	307,813	988,583
Capital assets being depreciated, net	2,485,363	6,759,886	9,245,249
Total noncurrent assets	4,419,752	7,490,074	11,909,826
TOTAL ASSETS	7,975,398	7,078,895	15,054,293
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, net of amortization	-	265,714	265,714
LIABILITIES			
Current liabilities			
Accounts payable	22,471	82,329	104,800
Accrued wages	79,334	237	79,571
Due to other governmental units	50,414	-	50,414
Unearned revenue	114,440	-	114,440
Current portion of compensated absences	106,771	-	106,771
Current portion of long-term debt	34,292	206,484	240,776
Total current liabilities	407,722	289,050	696,772
Noncurrent liabilities			
Noncurrent portion of compensated absences	79,593	-	79,593
Noncurrent portion of long-term debt	404,915	3,816,342	4,221,257
Net other post-employment benefits obligation	4,509,398	-	4,509,398
Total noncurrent liabilities	4,993,906	3,816,342	8,810,248
TOTAL LIABILITIES	5,401,628	4,105,392	9,507,020
NET POSITION			
Net investment in capital assets	2,726,926	3,044,873	5,771,799
Restricted			
Capital projects	213,750	-	213,750
Public safety	1,863,157	-	1,863,157
Unrestricted	(2,230,063)	194,344	(2,035,719)
TOTAL NET POSITION	\$ 2,573,770	\$ 3,239,217	\$ 5,812,987

See accompanying notes to financial statements.

Township of Bruce
STATEMENT OF ACTIVITIES
Year Ended March 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 882,618	\$ 362,197	\$ 52,000	\$ -	\$ (468,421)	\$ -	\$ (468,421)
Public safety	3,139,651	895,091	-	238,500	(2,006,060)	-	(2,006,060)
Public works	348,745	85	28,974	9,068	(310,618)	-	(310,618)
Health and welfare	5,623	-	-	-	(5,623)	-	(5,623)
Interest on long-term debt	14,175	-	-	-	(14,175)	-	(14,175)
Total governmental activities	4,390,812	1,257,373	80,974	247,568	(2,804,897)	-0-	(2,804,897)
Business-type activities							
Sewer system	459,141	368,903	-	264	-	(89,974)	(89,974)
Water system	94,948	55,613	-	235	-	(39,100)	(39,100)
Total business-type activities	554,089	424,516	-0-	499	-0-	(129,074)	(129,074)
Total government	<u>\$ 4,944,901</u>	<u>\$ 1,681,889</u>	<u>\$ 80,974</u>	<u>\$ 248,067</u>	(2,804,897)	(129,074)	(2,933,971)
General revenues							
Property taxes					2,059,391	-	2,059,391
State shared revenues					522,584	-	522,584
Investment earnings					7,394	34,961	42,355
Change in equity interest related to Romeo, Washington, Bruce							
Parks and Recreation Commission					2,759	-	2,759
Miscellaneous					33,244	-	33,244
Total general revenues					2,625,372	34,961	2,660,333
Change in net position					(179,525)	(94,113)	(273,638)
Restated net position, beginning of the year					2,753,295	3,333,330	6,086,625
Net position, end of the year					<u>\$ 2,573,770</u>	<u>\$ 3,239,217</u>	<u>\$ 5,812,987</u>

See accompanying notes to financial statements.

Township of Bruce

Governmental Funds

BALANCE SHEET

March 31, 2016

	General Fund	Fire Fund	Advanced Life Support Fund
ASSETS			
Cash and cash equivalents	\$ 541,117	\$ 999,610	\$ 919,891
Receivables			
Accounts	22,973	9,311	14,044
Taxes	15,891	29,103	41,716
Special assessments	-	-	-
Long-term receivable	11,000	-	-
Due from other governmental units	88,118	-	-
Due from other funds	511,033	21,252	2,080
Advances to other funds	77,869	-	-
Prepays	6,020	6,258	2,200
TOTAL ASSETS	<u>\$ 1,274,021</u>	<u>\$ 1,065,534</u>	<u>\$ 979,931</u>
LIABILITIES			
Accounts payable	\$ 5,754	\$ 10,293	\$ 6,424
Accrued wages	17,073	28,716	33,545
Due to other funds	65,114	2,080	-
Due to other governmental units	50,414	-	-
Unearned revenue	13,190	-	101,250
TOTAL LIABILITIES	151,545	41,089	141,219
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	5,500	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	83,889	6,258	2,200
Restricted	-	1,018,187	836,512
Assigned	234,139	-	-
Unassigned	798,948	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,116,976</u>	<u>1,024,445</u>	<u>838,712</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 1,274,021</u>	<u>\$ 1,065,534</u>	<u>\$ 979,931</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total
\$ 132,193	\$ 2,592,811
-	46,328
-	86,710
25,589	25,589
-	11,000
-	88,118
269,254	803,619
-	77,869
-	14,478
<u>\$ 427,036</u>	<u>\$ 3,746,522</u>
\$ -	\$ 22,471
-	79,334
20,437	87,631
-	50,414
-	114,440
<u>20,437</u>	<u>354,290</u>
24,665	30,165
-	92,347
213,750	2,068,449
187,653	421,792
<u>(19,469)</u>	<u>779,479</u>
<u>381,934</u>	<u>3,362,067</u>
<u>\$ 427,036</u>	<u>\$ 3,746,522</u>

Township of Bruce

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

March 31, 2016

Total fund balances - governmental funds \$ 3,362,067

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

Investments in joint ventures are not financial resources and are not reported in the governmental funds. 1,150,374

