

Muskegon Charter Township
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

December 31, 2015



Muskegon Charter Township

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BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

May 9, 2016

Township Board
Muskegon Charter Township
Muskegon, Michigan

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 Muskegon Charter Township, Michigan, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muskegon Charter Township, Michigan, as of December 31, 2015, 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.

Township Board
Muskegon Charter Township
May 9, 2016
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Emphasis of Matter – Change in Accounting Principle

As described in Note K to the financial statements, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

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, schedule of changes in net pension liability and related ratios, pension system schedule of contributions, and schedule of funding progress – retiree healthcare plan on pages 3 through 13 and 47 through 51 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 Muskegon Charter Township, Michigan’s basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Muskegon, Michigan

Muskegon Charter Township

Management's Discussion and Analysis

As management of Muskegon Charter Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2015. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

FINANCIAL HIGHLIGHTS

At the close of the year, the Township had total assets/deferred outflows of resources of \$37,432,100 and total liabilities/deferred inflows of resources of \$25,919,080 leaving net position of \$11,513,020.

Of the unrestricted net position, a deficit of \$6,121,812 is shown in governmental activities and a surplus of \$3,877,628 is shown in business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The basic financial statements are comprised of 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 government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Township's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development and culture and recreation activities. The business-type activities of the Township include sanitation and sewer services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories-governmental funds, proprietary funds and fiduciary funds.

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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-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 short-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 the two.

The Township maintains several 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 Fund and Public Safety Fund, which are considered major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The Township has two enterprise 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 sanitation and sewer operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds financial statements provide separate information for the Sanitation and Sewer funds, both of which are major funds.

Muskegon Charter Township

Management's Discussion and Analysis

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to 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 reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund and Public Safety Fund.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net position for the Township. As stated earlier, net position may be used as an indicator of a government's financial health. As of December 31, 2015, the Township's net position from governmental activities totaled (\$1,981,296) and \$13,494,316 from business-type activities, creating a total government-wide net position total of \$11,513,020.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental-type activities actually depicts a deficit balance of \$6,121,812. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$13,494,316 in net position including \$3,877,628 in unrestricted net position. The Sanitation Fund and Sewer Fund unrestricted net position are \$270,058 and \$3,607,570, respectively.

Muskegon Charter Township

Management's Discussion and Analysis

Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014, as restated	2015	2014, as restated	2015	2014, as restated
Current assets and other assets	\$ 5,442,661	\$ 5,114,240	\$ 4,564,297	\$ 4,867,545	\$ 10,006,958	\$ 9,981,785
Capital assets	3,564,540	4,214,833	23,289,998	23,842,141	26,854,538	28,056,974
Total assets	9,007,201	9,329,073	27,854,295	28,709,686	36,861,496	38,038,759
Deferred outflows of resources	530,662	348,762	39,942	26,250	570,604	375,012
Total assets and deferred outflows of resources	9,537,863	9,677,835	27,894,237	28,735,936	37,432,100	38,413,771
Current liabilities	884,603	711,506	703,812	766,763	1,588,415	1,478,269
Noncurrent liabilities	7,940,453	7,233,877	13,696,109	13,910,055	21,636,562	21,143,932
Total liabilities	8,825,056	7,945,383	14,399,921	14,676,818	23,224,977	22,622,201
Deferred inflows of resources	2,694,103	2,678,725	-	-	2,694,103	2,678,725
Total liabilities and deferred inflows	11,519,159	10,624,108	14,399,921	14,676,818	25,919,080	25,300,926
Net position						
Net investment in capital assets	3,490,744	4,128,967	9,616,688	9,892,457	13,107,432	14,021,424
Restricted	649,772	691,635	-	-	649,772	691,635
Unrestricted	(6,121,812)	(5,766,875)	3,877,628	4,166,661	(2,244,184)	(1,600,214)
Total net position	\$ (1,981,296)	\$ (946,273)	\$ 13,494,316	\$ 14,059,118	\$ 11,513,020	\$ 13,112,845

Governmental activity capital assets decreased due to the sale of industrial park lots and the sale of Holton Road property to Marathon. Current assets increased due to the property sales and normal operations. Noncurrent liabilities for governmental activities increased significantly again as the Township is not making the full annual required contribution for its retiree healthcare plan and is required to show the difference as a liability on the Statement of Net Position. The Township continues to fund its retiree healthcare plan on a pay-as-you-go basis. The Township's net pension liability also increased this year.

Business-type activity current assets decreased in large part because of an operating loss in the Sewer Fund. Capital assets show a decrease as current year depreciation exceeded capital additions. Noncurrent liabilities decreased due to scheduled debt payments.

Muskegon Charter Township

Management's Discussion and Analysis

The results of this year's operations for the Township as a whole are reported in the Statement of Activities, which shows changes in net position.

Change in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 1,191,051	\$ 1,085,752	\$ 3,232,810	\$ 3,232,335	\$ 4,423,861	\$ 4,318,087
Operating grants	160,958	125,972	-	-	160,958	125,972
Capital grants and contributions	-	-	98,045	29,955	98,045	29,955
General revenues						
Property taxes	2,944,059	2,918,768	-	-	2,944,059	2,918,768
Grants and contributions not restricted	1,528,542	1,530,464	-	-	1,528,542	1,530,464
Unrestricted investment earnings	45,248	145,825	117,820	252,047	163,068	397,872
Miscellaneous	203,484	214,577	-	-	203,484	214,577
Gain on sale of capital assets	171,054	35,450	-	-	171,054	35,450
Total revenues	6,244,396	6,056,808	3,448,675	3,514,337	9,693,071	9,571,145
Expenses:						
General government	1,397,603	1,278,869	-	-	1,397,603	1,278,869
Public safety	3,925,834	3,769,473	-	-	3,925,834	3,769,473
Public works	978,993	863,279	-	-	978,993	863,279
Community and economic development	844,983	265,557	-	-	844,983	265,557
Culture and recreation	127,298	109,359	-	-	127,298	109,359
Interest on long term debt	4,708	7,373	-	-	4,708	7,373
Sanitation	-	-	646,740	623,147	646,740	623,147
Sewer	-	-	3,366,737	3,523,987	3,366,737	3,523,987
Total expenses	7,279,419	6,293,910	4,013,477	4,147,134	11,292,896	10,441,044
Change in net position	(1,035,023)	(237,102)	(564,802)	(632,797)	(1,599,825)	(869,899)
Net position - Beginning, as restated	(946,273)	3,219,012	14,059,118	14,987,585	13,112,845	18,206,597
Net position - Ending	\$ (1,981,296)	\$ 2,981,910	\$ 13,494,316	\$ 14,354,788	\$ 11,513,020	\$ 17,336,698

Muskegon Charter Township

Management's Discussion and Analysis

For the year ended December 31, 2015, net position decreased by \$1,035,023 in governmental activities and by \$564,802 in business-type activities. This resulted in a decrease of \$1,599,825 in net position government-wide.

See Note K of the "Notes to the Financial Statements" of this report for additional information on the implementation of new pension standards and the corresponding restatement of beginning net position.

Governmental Activities

Community and economic development expenses increased due to the recognition of a loss on the sale of industrial park lots.

Business-Type Activities

Total business-type revenues remained flat and expenses decreased for sewer operations due mainly to bond interest savings from refinancing.