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

The cost of capital assets is	\$ 8,359,280	
Accumulated depreciation is	<u>(5,193,147)</u>	

Capital assets, net 3,166,133

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

Unavailable revenue		30,165
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Compensated absences	(186,364)	
Loan payable	(439,207)	
Net other post-employment benefits obligation	<u>(4,509,398)</u>	

(5,134,969)

Net position of governmental activities \$ 2,573,770

Township of Bruce

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2016

	General Fund	Fire Fund	Advanced Life Support Fund
REVENUES			
Taxes	\$ 534,790	\$ 687,814	\$ 1,004,066
Licenses and permits	88,541	-	-
Intergovernmental	551,558	238,500	-
Charges for services	116,597	96,729	790,261
Interest	1,946	2,190	1,847
Other	70,324	7,721	16,665
	<u>1,363,756</u>	<u>1,032,954</u>	<u>1,812,839</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	552,820	-	-
Public safety	-	686,088	1,695,578
Public works	309,344	-	-
Other	289,190	-	-
Capital outlay	-	163,476	-
Debt service	47,468	-	-
	<u>1,198,822</u>	<u>849,564</u>	<u>1,695,578</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	164,934	183,390	117,261
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(64,254)	-	-
	<u>(64,254)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	100,680	183,390	117,261
Fund balances (deficits), beginning of year	<u>1,016,296</u>	<u>841,055</u>	<u>721,451</u>
Fund balances (deficits), end of year	<u>\$ 1,116,976</u>	<u>\$ 1,024,445</u>	<u>\$ 838,712</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total
\$ -	\$ 2,226,670
-	88,541
-	790,058
-	1,003,587
1,497	7,480
<u>13,487</u>	<u>108,197</u>
14,984	4,224,533
-	552,820
-	2,381,666
-	309,344
-	289,190
-	163,476
-	<u>47,468</u>
<u>-0-</u>	<u>3,743,964</u>
14,984	480,569
64,254	64,254
<u>-</u>	<u>(64,254)</u>
<u>64,254</u>	<u>-0-</u>
79,238	480,569
<u>302,696</u>	<u>2,881,498</u>
<u>\$ 381,934</u>	<u>\$ 3,362,067</u>

Township of Bruce

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

Year Ended March 31, 2016

Net change in fund balances - total governmental funds **\$ 480,569**

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

Changes in equity interest in joint ventures are not reported in the governmental funds:

Romeo, Washington, and Bruce Parks and Recreation Commission	\$ 2,759	
Washington and Bruce Townships Senior Transportation through Advanced Reservation Commission (S.T.A.R.)	<u>(5,623)</u>	
		(2,864)

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	163,476	
Depreciation	<u>(306,492)</u>	
Excess of depreciation expense over capital outlay		(143,016)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period these amounts consist of:

Change in unavailable revenue	(16,005)
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Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Debt principal retirements	33,293
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in compensated absences	(4,132)	
(Increase) in net other post-employment benefits obligation	<u>(527,370)</u>	
		<u>(531,502)</u>

Change in net position of governmental activities **\$ (179,525)**

Township of Bruce

Proprietary Funds

STATEMENT OF NET POSITION

March 31, 2016

	Sewer System Fund	Water System Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,030	\$ 104,493	\$ 107,523
Receivables			
Customers	70,716	-	70,716
Current portion of special assessments	24,169	27,431	51,600
Due from other governmental units	72,770	-	72,770
Due from other funds	47,464	-	47,464
Prepays	2,200	-	2,200
	<u>220,349</u>	<u>131,924</u>	<u>352,273</u>
Total current assets			
Noncurrent assets			
Noncurrent portion of special assessments receivable	119,106	381,138	500,244
Capital assets not being depreciated	307,813	-	307,813
Capital assets, net of accumulated depreciation	5,890,265	869,621	6,759,886
	<u>6,317,184</u>	<u>1,250,759</u>	<u>7,567,943</u>
Total noncurrent assets			
TOTAL ASSETS			
	<u>6,537,533</u>	<u>1,382,683</u>	<u>7,920,216</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges, net of amortization	265,714	-	265,714
LIABILITIES			
Current liabilities			
Accounts payable	77,356	4,973	82,329
Accrued wages	237	-	237
Due to other funds	715,988	47,464	763,452
Current portion of long-term debt	172,284	34,200	206,484
	<u>965,865</u>	<u>86,637</u>	<u>1,052,502</u>
Total current liabilities			
Noncurrent liabilities			
Advances from other funds	77,869	-	77,869
Noncurrent portion of long-term debt	3,372,542	443,800	3,816,342
	<u>3,450,411</u>	<u>443,800</u>	<u>3,894,211</u>
Total noncurrent liabilities			
TOTAL LIABILITIES			
	<u>4,416,276</u>	<u>530,437</u>	<u>4,946,713</u>
NET POSITION			
Net investment in capital assets	2,653,252	391,621	3,044,873
Unrestricted	(266,281)	460,625	194,344
	<u>\$ 2,386,971</u>	<u>\$ 852,246</u>	<u>\$ 3,239,217</u>
TOTAL NET POSITION			

See accompanying notes to financial statements.