Financial Analysis of the Government's Funds

As stated earlier in this discussion and analysis, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2015 fiscal year, the governmental funds reported a combined unassigned fund balance of \$293,703 which is comprised of \$419,858 in the General Fund and a deficit of \$126,155 in other governmental funds. The remainder of the fund balance is restricted, committed, or assigned for various activities as shown on page 16.

The General Fund is the chief operating fund of the Township. The General Fund ended the year with a fund balance of \$1,330,196, an increase of \$111,827 from the 2014 fiscal year. The health of the General Fund may be measured by the ratio of unassigned fund balance to annual expenditures and transfers. Unassigned fund balance represents 11% of the General Fund's expenditures and transfers (14% in the prior year). The Township has a minimum fund balance policy requiring unassigned fund balance to be one month of General Fund expenditures or 10 percent of General Fund revenue, whichever is greater.

Muskegon Charter Township

Management's Discussion and Analysis

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sanitation Fund and Sewer Fund increased by \$37,160 and decreased by \$601,962, respectively. The result was an overall net decrease in the proprietary funds of \$564,802.

General Fund Budget

During the current fiscal year, the Township made several amendments to its original General Fund budget. The most significant of those are listed below:

- Licenses and permits revenues were originally budgeted for \$434,000 and were amended up to \$463,000 because of additional building permit activity.
- Charges for services revenues were originally budgeted for \$374,157 and were amended up to \$419,257 because of new inspection service contract revenue.
- Other revenues were originally budgeted for \$30,600 and were amended up to \$75,240 because of unexpected election reimbursements and a final contribution from the MTC Non-profit Housing Corporation.

The following comments summarize the major variations from the final budget to actual revenues and expenditures.

- Licenses and permit revenues were \$35,474 more than budgeted because the Township budgeted conservatively and did better than expected.
- State intergovernmental revenues were \$39,535 less than budgeted because of lower than budgeted constitutional state revenue sharing as sales tax collections were below state projections.
- Payroll benefits expenditures were \$32,472 less than budgeted because expected employee retirements did not happen until 2016.
- Transfers out were \$48,272 less than budgeted as the Public Safety Fund did not require as much of an operating subsidy as originally expected.

Muskegon Charter Township

Management's Discussion and Analysis

Capital Assets

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2015 totaled \$26,854,538 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, machinery, equipment, utility systems and vehicles.

Major capital asset events during the current year included the following:

- Roof improvements for the Township Hall for \$10,550 and for Fire Station #2 for \$22,000.
- Extrication tools for \$69,200.
- Four public safety vehicles for \$122,036.
- A new sanitation truck for \$282,652.

Capital Assets (Net of Accumulated Depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 613,931	\$ 1,179,169	\$ 53,638	\$ 53,638	\$ 667,569	\$ 1,232,807
Land improvements	394,793	424,660	-	-	394,793	424,660
Buildings and improvements	1,408,255	1,450,173	-	-	1,408,255	1,450,173
Furniture and equipment	141,722	91,213	5,128	-	146,850	91,213
Vehicles	1,005,839	1,069,618	498,459	298,495	1,504,298	1,368,113
Utility systems	-	-	22,583,560	23,333,689	22,583,560	23,333,689
Access rights	-	-	149,213	156,319	149,213	156,319
Total	\$ 3,564,540	\$ 4,214,833	\$ 23,289,998	\$ 23,842,141	\$ 26,854,538	\$ 28,056,974

Additional information on the Township's capital assets can be found in Note D of the "Notes to the Financial Statements" of this report.

Muskegon Charter Township

Management's Discussion and Analysis

Debt Administration

At the end of the 2015 fiscal year, the Township had total outstanding debt of \$22,305,062 consisting of general obligations bonds, compensated absences, other postemployment benefits, and the net pension liability.

Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligations bonds	\$ -	\$ -	\$ 13,673,310	\$ 13,949,684	\$ 13,673,310	\$ 13,949,684
Compensated absences	506,397	492,673	39,748	36,451	546,145	529,124
Other postemployment benefits	3,049,159	2,755,259	-	-	3,049,159	2,755,259
Net pension liability	4,683,897	4,276,945	352,551	321,920	5,036,448	4,598,865
Total	\$ 8,239,453	\$ 7,524,877	\$ 14,065,609	\$ 14,308,055	\$ 22,305,062	\$ 21,832,932

The Township's total debt increased by \$472,130 during the 2015 fiscal year. This increase was a result of the Township continuing to record a liability for unfunded other postemployment benefits as it is not fully funding its annual required contribution. The growth in the other postemployment benefits liability exceeded scheduled debt payments. The Township did not issue any new debt this year.

Additional information on the Township's long-term debt can be found in Note F of the "Notes to Financial Statements" of this report.

General Economic Overview

The Township's General Fund has two major revenue sources - state revenue sharing and property tax revenue. These two sources comprise approximately 75% of General Fund revenues. In 2015, residential property values increased for the first time in 7 years. We anticipate property values for all classes of property to increase one to three percent in 2016 and continuing to increase at a modest rate in subsequent years. In 2015, the State of Michigan saw a decrease in sales tax collections that resulted in a 1.30% decrease in our revenue sharing payments year-over-year from 2014. We anticipate revenue sharing to increase between zero and two percent in 2016.

In 2014, the voters in Michigan approved the state legislature changes to the General Property Tax Act effecting the taxation of personal property. These changes will result in the gradual phase-out of personal property taxes between 2016 and 2023. These changes will reduce the amount of tax revenue for Muskegon Township by approximately \$400,000, or 10% of our general fund budget. However, part of the changes approved by the voters includes replacement revenues for municipalities to help offset the loss of personal property taxes. Because of the phase-out schedule of personal property and the replacement revenue, we anticipate the reduction of revenue from this change to be similar to what we experienced in 2015.

Muskegon Charter Township

Management's Discussion and Analysis

In 2015, Muskegon Charter Township saw several modest commercial projects either completed or initiated. Some of these projects include the new Jimmy John's store, the new Brooklyn Bagels store, expansion of the Jackson-Merkey and UHaul complexes, the new Emergency Services structure, and the new Spectrum Health facility. As for the residential housing market, we experienced an increase in newly constructed single-family housing units to eleven in 2015 compared to five new units in 2014. In addition, the remaining eleven lots in the Oak Point Subdivision were purchased by the Muskegon Area Intermediate School District and will be developed as single-family residences as part of the MAISD's Career Tech home building course. The MAISD has built several homes in this subdivision and we look forward to continuing our relationship with them. As a result of this and interest expressed in other projects, we anticipate a slight increase in new residential construction to occur in 2016. Commercial projects are anticipated to be sporadic and no new large projects are anticipated in 2016, though the Township continues to pursue possible developments.

In 2015, home prices stabilized and began to recover. We anticipate that the increase in home prices will begin to accelerate in 2016 and continue to increase in coming years. This increase in property values will be reflected in the 2017 tax year and should result in higher tax collections for the 2018 fiscal year. For the 2016 fiscal year, we anticipate tax collections will decrease slightly compared with 2015 collections due to a decline in commercial property values, an increase in Disabled Veteran exemptions and negative Tax Tribunal rulings. This would be the seventh straight year of declining property tax revenues. In 2015, the Township continued a Rental Inspections Program that administers the oversight of residential rental properties in the Township. This program is being subsidized by the general fund as the program attempts to maintain the value of the rental stock in the Township. We believe this program has positively influenced the overall property values in the Township and has encouraged owner-occupied housing over rental property investment.

In 2014, Muskegon Township began actively pursuing contractual agreements to provide building trades services to neighboring municipalities. During this past year, Muskegon Township initiated or continued agreements with Egelston Township, Laketon Township, Fruitland Township, Blue Lake Township, Cedar Creek Township, Muskegon Heights and Roosevelt Park. All of these agreements provide additional revenue to Muskegon Township and help provide sustainability to our building trades' inspection department. Long-term, the Township will continue to explore possibilities in providing contractual services in building trades and rental inspection services to neighboring municipalities and will enter into such agreements where feasible.

The 2015 General Fund budget increased \$118,921 or 2.98% from 2014. Even with this increase, the 2015 budget was smaller than the 2009 budget and reflects that revenue levels still haven't returned to the levels prior to the financial crisis of 2008-2009. The 2016 General Fund budget of \$4,099,825 is a decrease of \$6,960 (.17%) compared to the amended 2015 budget. The total budgeted expenditures for all funds in 2016 is \$12,745,478. The fiscally conservative approach of the Township Board over the last eight years has allowed the Township to maintain its focus on providing a high level of service for minimal costs and to maintain an "A" credit rating with a stable outlook from Standard and Poor's.

Muskegon Charter Township

Management's Discussion and Analysis

In 2009, Muskegon Charter Township and the Muskegon County Road Commission reached an agreement over the funding for the maintenance of local roads within Muskegon Charter Township. In 2015 the parties agreed on a three-year extension of this agreement with a slight increase in compensation received. This agreement has been beneficial for both parties and it is anticipated that this agreement will continue to be extended for the foreseeable future.

Requests for Information

This financial report is designed to provide a general overview of Muskegon Charter Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Muskegon Charter Township, 1990 E. Apple Avenue, Muskegon, Michigan, 49442, (231) 777-2555.

Muskegon Charter Township
STATEMENT OF NET POSITION
December 31, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 3,371,002	\$ 3,140,448	\$ 6,511,450
Receivables	1,526,944	760,920	2,287,864
Due from other governmental units	580,518	87,334	667,852
Internal balances	(205,022)	205,022	-
Prepaid items	1,031	-	1,031
Total current assets	5,274,473	4,193,724	9,468,197
Noncurrent assets			
Special assessments receivable	168,188	370,573	538,761
Capital assets, net			
Nondepreciable	613,931	53,638	667,569
Depreciable	2,950,609	23,236,360	26,186,969
Total noncurrent assets	3,732,728	23,660,571	27,393,299
Total assets	9,007,201	27,854,295	36,861,496
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	530,662	39,942	570,604
Total assets and deferred outflows of resources	9,537,863	27,894,237	37,432,100
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	291,071	134,434	425,505
Due to other governmental units	246,876	199,878	446,754
Unearned revenues - for subsequent year activity	47,656	-	47,656
Bonds and other obligations, due within one year	299,000	369,500	668,500
Total current liabilities	884,603	703,812	1,588,415
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	3,256,556	13,343,558	16,600,114
Net pension liability	4,683,897	352,551	5,036,448
Total noncurrent liabilities	7,940,453	13,696,109	21,636,562
Total liabilities	8,825,056	14,399,921	23,224,977
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent fiscal year	2,694,103	-	2,694,103
Total liabilities and deferred inflows of resources	11,519,159	14,399,921	25,919,080
NET POSITION			
Net investment in capital assets	3,490,744	9,616,688	13,107,432
Restricted			
Public safety	13,012	-	13,012
Street lights	233,635	-	233,635
Hydrants	37,210	-	37,210
Water purposes	365,915	-	365,915
Unrestricted	(6,121,812)	3,877,628	(2,244,184)
Total net position	\$ (1,981,296)	\$ 13,494,316	\$ 11,513,020

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF ACTIVITIES
For the year ended December 31, 2015

Functions/Programs	Expenses	Program Revenue			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	\$ 1,397,603	\$ 302,758	\$ -	\$ -	\$ (1,094,845)	\$ -	\$ (1,094,845)
Public safety	3,925,834	735,302	83,845	-	(3,106,687)	-	(3,106,687)
Public works	978,993	41,064	77,113	-	(860,816)	-	(860,816)
Community and economic development	844,983	89,810	-	-	(755,173)	-	(755,173)
Culture and recreation	127,298	22,117	-	-	(105,181)	-	(105,181)
Interest on long-term debt	4,708	-	-	-	(4,708)	-	(4,708)
Total governmental activities	7,279,419	1,191,051	160,958	-	(5,927,410)	-	(5,927,410)
Business-type activities							
Sanitation	646,740	666,659	-	-	-	19,919	19,919
Sewer	3,366,737	2,566,151	-	98,045	-	(702,541)	(702,541)
Total business-type activities	4,013,477	3,232,810	-	98,045	-	(682,622)	(682,622)
Total government	\$ 11,292,896	\$ 4,423,861	\$ 160,958	\$ 98,045	(5,927,410)	(682,622)	(6,610,032)
General revenues							
Property taxes, levied for							
General purposes					1,721,661	-	1,721,661
Specific purposes					1,222,398	-	1,222,398
Grants and contributions not restricted to specific programs					1,528,542	-	1,528,542
Unrestricted investment earnings					45,248	117,820	163,068
Gain on sale of capital assets					171,054	-	171,054
Miscellaneous					203,484	-	203,484
Total general revenues					4,892,387	117,820	5,010,207
Change in net position					(1,035,023)	(564,802)	(1,599,825)
Net position at January 1, 2015, as restated					(946,273)	14,059,118	13,112,845
Net position at December 31, 2015					\$ (1,981,296)	\$ 13,494,316	\$ 11,513,020

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
BALANCE SHEET
 Governmental Funds
 December 31, 2015

	General Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,366,494	\$ 600,808	\$ 1,403,701	\$ 3,371,003
Receivables				
Accounts	90,112	-	4,500	94,612
Property taxes	608,176	504,949	284,651	1,397,776
Special assessments	-	-	180,811	180,811
Other	2,508	9,991	9,433	21,932
Due from other governmental units	535,230	6,618	38,670	580,518
Prepaid items	1,031	-	-	1,031
Total assets	\$ 2,603,551	\$ 1,122,366	\$ 1,921,766	\$ 5,647,683
LIABILITIES				
Accounts payable	\$ 49,754	\$ 26,736	\$ 81,990	\$ 158,480
Accrued liabilities	31,379	91,423	9,789	132,591
Due to other governmental units	-	-	246,876	246,876
Unearned revenues - for subsequent year activity	20,000	27,656	-	47,656
Advances from other funds	-	-	131,226	131,226
Total liabilities	101,133	145,815	469,881	716,829
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent fiscal year	1,172,222	973,257	548,624	2,694,103
Unavailable revenues - special assessments	-	-	168,188	168,188
Total deferred inflows of resources	1,172,222	973,257	716,812	2,862,291
FUND BALANCES (DEFICITS)				
Nonspendable - prepaid items	1,031	-	-	1,031
Restricted				
Public safety	9,718	3,294	-	13,012
Street lights	-	-	233,635	233,635
Hydrants	-	-	37,210	37,210
Water purposes	-	-	365,915	365,915
Committed				
Buildings and grounds improvements	245,000	-	-	245,000
Public safety	100,000	-	224,468	324,468
Compensated absences	50,000	-	-	50,000
Litigation costs	303,800	-	-	303,800
Other	95,000	-	-	95,000
Assigned				
Other capital projects	30,000	-	-	30,000
Subsequent year's budget appropriation of fund balance	75,789	-	-	75,789
Unassigned	419,858	-	(126,155)	293,703
Total fund balances	1,330,196	3,294	735,073	2,068,563
Total liabilities, deferred inflows of resources and fund balances	\$ 2,603,551	\$ 1,122,366	\$ 1,921,766	\$ 5,647,683

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 December 31, 2015

Total fund balances—governmental funds \$ 2,068,563

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

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

Cost of capital assets	\$ 8,203,582	
Accumulated depreciation	<u>(4,834,407)</u>	3,369,175

Other long-term assets, such as special assessments receivable, are not
 available to pay for current period expenditures and, therefore, are reported
 as unavailable revenues in the governmental funds.