Township of Bruce

Proprietary Funds

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

Year Ended March 31, 2016

	Sewer System Fund	Water System Fund	Total
OPERATING REVENUES			
Charges for services	\$ 368,903	\$ 55,613	\$ 424,516
OPERATING EXPENSES			
Cost of sewage disposal	184,318	-	184,318
Operation and maintenance	23,153	52,709	75,862
General and administrative	6,897	1,110	8,007
Depreciation and amortization	151,357	16,191	167,548
TOTAL OPERATING EXPENSES	<u>365,725</u>	<u>70,010</u>	<u>435,735</u>
OPERATING INCOME (LOSS)	3,178	(14,397)	(11,219)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	9,289	25,672	34,961
Special assessments	264	235	499
Interest and fees expense	(93,416)	(24,938)	(118,354)
NONOPERATING REVENUES (EXPENSES)	<u>(83,863)</u>	<u>969</u>	<u>(82,894)</u>
CHANGE IN NET POSITION	(80,685)	(13,428)	(94,113)
Net position, beginning of year	<u>2,467,656</u>	<u>865,674</u>	<u>3,333,330</u>
Net position, end of year	<u>\$ 2,386,971</u>	<u>\$ 852,246</u>	<u>\$ 3,239,217</u>

See accompanying notes to financial statements.

Township of Bruce

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended March 31, 2016

	Sewer System Fund	Water System Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 368,903	\$ 55,613	\$ 424,516
Cash paid to other governmental units	41,108	-	41,108
Cash paid to suppliers	(196,357)	(49,250)	(245,607)
Cash paid to employees	(6,905)	-	(6,905)
	<u>206,749</u>	<u>6,363</u>	<u>213,112</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment (receipt) of interfund balances	63,104	(24,680)	38,424
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments on borrowings	(175,000)	(35,000)	(210,000)
Proceeds from loan proceeds	155,949	-	155,949
Purchase of capital assets	(228,719)	-	(228,719)
Special assessments received	44,864	28,804	73,668
Interest and fees paid	(93,416)	(24,938)	(118,354)
	<u>(296,322)</u>	<u>(31,134)</u>	<u>(327,456)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9,289	25,672	34,961
	<u>9,289</u>	<u>25,672</u>	<u>34,961</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(17,180)	(23,779)	(40,959)
Cash and cash equivalents, beginning of year	<u>20,210</u>	<u>128,272</u>	<u>148,482</u>
Cash and cash equivalents, end of year	<u>\$ 3,030</u>	<u>\$ 104,493</u>	<u>\$ 107,523</u>

Township of Bruce

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended March 31, 2016

	<u>Sewer System Fund</u>	<u>Water System Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 3,178	\$ (14,397)	\$ (11,219)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	151,357	16,191	167,548
(Increase) decrease in:			
Due from other governmental units	41,108	-	41,108
Prepays	(2,200)	-	(2,200)
Increase (decrease) in:			
Accounts payable	13,314	4,569	17,883
Accrued wages	(8)	-	(8)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 206,749</u>	<u>\$ 6,363</u>	<u>\$ 213,112</u>

See accompanying notes to financial statements.

Township of Bruce

Fiduciary Funds

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 210,511
Due from others	531
Due from other governmental units	<u>38,455</u>
TOTAL ASSETS	<u><u>\$ 249,497</u></u>
LIABILITIES	
Accrued and other liabilities	\$ 994
Due to other governmental units	34,804
Deposits	<u>213,699</u>
TOTAL LIABILITIES	<u><u>\$ 249,497</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

The Township of Bruce (the Township) was organized as a township under provisions of the constitution and general law of the State of Michigan. The Township is one of eleven (11) townships in Macomb County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two (2) Trustees and provides services to its residents in many areas including general government, highways and streets, fire protection, and sewer utility services.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to township governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

1. Reporting Entity

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

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

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

2. Joint Ventures

The Township is a member of the Romeo, Washington, Bruce Parks and Recreation Commission and the Washington and Bruce Townships Senior Transportation thru Advanced Reservation Commission (S.T.A.R.). The Township appoints one member to each joint venture's governing board, which then approves the annual budget. The Romeo, Washington, Bruce Parks and Recreation Commission is funded primarily from property taxes and program fees. S.T.A.R. is funded primarily from property taxes and operating grants. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township's equity interest of \$802,174 and \$348,200 in the Romeo, Washington, Bruce Parks and Recreation Commission and the Washington and Bruce Townships Senior Transportation thru Advanced Reservation Commission, respectively, is recorded within the governmental activities of the statement of net position. Complete financial statements for the joint ventures can be obtained from the respective administrative offices.

The Township is a member of Romeo District Library, which provides library services to the residents of the Village of Romeo, Washington Township, and Bruce Township. The Library is funded primarily from property taxes and user fees. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township appoints two members to the Romeo District Library board, which approves the library's annual budget. During the current year, no contribution was made to the Library by the Township. Complete financial statements for the Romeo District Library can be obtained from the administrative office.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

2. Joint Ventures - continued

The Township, in conjunction with the Village of Romeo and Washington Township, has entered into an agreement that created the Michigan Community Media (MiCM). MiCM provides Public, Education, and Government (PEG) services to the Village of Romeo, Washington Township, and Bruce Township and the residents thereof in conjunction with cable/video service providers. The Township's financial responsibility is to pass through 95% of the franchise fees received from its cable/video service providers. For the year ended March 31, 2016, the Township passed through \$85,292.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the Township as a whole. All nonfiduciary activities of the Township are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. 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 the major individual enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Fire Fund is used to account for fire safety and protection services/activities within the Township. Funding is provided primarily through a local property tax levy.
- c. The Advanced Life Support Fund is used to account for emergency medical response service/activities within the Township. Funding is provided primarily through a local property tax levy and a user charge for ambulance services.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

3. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The Township reports the following major enterprise funds:

- a. The Sewer System Fund is used to account for the activities of the sewage and storm water collection system. Funding is primarily raised through user charges.
- b. The Water System Fund is used to account for the activities of the construction and establishment of a water utility system. Funding is primarily raised through user charges.