168,188

Long-term liabilities in governmental activities are not due and payable in the
 current period and, therefore, are not reported in the governmental funds.

Compensated absences	(506,397)	
Other postemployment benefits	(3,049,159)	
Net pension liability and related deferred outflows of resources	<u>(4,153,235)</u>	(7,708,791)

Internal service funds are used by management to charge the costs of
 certain activities to individual funds. The assets and liabilities of the
 internal service funds are reported with governmental activities in the
 Statement of Net Position.

121,569

Net position of governmental activities

\$ (1,981,296)

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended December 31, 2015

	General Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 1,374,661	\$ 974,475	\$ 594,922	\$ 2,944,058
Licenses and permits	498,474	-	-	498,474
Intergovernmental revenues				
Federal	-	5,660	-	5,660
State	1,516,465	22,873	-	1,539,338
Local	-	55,312	70,000	125,312
Charges for services	415,700	5,438	360,730	781,868
Fines and forfeitures	5,422	12,446	-	17,868
Investment earnings	19,874	(33)	42,994	62,835
Other	78,096	15,017	69,064	162,177
Total revenues	3,908,692	1,091,188	1,137,710	6,137,590
EXPENDITURES				
Current				
General government	936,774	-	-	936,774
Public safety	287,081	3,040,573	10,534	3,338,188
Public works	4,420	-	917,226	921,646
Community and economic development	254,853	-	-	254,853
Culture and recreation	94,502	-	-	94,502
Other governmental functions	339,725	-	-	339,725
Debt service				
Interest and fees	-	-	4,708	4,708
Capital outlay	10,550	80,024	139,199	229,773
Total expenditures	1,927,905	3,120,597	1,071,667	6,120,169
Excess of revenues over (under) expenditures	1,980,787	(2,029,409)	66,043	17,421
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	176,202	-	6,500	182,702
Transfers in	-	2,029,409	128,753	2,158,162
Transfers out	(2,045,162)	-	(113,000)	(2,158,162)
Total other financing sources (uses)	(1,868,960)	2,029,409	22,253	182,702
Net change in fund balances	111,827	-	88,296	200,123
Fund balances at January 1, 2015	1,218,369	3,294	646,777	1,868,440
Fund balances at December 31, 2015	\$ 1,330,196	\$ 3,294	\$ 735,073	\$ 2,068,563

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended December 31, 2015

Net change in fund balances—total governmental funds \$ 200,123

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (298,697)	
Capital outlay	<u>229,773</u>	(68,924)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining undepreciated cost of the capital assets sold. (576,883)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (64,247)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(13,724)	
Change in other postemployment benefits	(293,900)	
Change in net pension liability and related deferred outflows of resources	<u>(225,052)</u>	(532,676)

The internal service fund is used by management to charge the costs of certain activities to individual funds. The net change of the internal service funds is reported with governmental activities. 7,584

Change in net position of governmental activities \$ (1,035,023)

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
ASSETS				
Current assets				
Cash and investments	\$ 341,795	\$ 2,798,653	\$ 3,140,448	\$ -
Receivables				
Accounts	150,124	504,899	655,023	-
Special assessments	-	97,109	97,109	-
Other	1,042	7,746	8,788	-
Due from other governmental units	-	87,334	87,334	-
Total current assets	492,961	3,495,741	3,988,702	-
Noncurrent assets				
Advances to other funds	-	205,022	205,022	-
Special assessments receivable	-	370,573	370,573	-
Capital assets				
Land	-	53,638	53,638	-
Utility systems	-	37,508,555	37,508,555	-
Furniture and equipment	-	6,094	6,094	-
Vehicles	1,216,074	116,160	1,332,234	330,929
Access rights	-	213,162	213,162	-
Less accumulated depreciation	(799,502)	(15,024,183)	(15,823,685)	(135,564)
Net capital assets	416,572	22,873,426	23,289,998	195,365
Total noncurrent assets	416,572	23,449,021	23,865,593	195,365
Total assets	909,533	26,944,762	27,854,295	195,365
DEFERRED OUFLOWS OF RESOURCES				
Related to pension	22,824	17,118	39,942	-
Total assets and deferred outflows of resources	932,357	26,961,880	27,894,237	195,365
LIABILITIES				
Current liabilities				
Accounts payable	21,446	2,464	23,910	-
Accrued liabilities	6,623	103,901	110,524	-
Due to other governmental units	-	199,878	199,878	-
Bonds and other obligations, due within one year	9,500	360,000	369,500	-
Total current liabilities	37,569	666,243	703,812	-
Noncurrent liabilities				
Advances from other funds	-	-	-	73,796
Bonds and other obligations, less amounts due within one year	6,700	13,336,858	13,343,558	-
Net pension liability	201,458	151,093	352,551	-
Total noncurrent liabilities	208,158	13,487,951	13,696,109	73,796
Total liabilities	245,727	14,154,194	14,399,921	73,796
NET POSITION				
Net investment in capital assets	416,572	9,200,116	9,616,688	121,569
Unrestricted	270,058	3,607,570	3,877,628	-
Total net position	\$ 686,630	\$ 12,807,686	\$ 13,494,316	\$ 121,569

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the year ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
OPERATING REVENUES				
Charges for services	\$ 666,659	\$ 2,566,151	\$ 3,232,810	\$ 43,733
OPERATING EXPENSES				
Administration	53,082	157,000	210,082	-
Operations	524,952	1,755,542	2,280,494	-
Depreciation and amortization	68,706	771,583	840,289	33,577
Total operating expenses	<u>646,740</u>	<u>2,684,125</u>	<u>3,330,865</u>	<u>33,577</u>
Operating income (loss)	19,919	(117,974)	(98,055)	10,156
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	17,241	100,579	117,820	-
Connection fees	-	98,045	98,045	-
Interest expense	-	(546,610)	(546,610)	(2,572)
Bond issuance costs	-	(136,002)	(136,002)	-
Total nonoperating revenues (expenses)	<u>17,241</u>	<u>(483,988)</u>	<u>(466,747)</u>	<u>(2,572)</u>
Change in net position	37,160	(601,962)	(564,802)	7,584
Net position at January 1, 2015, as restated	<u>649,470</u>	<u>13,409,648</u>	<u>14,059,118</u>	<u>113,985</u>
Net position at December 31, 2015	<u>\$ 686,630</u>	<u>\$ 12,807,686</u>	<u>\$ 13,494,316</u>	<u>\$ 121,569</u>

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF CASH FLOWS
Proprietary Funds
For the year ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sanitation	Sewer	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 657,289	\$ 2,675,758	\$ 3,333,047	\$ -
Receipts from interfund services provided	4,124	4,051	8,175	43,733
Payments to suppliers	(403,352)	(1,800,175)	(2,203,527)	-
Payments to employees	(165,619)	(137,308)	(302,927)	-
Net cash provided by operating activities	92,442	742,326	834,768	43,733
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances to other funds (net)	-	49,649	49,649	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Advances from other funds (net)	-	-	-	(12,070)
Connection fees	-	274,850	274,850	-
Purchases of capital assets	(282,652)	(5,494)	(288,146)	(29,091)
Principal paid on capital debt	-	(377,065)	(377,065)	-
Interest paid on capital debt	-	(580,258)	(580,258)	(2,572)
Net cash used for capital and related financing activities	(282,652)	(687,967)	(970,619)	(43,733)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment earnings	18,518	101,604	120,122	-
Net increase (decrease) in cash and investments	(171,692)	205,612	33,920	-
Cash and investments at January 1, 2015	513,487	2,593,041	3,106,528	-
Cash and investments at December 31, 2015	\$ 341,795	\$ 2,798,653	\$ 3,140,448	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 19,919	\$ (117,974)	\$ (98,055)	\$ 10,156
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization expense	68,706	771,583	840,289	33,577
Change in assets and liabilities				
Accounts receivable	(5,246)	41,248	36,002	-
Due from other governmental units	-	72,410	72,410	-
Accounts payable	(3,654)	1,093	(2,561)	-
Accrued liabilities	12,717	8,890	21,607	-
Due to other governmental units	-	(34,924)	(34,924)	-
Net cash provided by operating activities	\$ 92,442	\$ 742,326	\$ 834,768	\$ 43,733

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 Agency Funds
 December 31, 2015

	Agency Funds				Total
	Trust and Agency	Current Tax Account	Payroll	Muskegon Central Dispatch	
ASSETS					
Cash and investments	\$ 65,838	\$ 2,302,971	\$ 43,103	\$ 1,333,242	\$ 3,745,154
Receivables	-	-	-	67,615	67,615
Total assets	\$ 65,838	\$ 2,302,971	\$ 43,103	\$ 1,400,857	\$ 3,812,769
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 43,103	\$ 123,748	\$ 166,851
Due to other governmental units	34,337	2,288,340	-	1,277,109	3,599,786
Deposits held for others	31,501	14,631	-	-	46,132
Total liabilities	\$ 65,838	\$ 2,302,971	\$ 43,103	\$ 1,400,857	\$ 3,812,769

The accompanying notes are an integral part of this statement.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Township is incorporated as a charter township governed by an elected seven-member Board. Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included as component units in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Township. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Township's enterprise 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Township's sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the Township's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Public Safety Fund is used to account for a special tax millage levied by the Township for the operation of the police and fire departments.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued

The Township reports the following major enterprise funds:

The Sanitation Fund accounts for user charges and for operating expenses of the Township's sanitation department.

The Sewer Fund operates the Township's sewage pumping station, collection systems and pays for access to the county's sewage treatment plant.

Additionally, the Township reports the following fund types:

The Internal Service Fund accounts for equipment management services provided to other funds of the government on a cost reimbursement basis.

The Agency funds are custodial in nature and used to account for assets held by the Township as an agent for another organization or individual.

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

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within 60 days of the end of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Township are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20-30
Utility systems	50
Buildings and improvements	30-40
Furniture and equipment	5-10
Vehicles	5-10
Access rights	20

Defined Benefit Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Municipal Employees Retirement System (MERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township Board has by resolution authorized the Township Treasurer to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Township Board has adopted a financial policy to maintain a minimum level of unassigned fund balance in the General Fund of one month of General Fund expenditures (approximately 8.3 percent) or 10 percent of General Fund revenues, whichever is greater. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally replenishment should occur at the earliest possible opportunity.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and liened on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. Taxes levied on December 1 are recorded as receivables and deferred inflows. Taxes are recognized as revenue (and become available for appropriation) in the calendar year following the levy.

The 2014 state taxable value for real/personal property of the Township totaled approximately \$345,101,000. The ad valorem taxes levied consisted of 4.3124, .7 and 2.75 mills for the Township's general operating, street lighting and public safety purposes, respectively. These amounts are recognized in the General Fund, Street Lighting Fund, and Public Safety Fund, respectively. The Township has designated 1.0 mill of its general operating levy for local streets and recognized that amount in the Local Streets Fund.

Compensated Absences

Township employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Employees must use earned vacation time during the anniversary year following the one in which it was earned. Upon termination, employees are paid for unused vacation at their current rates. Sick leave is accumulated at the rate of one day per month of employment. Unused sick leave is accumulated up to 180 days for employees. One half of all unused accumulated sick leave is paid to employees upon retirement. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level for the General Fund and the fund level for all other governmental funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

Excess of Expenditures Over Appropriations

During the year ended December 31, 2015, actual expenditures exceeded appropriations for the Hydrant Fund by \$22,235. These overexpenditures were funded with available fund balance.

Fund Deficit

As of December 31, 2015, the Township's Paving Projects Capital Projects Fund had an unassigned fund deficit of \$126,155. The deficit will be eliminated through future special assessment collections.

NOTE C—DEPOSITS AND INVESTMENTS

As of December 31, 2015, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Months)	Moody's	Percent
Negotiable certificates of deposit	\$ 196,270	36	not rated	6.0 %
US agency obligations	<u>3,098,492</u>	130	AAA	<u>94.0</u>
Total fair value	<u>\$ 3,294,762</u>			<u>100.0 %</u>
Portfolio weighted average maturity		<u>124</u>		

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Deposit and Investment Risks

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the Township's investments are in various individual investments including Federal Home Loan Bank obligations, Federal Home Loan Mortgage Corporation obligations, Federal National Mortgage Association obligations, Federal Agricultural Mortgage Corporation obligations, and Bank Northern Michigan Petoskey Negotiable Certificate of Deposit. These investments are 35.35 percent, 11.75 percent, 12.90 percent, 34.04 percent, and 5.96 percent, respectively, of the Township's investments.

Custodial Credit Risk – 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 December 31, 2015, \$4,060,900 of the Township's bank balance of \$5,060,900 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE D—CAPITAL ASSETS

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

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,179,169	\$ -	\$ 565,238	\$ 613,931
Capital assets, being depreciated:				
Land improvements	1,138,868	-	-	1,138,868
Buildings and improvements	2,797,868	32,550	-	2,830,418
Furniture and equipment	591,982	75,187	40,000	627,169
Vehicles	3,261,055	151,127	88,057	3,324,125
Total capital assets, being depreciated	7,789,773	258,864	128,057	7,920,580
Less accumulated depreciation:				
Land improvements	714,208	29,867	-	744,075
Buildings and improvements	1,347,695	74,468	-	1,422,163
Furniture and equipment	500,769	24,678	40,000	485,447
Vehicles	2,191,437	203,261	76,412	2,318,286
Total accumulated depreciation	4,754,109	332,274	116,412	4,969,971
Total capital assets, being depreciated, net	3,035,664	(73,410)	11,645	2,950,609
Capital assets, net	\$ 4,214,833	\$ (73,410)	\$ 576,883	\$ 3,564,540

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE D—CAPITAL ASSETS—Continued

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 53,638	\$ -	\$ -	\$ 53,638
Capital assets, being depreciated:				
Utility systems	37,508,555	-	-	37,508,555
Furniture and equipment	600	5,494	-	6,094
Vehicles	1,049,582	282,652	-	1,332,234
Access rights	213,162	-	-	213,162
Total capital assets, being depreciated	38,771,899	288,146	-	39,060,045
Less accumulated depreciation:				
Utility systems	14,174,866	750,129	-	14,924,995
Furniture and equipment	600	366	-	966
Vehicles	751,087	82,688	-	833,775
Access rights	56,843	7,106	-	63,949
Total accumulated depreciation	14,983,396	840,289	-	15,823,685
Total capital assets, being depreciated, net	23,788,503	(552,143)	-	23,236,360
Capital assets, net	\$ 23,842,141	\$ (552,143)	\$ -	\$ 23,289,998

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE D—CAPITAL ASSETS—Continued

Depreciation

Depreciation expense has been charged to functions as follows:

Governmental activities:

General government	\$ 42,092
Public safety	219,484
Public works	9,684
Culture and recreation	27,437
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	33,577
	\$ 332,274

Business-type activities:

Sanitation	\$ 68,706
Sewer	771,583
	\$ 840,289

NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Advances To/From Other Funds:

Other governmental funds and the Equipment Fund owe the Sewer Fund \$131,226 and \$73,796, respectively for capital projects as of December 31, 2015.