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

4. Measurement Focus

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

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

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

5. Basis of Accounting

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

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

The proprietary and agency funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

5. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

6. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect results in the required supplementary information. The Township employs the following budgetary data reflected in the financial statements.

- a. Prior to March 1, the Township Supervisor submits a proposed operating budget for the fiscal year commencing the following April 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to March 31, the budget is adopted through passage of a Board resolution. After the budget is adopted all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. Formal budgetary integration is employed as a management control device during the year.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. Cash equivalents are recorded at cost, which approximates market value.

8. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

9. Due from Other Governmental Units

Due from other governmental units consist of amounts due from the State of Michigan and other governments for various payments and grants.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

10. Prepays

Prepaid expenditures in the governmental funds and prepaid expenses in the government-wide financial statements, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

11. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., amounts paid to the County Department of Roads for the intangible right to use the roads), are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental and business-type activities columns. Capital assets are those with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Sewer system	30 - 60 years
Infrastructure	40 years
Buildings and improvements	40 years
Fire vehicles and equipment	5 - 12 years
Machinery and equipment	5 - 7 years
Election equipment	5 years

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will, when applicable, report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Township only has one item that qualifies for reporting in this category. It is a deferred charge on refunding reported in the government-wide and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and balance sheet will, when applicable, 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments and a long-term receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

13. Compensated Absences

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of March 31, 2016, including related payroll taxes, is recorded entirely in the government-wide financial statements.

14. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

15. Property Tax

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

Property taxes are levied on December 1. The tax levy is due February 28. All taxes not paid by their due date are deemed delinquent. Delinquent real and personal property taxes are turned over to the Macomb County Treasurer on March 1 of the year following the levy. The Macomb County Treasurer remits payment to all taxing units on all delinquent real property taxes. Personal property payments are remitted to the Township when the County collects the delinquent property taxes still outstanding after March 1.

The Township is permitted to levy up to \$1 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended March 31, 2016, the Township levied 0.7848 mills for general governmental services, 2.2400 mills for fire services, and 3.2900 mills for advanced life support services. The total taxable value for the 2015 levy for the property within the Township was \$455,150,059.

16. Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions that have been imposed by outside sources which preclude a portion of net position from their use for unrestricted purposes.

17. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE B: CASH AND CASH EQUIVALENTS

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

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Deposits

There is a custodial credit risk as it related to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2016, the carrying amount of the Township's deposits was \$2,910,095 and the bank balance was \$3,038,130.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2016, the Township's accounts were federally insured for \$755,396 and the amount of \$2,282,734 was uninsured and uncollateralized.

The cash and cash equivalents caption on the financial statements include \$750 in petty cash.

The following summarizes the categorizations of these amounts as of March 31, 2016:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	<u>\$ 2,700,334</u>	<u>\$ 210,511</u>	<u>\$ 2,910,845</u>

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

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE C: LONG-TERM RECEIVABLE

On March 20, 2013, the Township entered into a five (5) year agreement with Ingleside Farms ending on December 31, 2017, for the use of approximately 144 acres of crop land. Ingleside Farms has agreed to pay the Township \$5,500 per year on or before April 1 of each year. The amounts attributable to this long-term receivable have been recorded at the fund level as long-term receivable and unavailable revenue. The following is a summary of future annual payments at March 31, 2016:

<u>Year Ending March 31,</u>	
2017	\$ 5,500
2018	<u>5,500</u>
	<u>\$ 11,000</u>

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at March 31, 2016, are as follows:

Due to General Fund from:	
Sewer System Fund	\$ 510,989
Nonmajor governmental funds	<u>44</u>
	<u>\$ 511,033</u>
Due to Fire Fund from:	
General Fund	\$ 859
Nonmajor governmental funds	<u>20,393</u>
	<u>\$ 21,252</u>
Due to Advanced Life Support Fund from:	
Fire Fund	<u>\$ 2,080</u>

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Due to nonmajor governmental funds from:	
General Fund	\$ 64,255
Sewer System Fund	<u>204,999</u>
	<u>\$ 269,254</u>
Due to Sewer System Fund from:	
Water System Fund	<u>\$ 47,464</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not yet cleared as of the balance sheet date.

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between funds of the primary government at March 31, 2016:

Advances from General Fund to:	
Sewer System Fund	<u>\$ 77,869</u>

Advances from the General Fund to the Sewer System Fund were to cover debt payments related to the 2007 Special Assessment Bonds.

NOTE F: INTERFUND TRANSFERS

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

Transfers are used to move unrestricted General Fund revenues to fund operating costs and future capital projects that the government must account for in other funds in accordance with budgetary authorizations.

Transfer to nonmajor governmental funds from:	
General Fund	<u>\$ 64,254</u>

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE G: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2016, was as follows:

Governmental Activities

	Restated Balance Apr. 1, 2015	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Mar. 31, 2016
Capital assets not being depreciated				
Land	\$ 680,770	\$ -	\$ -	\$ 680,770
Construction in progress	94,193	163,476	(257,669)	-0-
Subtotal	774,963	163,476	(257,669)	680,770
Capital assets being depreciated				
Infrastructure	472,500	-	-	472,500
Buildings and improvements	3,850,283	-	-	3,850,283
Fire vehicles and equipment	3,012,014	257,669	(201,000)	3,068,683
Machinery and equipment	220,563	-	-	220,563
Vehicles	6,513	-	-	6,513
Election equipment	59,968	-	-	59,968
Subtotal	7,621,841	257,669	(201,000)	7,678,510
Less accumulated depreciation for:				
Infrastructure	(11,813)	(11,812)	-	(23,625)
Buildings and improvements	(2,431,779)	(100,531)	-	(2,532,310)
Fire vehicles and equipment	(2,419,907)	(179,016)	201,000	(2,397,923)
Machinery and equipment	(167,894)	(10,245)	-	(178,139)
Vehicles	(1,086)	(2,171)	-	(3,257)
Election equipment	(55,176)	(2,717)	-	(57,893)
Subtotal	(5,087,655)	(306,492)	201,000	(5,193,147)
Net capital assets being depreciated	2,534,186	(48,823)	-0-	2,485,363
Capital assets, net	<u>\$ 3,309,149</u>	<u>\$ 114,653</u>	<u>\$ (257,669)</u>	<u>\$ 3,166,133</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 115,664
Public safety	179,016
Public works	11,812
	<u>\$ 306,492</u>

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE G: CAPITAL ASSETS - CONTINUED

Business-type Activities

	Balance Apr. 1, 2015	Additions	Deletions	Balance Mar. 31, 2016
Capital assets not being depreciated				
Construction in progress - sewer system	\$ 79,094	\$ 228,719	\$ -	\$ 307,813
Capital assets being depreciated				
Sewer system	8,332,733	-	-	8,332,733
Water system	923,491	-	-	923,491
Subtotal	9,256,224	-0-	-0-	9,256,224
Less accumulated depreciation for:				
Sewer system	(2,303,589)	(138,879)	-	(2,442,468)
Water system	(38,479)	(15,391)	-	(53,870)
Subtotal	(2,342,068)	(154,270)	-0-	(2,496,338)
Net capital assets being depreciated	6,914,156	(154,270)	-0-	6,759,886
Capital assets, net	<u>\$ 6,993,250</u>	<u>\$ 74,449</u>	<u>\$ -0-</u>	<u>\$ 7,067,699</u>

Depreciation expense was charged to the following business-type activities:

Sewer system	\$ 138,879
Water system	15,391
	<u>\$ 154,270</u>

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portion) of the Township for the year ended March 31, 2016:

	Restated Balance Apr. 1, 2015	Additions	Deletions	Balance Mar. 31, 2016	Amounts Due Within One Year
Governmental Activities					
2014 State Infrastructure Bank Loan	\$ 472,500	\$ -	\$ (33,293)	\$ 439,207	\$ 34,292
Compensated absences	182,232	108,536	(104,404)	186,364	106,771
Total governmental activities	654,732	108,536	(137,697)	625,571	141,063

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE H: LONG-TERM DEBT - CONTINUED

	Restated Balance Apr. 1, 2015	Additions	Deletions	Balance Mar. 31, 2016	Amounts Due Within One Year
Business-type Activities					
2007 Special Assessment Bonds	\$ 265,000	\$ -	\$ (35,000)	\$ 230,000	\$ 35,000
2010 Special Assessment Bonds	525,000	-	(35,000)	490,000	35,000
Discount	(12,800)	-	800	(12,000)	(800)
2012 Refunding Bonds	3,185,000	-	(140,000)	3,045,000	135,000
Premium	43,391	-	(2,284)	41,107	2,284
2015 State Clean Water Revolving Fund Loan	-	228,719	-	228,719	-
	<u>4,005,591</u>	<u>228,719</u>	<u>(211,484)</u>	<u>4,022,826</u>	<u>206,484</u>
TOTAL	<u>\$ 4,660,323</u>	<u>\$ 337,255</u>	<u>\$ (349,181)</u>	<u>\$ 4,648,397</u>	<u>\$ 347,547</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Governmental Activities

General Obligation Loan

\$472,500 2014 State Infrastructure Bank (SIB) Loan, dated June 23, 2014, due in annual payments of \$47,468 through July 1, 2026, including interest of 3.00 percent, payable annually.

\$ 439,207

Compensated Absences

In accordance with the Township personnel policies and/or contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$186,364 for vacation and sick at March 31, 2016. The amounts of \$106,771 and \$79,593 have been reported as current and noncurrent liabilities, respectively. These liabilities are expected to be liquidated by the General, Fire, and Advance Life Support Funds, as applicable.

Business-type Activities

General Obligation Bonds

\$3,185,000 2012 Refunding Bonds, dated November 30, 2012, due in annual installments ranging from \$135,000 to \$195,000 through October 1, 2033, with interest ranging from 1.50 to 3.00 percent, payable semi-annually.

\$ 3,045,000

Special Assessment Bonds

\$520,000 2007 Special Assessment Bonds, dated August 1, 2007, due in annual installments ranging from \$35,000 to \$50,000 through April 1, 2022, with interest ranging from 4.35 to 4.50 percent, payable semi-annually.

\$ 230,000

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE H: LONG-TERM DEBT - CONTINUED

Business-type Activities - continued

Special Assessment Bonds - continued

\$640,000 2010 Special Assessment Bonds, dated November 3, 2010, due in annual installments of \$35,000 through April 1, 2030, with interest ranging from 3.75 to 5.20 percent, payable semi-annually. \$ 490,000

\$ 720,000

Revolving Fund Loan

\$340,000 State Clean Water Revolving Fund Loan, dated September 17, 2015. The official maturities of this loan is not yet known due to it still being drawn upon. The Township draws on the bonds as project expenditures are submitted. A maturity schedule will be officially set upon project completion. Due to no final, formal maturity schedule being in place at year end, it is not possible to anticipate the actual amounts of principal and interest that will be due each year. \$ 228,719

Advanced Refunding - Prior

On November 30, 2012, the Township defeased a portion of the 2004 General Obligation Capital Improvement Bonds, which are due and payable October 1, 2015 through October 1, 2033. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The Township issued 2012 Refunding Bonds in the amount of \$3,185,000. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the Township's financial statements. At March 31, 2016, bonds due and payable October 1, 2016 through October 1, 2033, for the 2004 General Obligation Capital Improvement Bonds in the amount of \$2,775,000 are considered defeased.