Interfund transfers:

	Transfers In:		Total	Purpose
	Public Safety Fund	Other Governmental Funds		
Transfers Out:				
General Fund	\$ 1,916,409	\$ 128,753	\$ 2,045,162	Operations subsidy
Other governmental funds	113,000	-	113,000	Operations subsidy
	\$ 2,029,409	\$ 128,753	\$ 2,158,162	

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE F—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the Township for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
Governmental activities:					
Compensated absences	\$ 492,673	\$ 254,554	\$ 240,830	\$ 506,397	\$ 299,000
Other postemployment benefits	2,755,259	503,603	209,703	3,049,159	-
Governmental activities long-term liabilities	\$ 3,247,932	\$ 758,157	\$ 450,533	\$ 3,555,556	\$ 299,000
Business-type activities:					
General obligation bonds	\$ 14,033,042	\$ 12,583,090	\$ 14,033,042	\$ 12,583,090	\$ 346,000
Discount	(83,358)	-	(83,358)	-	-
Premium	-	1,125,531	35,311	1,090,220	-
Compensated absences	36,451	28,048	24,751	39,748	23,500
Business-type activities long-term liabilities	\$ 13,986,135	\$ 13,736,669	\$ 14,009,746	\$ 13,713,058	\$ 369,500

	Interest Rate	Date of Maturity	Balance
Business-type activities:			
General obligation bonds:			
2015 Muskegon County Wastewater Management Bonds	4-5%	November 2036	\$12,583,090

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE F—LONG-TERM DEBT—Continued

Summary of Changes in Long-Term Liabilities—Continued

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The Township has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on December 31, 2015 was \$1,024,212. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The County of Muskegon issued a \$9,215,000 Water Supply System Bond in 2008 to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on December 31, 2015 was \$1,635,000. The Township is unaware of any circumstances that would cause a shortfall in the near future.

The County of Muskegon issued a \$6,550,000 Water Supply System Refunding Bond in 2015 to refund bonds which had been issued to fund improvements to the Northside Water System which includes part of the Township. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on December 31, 2015 was \$1,703,000. The Township is unaware of any circumstances that would cause a shortfall in the near future.

In 2015, the County of Muskegon, on behalf of the Township and two other local units, issued \$16,185,000 in Wastewater Management – Number One Bonds of 2015 to refund the outstanding balance of the Wastewater Management – Number One Bonds of 2006. The County refunded the Wastewater Management – Number One Bonds of 2006 to reduce total debt service payments over 22 years by \$1,978,543 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,415,276. The Township's share of both the savings and debt is 77.75%.

Annual debt service requirements to maturity for debt outstanding as of December 31, 2015 follow:

<u>Year Ending</u> <u>December 31,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 345,967	\$ 606,341
2017	365,403	589,043
2018	384,840	570,773
2019	404,276	551,531
2020	423,712	531,317
2021-2025	2,499,513	2,313,338
2026-2030	3,164,238	1,673,226
2031-2035	4,046,647	865,305
2036	948,494	47,425
	<u>\$ 12,583,090</u>	<u>\$ 7,748,299</u>

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE G—OTHER INFORMATION

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Township carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Township manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally insuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Township carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

NOTE H—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS

Defined Benefit Pension Plan

Plan Description

The Township participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

The Township's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees hired prior to July 2011. Beginning in July 2011, the various employee divisions began to be closed. By March 2013, all employee divisions were closed.

Benefits provided by the Plan have a multiplier of 2.50 percent. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE H—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Employees Covered by Benefit Terms

At December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	3
Active employees	41
Total employees covered by MERS	87

Contributions

The Township is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Township may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2015, the Township had an annual flat-dollar employer contribution to the Plan of \$402,696 in lieu of a percentage of covered payroll, as the Plan is closed to new employees. Member contributions for the Plan are 10 percent.

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 - 4 percent
Salary increases	4.5 percent, in the long-term (1 percent, 2 percent and 3 percent for the calendar years 2014, 2015, and 2016, respectively)
Investment rate of return	8 percent, net of administrative and investment expenses

Although no specific price inflation assumptions are needed for the valuation, the 4.5 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE H—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions—Continued

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability was 8.25 percent for 2014 and will be 8 percent in 2015 and thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE H—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2013	\$ 18,200,033	\$ 13,601,168	\$ 4,598,865
Changes for the year			
Service costs	372,585	-	372,585
Interest	1,480,346	-	1,480,346
Contributions - employer	-	375,012	(375,012)
Contributions - employee	-	215,262	(215,262)
Net investment income	-	856,532	(856,532)
Administrative expenses	-	(31,458)	31,458
Benefit payments including refund of employee contributions	(885,473)	(885,473)	-
Net changes	967,458	529,875	437,583
Balance at December 31, 2014	\$ 19,167,491	\$ 14,131,043	\$ 5,036,448

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25 percent) or 1-percentage-point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Township's net pension liability	\$ 7,411,514	\$ 5,036,448	\$ 3,043,433

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE H—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of \$644,687. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (deficit) investment returns	\$ 167,908	\$ -
Contributions subsequent to the measurement date*	402,696	-
Total	\$ 570,604	\$ -

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2016	\$ 41,977
2017	41,977
2018	41,977
2019	41,977

Payables to the Pension Plan

At December 31, 2015, the Township reported a payable of \$33,558 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE H—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLANS—Continued

Defined Contribution Plan

The Township also maintains a defined contribution plan offered by MERS for its full-time employees hired after the defined benefit plan was closed to new participants.

Benefit terms, including contribution requirements, for the MERS defined contribution plan are established and may be amended by the Township Board as determined by negotiated labor contracts. The Township is required to contribute 2 percent of a qualified employees' annual compensation each year and also match employee contributions for up to an additional 6 percent (maximum Township contribution of 8 percent). Employees are not required to contribute. For the year ended December 31, 2015, Township and employee contributions were \$44,341 and \$35,038, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Township contributions and earnings on Township contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested Township contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2015, there were no forfeitures.

Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Township employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

NOTE I—OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description

The Township administers a single-employer defined benefit healthcare plan (Retiree Healthcare Plan). The Retiree Healthcare Plan provides health insurance to eligible retirees and their spouses. Act No. 149 of the Public Acts of 1999 of the State of Michigan assigns the authority to establish and amend the benefit provisions of the Retiree Healthcare Plan to the respective employer entities; that authority rests with the Township. The Retiree Healthcare Plan does not issue a publicly available financial report and a legal trust has not been established for the Plan.