The annual requirements to pay the debt principal and interest outstanding for the bonds are as follows:

Year Ending March 31,	Governmental Activities General Obligation Bonds	
	Principal	Interest
2017	\$ 34,292	\$ 13,176
2018	35,321	12,147
2019	36,381	11,088
2020	37,472	9,996
2021	38,596	8,872
2022-2026	211,059	26,282
2027	46,086	1,383
	<u>\$ 439,207</u>	<u>\$ 82,944</u>

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE H: LONG-TERM DEBT - CONTINUED

Year Ending March 31,	Business-type Activities			
	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 135,000	\$ 79,538	\$ 70,000	\$ 33,144
2018	135,000	76,838	70,000	30,309
2019	160,000	74,813	70,000	27,430
2020	155,000	71,613	70,000	24,490
2021	155,000	68,513	75,000	21,340
2022-2026	830,000	286,413	225,000	61,400
2027-2031	905,000	165,275	140,000	14,560
2032-2034	570,000	33,900	-	-
	<u>\$ 3,045,000</u>	<u>\$ 856,903</u>	<u>\$ 720,000</u>	<u>\$ 212,673</u>

NOTE I: ECONOMIC DEPENDENCY

A significant portion of the Township's revenues are raised through tax levies. The Township's largest taxpayer is Ford Motor Company (the Company). The Company is an individually significant taxpayer to the Township as it represents approximately 12 percent of the total taxes levied for the year ended March 31, 2016.

NOTE J: RISK MANAGEMENT

The Township participates in the Michigan Township Participating Plan for auto, property, general, wrongful acts, electronic data processing (EDP), crime, inland marine, law enforcement, employee benefits, public officials, and casualty losses. Settled claims have not exceeded the amount of insurance coverage in any of the past three (3) fiscal years.

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

NOTE K: DEFINED CONTRIBUTION RETIREMENT PLAN

The Township of Bruce Group Pension Plan is a defined contribution retirement plan administered by the Principal Financial group and available to all of the Township's full-time employees and part-time firefighters. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township's board, the Township contributes 16 percent of full-time employees' and 10 percent or 5 percent of part-time employees' base earnings depending on job position. In accordance with these requirements, the Township contributed \$220,825 and the employees contributed \$64,280 during the current year.

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE L: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Township of Bruce Post-employment Benefits Plan (the Plan) is a single-employer defined other post-employment benefit plan administered by the Township. The Township provides medical, dental, vision, and life insurance benefits to eligible retirees and their spouses in accordance with personnel policies. The Township purchases Medicare supplemental insurance for retirees eligible for Medicare. 100% of all premiums and other costs associated with the Plan are covered by the Township. The Township records the cost of providing these benefits as expenses when paid. The following are the Governmental Accounting Standards Board (GASB) Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the Township.

The following are the required disclosures that have been implemented by the Township.

Membership in the plan at March 31, 2016, is as follows:

Retirees and beneficiaries receiving benefits	7
Active plan members	<u>19</u>
	<u><u>26</u></u>

The plan does not issue separate stand-alone financial statements.

Funding Policy

The Township's annual other post-employment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer* (ARC). 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 one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Township has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the Township.

Funding Progress

For the year ended March 31, 2016, the Township has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of March 31, 2015. The calculation 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 to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed thirty (30) years.

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE L: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

Funding Progress - continued

The Township's computed contribution and actual funding is summarized as follows:

Annual required contribution (ARC)	\$ 647,259
Interest on net OPEB Obligation	159,281
Adjustment to annual required contribution	<u>(165,918)</u>
Annual OPEB cost (expense)	640,622
Amounts contributed:	
Payments of current premiums (gross of employee reimbursement)	<u>(113,252)</u>
Increase in net OPEB obligation	527,370
Net OPEB obligation - beginning of year	<u>3,982,028</u>
Net OPEB obligation - end of year	<u><u>\$ 4,509,398</u></u>

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

	Year Ended March 31,		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual OPEB cost	\$ 582,829	\$ 578,158	\$ 640,622
Percentage contributed	14.5%	22.5%	17.7%
Net OPEB obligation	\$ 3,533,881	\$ 3,982,028	\$ 4,509,398

The funding progress of the plan is as follows:

	Year Ended March 31,		
	<u>2009</u>	<u>2012</u>	<u>2015</u>
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	6,901,466	5,599,503	4,714,632
Unfunded AAL (UAAL)	6,901,466	5,955,503	4,714,632
Funded ratio	0.0%	0.0%	0.0%
Annual covered payroll	\$ 1,214,152	\$ 1,317,402	\$ 1,319,774
Ratio of UAAL to covered payroll	568.4%	425.0%	357.2%

This trend information was obtained from the most recently issued valuation reports.

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE L: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

Valuation Methods and Assumptions

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of certain events far into the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the Township are subject to continual revisions as actual results are compared with past expectations and new estimates and assumptions are made about the future. The schedule of funding progress, presented above, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 Township and plan members to that point. The valuation methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in estimated accrued liabilities and the estimated value of assets, consistent with the long-term perspective of the calculations.

NOTE M: DETAILS OF FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

Fund Balance Classification Policies and Procedures

For committed fund balance, the Township's highest level of decision-making authority is the Township Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the Township Board.

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

Township of Bruce

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE M: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED

The Township has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, the Township considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Township considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

	General Fund	Fire Fund	Advance Life Support Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 6,020	\$ 6,258	\$ 2,200	\$ -	\$ 14,478
Advances	77,869	-	-	-	77,869
Restricted					
Public safety	-	1,018,187	836,512	-	1,854,699
Capital projects	-	-	-	213,750	213,750
Assigned					
Post-employment healthcare	150,000	-	-	-	150,000
Cable expenditures	84,139	-	-	-	84,139
Capital projects	-	-	-	187,653	187,653
Unassigned	798,948	-	-	(19,469)	779,479
	<u>\$ 1,116,976</u>	<u>\$ 1,024,445</u>	<u>\$ 838,712</u>	<u>\$ 381,934</u>	<u>\$ 3,362,067</u>

NOTE N: FUND EQUITY DEFICITS

The Special Assessment District Fund had a deficit balance at March 31, 2016, of \$19,469. The Special Assessment District Fund deficit fund balance was a planned deficit as eligible expenditures were incurred in advance of special assessment revenues. The Township plans to eliminate this deficit through future special assessment collections.

The Sewer System Fund had a deficit unrestricted net position at March 31, 2016, of \$266,281. The Township plans to eliminate this deficit through future charges for services.

NOTE O: RESTATEMENT OF BEGINNING NET POSITION

Beginning net position has been restated in the governmental activities due to a correction of errors in the prior year.

Beginning net position	\$ 2,800,503
Overstated fire vehicles and equipment	(35,395)
Understated infrastructure, net	460,687
Understated long-term debt	<u>(472,500)</u>
Restated beginning net position	<u>\$ 2,753,295</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE P: UPCOMING ACCOUNTING PRONOUNCEMENTS

In March 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money weighted rates of return on plan investments. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensibly and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2018-2019 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Bruce

General Fund

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)

Year Ended March 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 488,172	\$ 534,372	\$ 534,790	\$ 418
Licenses and permits	81,500	87,000	88,541	1,541
Intergovernmental				
State shared revenue	545,000	545,000	522,584	(22,416)
Other	6,000	30,333	28,974	(1,359)
Charges for services	18,900	18,900	19,412	512
Interest	1,150	1,150	1,936	786
Other				
Special assessments	1,644	1,644	1,644	-0-
Miscellaneous	20,000	81,924	68,680	(13,244)
TOTAL REVENUES	1,162,366	1,300,323	1,266,561	(33,762)
EXPENDITURES				
Current				
General government				
Township board	25,200	27,700	23,369	4,331
Supervisor	50,600	50,600	50,600	-0-
Elections	15,800	20,194	20,132	62
Assessor	111,426	112,426	107,569	4,857
Legal fees	12,000	12,000	8,564	3,436
Clerk	97,920	97,920	97,010	910
General office	61,461	66,961	64,942	2,019
Accounting and audit	54,350	54,350	52,985	1,365
Board of Review	2,400	2,400	1,686	714
Tax roll preparation	5,000	5,300	5,209	91
Treasurer	63,100	63,100	62,555	545
Cemeteries	17,200	17,600	17,350	250
Building and grounds	47,700	47,700	40,849	6,851
Total general government	564,157	578,251	552,820	25,431
Public works				
Zoning board of appeals	1,900	1,900	1,626	274
Inspections	110,150	110,150	103,041	7,109
Street lighting	10,500	12,000	11,266	734
Engineering	2,500	2,500	37	2,463
Planning	21,100	22,200	22,075	125
Road chloride and paving	30,035	84,935	84,357	578
Ordinance enforcement	2,000	2,000	1,650	350
Total public works	178,185	235,685	224,052	11,633

Township of Bruce

General Fund

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) - CONTINUED

Year Ended March 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Other				
Insurance and other	\$ 179,500	\$ 180,400	\$ 177,243	\$ 3,157
Pension plan	66,300	70,300	69,264	1,036
Employer payroll taxes	40,000	45,100	42,683	2,417
Total other	285,800	295,800	289,190	6,610
Capital outlay	20,000	76,363	-	76,363
Debt service	49,970	49,970	47,468	2,502
TOTAL EXPENDITURES	1,098,112	1,236,069	1,113,530	122,539
EXCESS OF REVENUES OVER EXPENDITURES	64,254	64,254	153,031	88,777
OTHER FINANCING (USES)				
Transfers out	(64,254)	(64,254)	(64,254)	-0-
Net change in fund balance (prior to adjustments for GASB Statement No. 54)	\$ -0-	\$ -0-	88,777	\$ 88,777
Net adjustments for GASB Statement No. 54			11,903	
Net change in fund balance, end of year			\$ 100,680	

Township of Bruce

Fire Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 649,960	\$ 686,760	\$ 687,814	\$ 1,054
Intergovernmental	-	238,500	238,500	-0-
Charges for services	162,000	162,668	96,729	(65,939)
Interest	2,500	2,500	2,190	(310)
Other				
Special assessments	10,000	10,000	-	(10,000)
Miscellaneous	3,000	10,650	7,721	(2,929)
TOTAL REVENUES	827,460	1,111,078	1,032,954	(78,124)
EXPENDITURES				
Current				
Public safety	782,150	837,606	686,088	151,518
Capital outlay	45,310	273,472	163,476	109,996
TOTAL EXPENDITURES	827,460	1,111,078	849,564	261,514
NET CHANGE IN FUND BALANCE	-0-	-0-	183,390	183,390
Fund balance, beginning of year	841,055	841,055	841,055	-0-
Fund balance, end of year	\$ 841,055	\$ 841,055	\$ 1,024,445	\$ 183,390