Funding Policy

Plan members are not required to contribute to the Plan. The contribution requirements of plan members and the Township are established and may be amended by the Township Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Township. For the year ended December 31, 2015, the Township contributed \$209,703 to the Retiree Healthcare Plan which was entirely for current year premiums.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

NOTE I—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Annual OPEB Cost and Net OPEB Obligation

The Township’s other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an actuarially-determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township’s annual OPEB cost for the year, the amount actually contributed to the Retiree Healthcare Plan, and changes in the Township’s net OPEB obligation:

Annual required contribution	\$ 552,730
Interest on net OPEB obligation	110,210
Adjustment to annual required contribution	(159,337)
Net OPEB cost	<u>503,603</u>
Payments made to or on behalf of retirees	(209,703)
Contributions made to OPEB trust	<u>-</u>
Increase in net OPEB obligation	293,900
Net OPEB obligation at beginning of year	<u>2,755,259</u>
Net OPEB obligation at end of year	<u><u>\$ 3,049,159</u></u>

Trend Information

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/13	\$ 616,746	22.6 %	\$ 2,430,091
12/31/14	509,401	36.2	2,755,259
12/31/15	503,603	41.6	3,049,159

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE I—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Methods and Assumptions—Continued

Projections of benefits for financial reporting purposes are based on the substantive plan (the Retiree Healthcare 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 Plan members not contributing to the Retiree Healthcare Plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The required contribution was determined as part of the December 31, 2014 actuarial valuation using the level dollar method. The actuarial assumptions included (a) 4 percent discount rate and (b) an annual healthcare trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates include a 4.5 percent inflation assumption. The OPEB Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2014 is 30 years.

Prior to the December 31, 2014 valuation, the Township used the projected unit credit actuarial method.

Funded Status and Progress

As of December 31, 2014, the most recent actuarial valuation date, the OPEB Plan was not funded. The actuarial accrued liability for benefits was approximately \$7,786,000 and the actuarial value of assets was none, resulting in an unfunded actuarial liability (UAAL) of approximately \$7,786,000. Information on the covered payroll (annual payroll of active employees covered by the Retiree Healthcare Plan) and the ratio of the UAAL to the covered payroll was not available.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the Retiree Healthcare Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE J—ECONOMIC DEPENDENCY

State of Michigan shared revenues represent 39 percent of General Fund revenues.

Muskegon Charter Township
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE K—CHANGE IN ACCOUNTING PRINCIPLE

The net position of the governmental activities and business-type activities and also the Sanitation and Sewer funds were restated to reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 changed how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide. GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plan after the measurement date for the year in which GASB Statement No. 68 is implemented.

The restatement of the beginning of the year net position is as follows:

	Governmental Activities	Business-type Activities	Sanitation Fund	Sewer Fund
Net position at January 1, 2015	\$ 2,981,910	\$ 14,354,788	\$ 818,424	\$ 13,536,364
Deferred outflows of resources - related to pension	348,762	26,250	15,000	11,250
Net pension liability	(4,276,945)	(321,920)	(183,954)	(137,966)
Net position at January 1, 2015, as restated	\$ (946,273)	\$ 14,059,118	\$ 649,470	\$ 13,409,648

NOTE L—UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement 75—*Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was issued by the GASB in June 2015 and will be effective for the Township’s 2018 fiscal year. The statement requires governments that participate in postemployment benefits other than pensions (OPEB) to report in their Statement of Net Position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The net OPEB liability recorded in the Statement of Net Position on January 1, 2018 will be significant.

REQUIRED SUPPLEMENTARY INFORMATION

Muskegon Charter Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,348,100	\$ 1,361,181	\$ 1,374,661	\$ 13,480
Licenses and permits	434,000	463,000	498,474	35,474
Intergovernmental revenues - State	1,546,000	1,556,000	1,516,465	(39,535)
Charges for services	374,157	419,257	415,700	(3,557)
Fines and forfeitures	13,000	10,000	5,422	(4,578)
Investment earnings	12,000	12,000	19,874	7,874
Other	30,600	75,240	78,096	2,856
Total revenues	3,757,857	3,896,678	3,908,692	12,014
EXPENDITURES				
Current				
General government				
Board of trustees	38,823	38,823	37,474	1,349
Supervisor	91,570	91,570	90,102	1,468
Elections	9,205	30,500	29,726	774
Assessing	174,663	187,763	183,375	4,388
Professional services	55,700	68,200	68,171	29
Clerk	255,488	255,488	250,619	4,869
Treasurer	212,100	212,100	210,136	1,964
Township hall	60,120	67,645	65,921	1,724
Board of appeals	1,764	1,764	1,250	514
Public safety				
Inspection department	272,520	288,593	287,081	1,512
Public works				
Leaf collection	14,560	14,560	4,420	10,140
Community and economic development				
Planning	36,920	36,920	35,657	1,263
Zoning	92,107	109,367	100,674	8,693
Rental inspections	119,483	119,483	118,522	961
Culture and recreation				
Parks and recreation	99,800	99,800	94,502	5,298
Other governmental functions				
Insurance	306,000	319,000	316,466	2,534
Payroll benefits	46,300	46,300	13,828	32,472
Other	7,850	9,475	9,431	44
Capital outlay	16,000	16,000	10,550	5,450
Total expenditures	1,910,973	2,013,351	1,927,905	85,446
Excess of revenues over expenditures	1,846,884	1,883,327	1,980,787	97,460
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	155,000	176,600	176,202	(398)
Transfers out	(2,098,017)	(2,093,434)	(2,045,162)	48,272
Total other financing sources (uses)	(1,943,017)	(1,916,834)	(1,868,960)	47,874
Net change in fund balance	\$ (96,133)	\$ (33,507)	111,827	\$ 145,334
Fund balance at January 1, 2015			1,218,369	
Fund balance at December 31, 2015			\$ 1,330,196	

Muskegon Charter Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Public Safety Fund
For the year ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 973,402	\$ 973,402	\$ 974,475	\$ 1,073
Intergovernmental revenues				
Federal	-	-	5,660	5,660
State	26,600	26,600	22,873	(3,727)
Local	55,312	55,312	55,312	-
Charges for services	6,000	6,000	5,438	(562)
Fines and forfeitures	25,000	15,000	12,446	(2,554)
Investment earnings	100	100	(33)	(133)
Other	14,000	21,000	15,017	(5,983)
Total revenues	<u>1,100,414</u>	<u>1,097,414</u>	<u>1,091,188</u>	<u>(6,226)</u>
EXPENDITURES				
Current				
Public safety				
Police department	1,700,264	1,676,264	1,672,544	3,720
Fire department	1,426,639	1,392,139	1,368,029	24,110
Capital outlay	58,000	80,000	80,024	(24)
Total expenditures	<u>3,184,903</u>	<u>3,148,403</u>	<u>3,120,597</u>	<u>27,806</u>
Excess of revenues over (under) expenditures	(2,084,489)	(2,050,989)	(2,029,409)	21,580
OTHER FINANCING SOURCES				
Transfers in	2,084,489	2,050,989	2,029,409	(21,580)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at January 1, 2015			<u>3,294</u>	
Fund balance at December 31, 2015			<u><u>\$ 3,294</u></u>	

Muskegon Charter Township
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	2014
TOTAL PENSION LIABILITY	
Service cost	\$ 372,585
Interest	1,480,346
Benefit payments, including refunds of employee contributions	(885,473)
Net change in total pension liability	967,458
Total pension liability at beginning of year	18,200,033
Total pension liability at end of year (a)	\$ 19,167,491
 PLAN FIDUCIARY NET POSITION	
Contributions-employer	\$ 375,012
Contributions-employee	215,262
Net investment income	856,532
Benefit payments, including refunds or employee contributions	(885,473)
Administrative expense	(31,458)
Net change in plan fiduciary net position	529,875
Plan fiduciary net position at beginning of year	13,601,168
Plan fiduciary net position at end of year (b)	\$ 14,131,043
 Township's net pension liability at end of year (a)-(b)	\$ 5,036,448
 Plan fiduciary net position as a percentage of the total pension liability	73.72%
 Covered employee payroll	\$ 2,326,293
 Township's net pension liability as a percentage of covered employee payroll	216.50%
 Notes to Schedule	
Additional actuarial data is not available and will be provided in subsequent years.	