Township of Bruce
Advanced Life Support Fund
BUDGETARY COMPARISON SCHEDULE
Year Ended March 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 954,629	\$ 1,003,629	\$ 1,004,066	\$ 437
Charges for services	770,500	809,050	790,261	(18,789)
Interest	2,100	2,000	1,847	(153)
Other				
Special assessments	3,000	1,500	-	(1,500)
Miscellaneous	-	16,300	16,665	365
TOTAL REVENUES	<u>1,730,229</u>	<u>1,832,479</u>	<u>1,812,839</u>	<u>(19,640)</u>
EXPENDITURES				
Current				
Public safety	1,730,229	1,787,579	1,695,578	92,001
Capital outlay	-	44,900	-	44,900
TOTAL EXPENDITURES	<u>1,730,229</u>	<u>1,832,479</u>	<u>1,695,578</u>	<u>136,901</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	117,261	117,261
Fund balance, beginning of year	<u>721,451</u>	<u>721,451</u>	<u>721,451</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 721,451</u>	<u>\$ 721,451</u>	<u>\$ 838,712</u>	<u>\$ 117,261</u>

Township of Bruce

OTHER POST-EMPLOYMENT BENEFITS

Year Ended March 31, 2016

Schedule of Funding Progress

Actuarial Valuation Date March 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll [(b-a) / c]
2009	\$ -	\$ 6,901,466	\$ 6,901,466	0%	\$ 1,214,152	568%
2012	-	5,599,503	5,599,503	0%	1,317,402	425%
2015	-	4,714,632	4,714,632	0%	1,319,774	357%

Schedule of Employer Contributions

Year Ended March 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 582,829	15%	\$ 3,533,881
2015	578,158	23%	3,982,028
2016	640,622	18%	4,509,398

Township of Bruce

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended March 31, 2016

NOTE A: BUDGET/GAAP RECONCILIATION

The Township budgets the activities of the Cable Franchise Fund separately from the General Fund. For financial reporting purposes and the GAAP-basis basic financial statements, however, the activity of the Cable Franchise Fund is combined with the General Fund as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The budgetary perspective difference shown on the General Fund Budgetary Comparison Schedule (Non-GAAP basis) reconciles the change in fund balance to the GAAP basis basic financial statements and the details related to these amounts are as follows:

Net change in fund balance (budgetary basis)	\$ 88,777
To adjust charges for services pertaining to Cable Franchise Fund	97,185
To adjust interest revenue pertaining to Cable Franchise Fund	10
To adjust public works expenditures pertaining to Cable Franchise Fund	<u>(85,292)</u>
Net change in fund balance (GAAP basis)	<u>\$ 100,680</u>

OTHER SUPPLEMENTARY INFORMATION

Township of Bruce
 Nonmajor Governmental Funds
 COMBINING BALANCE SHEET
 March 31, 2016

	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Improvement Revolving</u>	<u>Special Assessment District</u>	
ASSETS			
Cash and cash equivalents	\$ 132,193	\$ -	\$ 132,193
Special assessment receivable	-	25,589	25,589
Due from other funds	269,254	-	269,254
TOTAL ASSETS	<u>\$ 401,447</u>	<u>\$ 25,589</u>	<u>\$ 427,036</u>
LIABILITIES			
Due to other funds	\$ 44	\$ 20,393	\$ 20,437
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	24,665	24,665
FUND BALANCES (DEFICITS)			
Restricted	213,750	-	213,750
Assigned	187,653	-	187,653
Unassigned	-	(19,469)	(19,469)
TOTAL FUND BALANCES (DEFICITS)	<u>401,403</u>	<u>(19,469)</u>	<u>381,934</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 401,447</u>	<u>\$ 25,589</u>	<u>\$ 427,036</u>

Township of Bruce

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Year Ended March 31, 2016

	Capital Projects Funds		Total
	Improvement Revolving	Special Assessment District	
REVENUES			
Interest	\$ -	\$ 1,497	\$ 1,497
Other			
Special assessments	-	7,423	7,423
Other	6,064	-	6,064
TOTAL REVENUE	6,064	8,920	14,984
OTHER FINANCING SOURCES			
Transfers in	64,254	-	64,254
NET CHANGE IN FUND BALANCES	70,318	8,920	79,238
Fund balances (deficits), beginning of year	331,085	(28,389)	302,696
Fund balances (deficits), end of year	\$ 401,403	\$ (19,469)	\$ 381,934

Township of Bruce

Fiduciary Funds

COMBINING STATEMENT OF ASSETS AND LIABILITIES

March 31, 2016

	<u>General Agency</u>	<u>Current Tax Collection</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 210,511	\$ -	\$ 210,511
Due from others	531	-	531
Due from other governmental units	<u>3,651</u>	<u>34,804</u>	<u>38,455</u>
 TOTAL ASSETS	 <u>\$ 214,693</u>	 <u>\$ 34,804</u>	 <u>\$ 249,497</u>
LIABILITIES			
Accrued and other liabilities	\$ 994	\$ -	\$ 994
Due to other governmental units	-	34,804	34,804
Deposits	<u>213,699</u>	<u>-</u>	<u>213,699</u>
 TOTAL LIABILITIES	 <u>\$ 214,693</u>	 <u>\$ 34,804</u>	 <u>\$ 249,497</u>