Muskegon Charter Township
Required Supplementary Information
PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 402,696	\$ 375,012	\$ 383,471	\$ 340,936	\$ 323,061	\$ 313,921	\$ 307,745	\$ 294,419	\$ 289,000	\$ 296,000
Contributions in relation to the actuarially determined contribution	402,696	375,012	383,471	340,936	323,061	313,921	307,745	294,419	289,000	296,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$2,326,293	\$2,326,293	\$2,477,312	\$2,660,739	\$2,633,655	\$2,671,357	\$2,747,478	\$2,804,472	\$2,667,773	\$2,546,580
Contributions as percentage of covered employee payroll	17.3%	16.1%	15.5%	12.8%	12.3%	11.8%	11.2%	10.5%	10.8%	11.6%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	24 years
Asset valuation method	10-year smoothed market
Inflation	3 - 4 percent
Salary increases	4.50 percent in the long-term (wage inflation); 0 - 13 percent merit and longevity
Investment rate of return	8 percent, net of investment and administrative expenses
Retirement age	Varies depending on plan adoption
Mortality	50 percent Female/50 percent Male 1994 Group Annuity Mortality Table

Muskegon Charter Township
 Required Supplementary Information
SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN
 For the year ended December 31, 2015

(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/09	\$ -	\$ 4,608	\$ 4,608	- %	\$ 2,747	168 %
12/31/11	-	6,232	6,232	-	2,634	236
12/31/14	-	7,786	7,786	-	not available	not available

OTHER SUPPLEMENTAL INFORMATION

Muskegon Charter Township
COMBINING BALANCE SHEET
 Other Governmental Funds
 December 31, 2015

	Total Other Governmental Funds	Special Revenue Funds						Capital Projects Fund	
		Local Streets	Fire Equipment	Street Lighting	Hydrant	Northside Water System	Southside Water System	Local Water Improvement	Paving Projects
ASSETS									
Cash and investments	\$ 1,403,701	\$ 187,873	\$ 224,468	\$ 340,913	\$ 247,569	\$ 139,108	\$ 79,052	\$ 184,315	\$ 403
Receivables									
Accounts	4,500	-	-	-	-	-	-	4,500	-
Property taxes	284,651	183,663	-	100,988	-	-	-	-	-
Special assessments	180,811	-	-	-	-	-	96,783	-	84,028
Other	9,433	-	-	781	-	521	7,350	781	-
Due from other governmental units	38,670	-	-	-	-	-	-	38,670	-
Total assets	\$ 1,921,766	\$ 371,536	\$ 224,468	\$ 442,682	\$ 247,569	\$ 139,629	\$ 183,185	\$ 228,266	\$ 84,431
LIABILITIES									
Accounts payable	\$ 81,990	\$ 8,070	\$ -	\$ 14,423	\$ 59,459	\$ -	\$ -	\$ 38	\$ -
Accrued liabilities	9,789	9,466	-	-	-	-	-	323	-
Due to other governmental units	246,876	-	-	-	150,900	2,231	93,745	-	-
Advances from other funds	131,226	-	-	-	-	-	-	-	131,226
Total liabilities	469,881	17,536	-	14,423	210,359	2,231	93,745	361	131,226
DEFERRED INFLOWS OF RESOURCES									
Property taxes levied for subsequent year	548,624	354,000	-	194,624	-	-	-	-	-
Unavailable revenues - special assessments	168,188	-	-	-	-	-	88,828	-	79,360
Total deferred inflows of resources	716,812	354,000	-	194,624	-	-	88,828	-	79,360
FUND BALANCES (DEFICITS)									
Restricted									
Street lights	233,635	-	-	233,635	-	-	-	-	-
Hydrants	37,210	-	-	-	37,210	-	-	-	-
Water purposes	365,915	-	-	-	-	137,398	612	227,905	-
Committed - public safety	224,468	-	224,468	-	-	-	-	-	-
Unassigned	(126,155)	-	-	-	-	-	-	-	(126,155)
Total fund balances (deficits)	735,073	-	224,468	233,635	37,210	137,398	612	227,905	(126,155)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,921,766	\$ 371,536	\$ 224,468	\$ 442,682	\$ 247,569	\$ 139,629	\$ 183,185	\$ 228,266	\$ 84,431

Muskegon Charter Township
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 Other Governmental Funds
 For the year ended December 31, 2015

	Total Other Governmental Funds	Special Revenue Funds						Local Water Improvement	Capital Projects Fund Paving Projects
		Local Streets	Fire Equipment	Street Lighting	Hydrant	Northside Water System	Southside Water System		
REVENUES									
Property taxes	\$ 594,922	\$ 347,000	\$ -	\$ 247,922	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues - Local	70,000	70,000	-	-	-	-	-	-	-
Charges for services	360,730	-	341,920	-	-	-	-	18,810	-
Investment earnings	42,994	32	1,404	(1,643)	13,097	4,505	11,438	8,165	5,996
Other	69,064	-	150	-	-	-	43,733	4,668	20,513
Total revenues	1,137,710	417,032	343,474	246,279	13,097	4,505	55,171	31,643	26,509
EXPENDITURES									
Current									
Public safety	10,534	-	10,534	-	-	-	-	-	-
Public works	917,226	524,798	-	194,161	122,235	-	55,195	20,837	-
Debt service									
Interest and fees	4,708	-	-	-	-	134	-	-	4,574
Capital outlay	139,199	5,987	133,212	-	-	-	-	-	-
Total expenditures	1,071,667	530,785	143,746	194,161	122,235	134	55,195	20,837	4,574
Excess of revenues over (under) expenditures	66,043	(113,753)	199,728	52,118	(109,138)	4,371	(24)	10,806	21,935
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of capital assets	6,500	-	6,500	-	-	-	-	-	-
Transfers in	128,753	113,753	-	-	-	-	-	-	15,000
Transfers out	(113,000)	-	(113,000)	-	-	-	-	-	-
Total other financing sources (uses)	22,253	113,753	(106,500)	-	-	-	-	-	15,000
Net change in fund balances (deficits)	88,296	-	93,228	52,118	(109,138)	4,371	(24)	10,806	36,935
Fund balances (deficits) at January 1, 2015	646,777	-	131,240	181,517	146,348	133,027	636	217,099	(163,090)
Fund balances (deficits) at December 31, 2015	\$ 735,073	\$ -	\$ 224,468	\$ 233,635	\$ 37,210	\$ 137,398	\$ 612	\$ 227,905	\$ (126,155)