

**Township of Grosse Ile**

**Financial Statements**

**March 31, 2017**

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## Independent Auditors' Report

To the Board of Trustees  
Township of Grosse Ile, Michigan

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Grosse Ile, Michigan, as of and for the year ended March 31, 2017, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Grosse Ile, Michigan, as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Municipal Employees Retirement System schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Grosse Ile, 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, as identified in the table of contents, 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.

*Yeo & Yeo, P.C.*

September 28, 2017

## **Management's Discussion and Analysis**

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

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2017:

- The financial report for the year ended March 31, 2017 reflects complete implementation of Governmental Accounting Standards Board Statement Number 34, which significantly changed the content and format of municipal financial reporting. Accordingly, these statements present both entity-wide financial reporting for all governmental and business activities in addition to reporting financial information at the fund level.
- State-shared revenue, our second largest revenue source, was increased by the State of Michigan by \$ 43,380 this year, which represents a 5.3% increase from the prior year. During the year, the Township has complied with each component of the State of Michigan's Transparency and Accountability Initiative Program to preserve the Township's portion of statutory revenue sharing.
- Property taxes are the Township's single largest source of revenue. The Township's taxable value for fiscal year 2016/2017 was \$580,539,121 which represents an increase of \$6,094,859, or 1.0610%.
- On June 26, 2015, a fire started in the Water's Edge maintenance barn and destroyed the entire building and all contents resulting in a complete loss. An insurance claim was filed. Insurance proceeds received as of March 31, 2017 were included in the Recreation Fund statements in the amount of \$303,276. All proceeds received were used to rebuild the facility and replace equipment. Proceeds spent as of March 31, 2017, were \$516,638 which were included in the Recreation Fund. The difference of \$213,362 was recorded in the Recreation Fund as Insurance proceeds – net expenditures as other financing sources. Total insurance proceeds received were \$836,790, all of which were spent to date.
- During the current fiscal year, building permit revenue decreased by \$60,678, which still included 13 new construction permits with an estimated value of \$5,500,000.
- In 2015/2016 the Township received \$500,000 from Wayne County for a Wayne County Local Partnering Initiative for Township Roads. To qualify, the Township had to match at least 20% of the total cost of a project with local funding. Wayne County funded up to 80% of project costs capped at the amount available through the Initiative. The Township is expected to receive an additional \$500,000 for the 2016/2017 fiscal year.
- On August 24, 2016, the Township issued 2016 Capital improvement bonds, pursuant to Act. 34, Public Acts of Michigan, 2001, as amended, in the amount of \$6,500,000 for the purpose of paying all or part of the cost of acquiring, construction, furnishing and equipping water supply improvements, including water main replacements, together with all related appurtenances and attachments. Said bonds will mature over a period of 20 years with an interest rate of 2.54%.

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.



The Township as a Whole

The following table shows, in condensed format, the net position as of March 31, 2017 and 2016 (in thousands of dollars):

**Table 1**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>						
Current assets	\$ 8,534	\$ 8,815	\$ 12,064	\$ 6,294	\$ 20,598	\$ 15,109
Noncurrent assets	<u>37,766</u>	<u>35,965</u>	<u>73,751</u>	<u>73,481</u>	<u>111,517</u>	<u>109,446</u>
Total assets	<u>46,300</u>	<u>44,780</u>	<u>85,815</u>	<u>79,775</u>	<u>132,115</u>	<u>124,555</u>
<b>Liabilities</b>						
Current liabilities	769	563	4,208	504	4,977	1,067
Long-term liabilities	<u>19,821</u>	<u>7,323</u>	<u>33,081</u>	<u>31,384</u>	<u>52,902</u>	<u>38,707</u>
Total liabilities	<u>20,590</u>	<u>7,886</u>	<u>37,289</u>	<u>31,888</u>	<u>57,879</u>	<u>39,774</u>
<b>Net position</b>						
Net investment in capital assets	33,929	33,818	39,008	42,472	72,937	76,290
Restricted	5,680	3,825	4,009	-	9,689	3,825
Unrestricted	<u>(13,899)</u>	<u>(749)</u>	<u>5,509</u>	<u>5,415</u>	<u>(8,390)</u>	<u>4,666</u>
Total net position	<u>\$ 25,710</u>	<u>\$ 36,894</u>	<u>\$ 48,526</u>	<u>\$ 47,887</u>	<u>\$ 74,236</u>	<u>\$ 84,781</u>

The Township has combined net position of \$74.2 million. Business-type activities comprise \$48.5 million of the total net position.

The following table shows the changes of the net position during the years ended March 31, 2017 and 2016 (in thousands of dollars):

**Table 2**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Net position - beginning of year</b>	\$ 27,272	\$ 28,771	\$ 46,589	\$ 44,167	\$ 73,861	\$ 72,938
<b>Revenue</b>						
Program revenue						
Charges for services	1,672	2,566	6,463	6,214	8,135	8,780
Operating grants and contributions	1,196	1,133	-	-	1,196	1,133
Capital grants and contributions	-	-	72	348	72	348
General revenue						
Property taxes	5,759	5,535	3,171	3,212	8,930	8,747
State revenue	862	819	-	-	862	819
Unrestricted investment earnings	70	76	25	11	95	87
Total revenue	9,559	10,129	9,731	9,785	19,290	19,914
<b>Program Expenses</b>						
General government	3,489	3,847	-	-	3,489	3,847
Public safety	6,511	6,309	-	-	6,511	6,309
Public works	-	-	6,671	6,241	6,671	6,241
Municipal airport and commerce park	-	-	1,123	1,122	1,123	1,122
Recreation and culture	1,043	1,393	-	-	1,043	1,393
Interest on long-term debt	78	79	-	-	78	79
Total program expenses	11,121	11,628	7,794	7,363	18,915	18,991
Change in net position	(1,562)	(1,499)	1,937	2,422	375	923
Net position - end of year	\$ 25,710	\$ 27,272	\$ 48,526	\$ 46,589	\$ 74,236	\$ 73,861

### Governmental Activities

The Township's total governmental revenues increased by approximately \$309,782. The increase, which represents 3.34%, was due primarily to the increase in property taxes in the amount of \$223,605, and an overall increase in taxable value of 1.0610%. Licenses and Permits decreased in the amount of \$47,509, including 13 new construction permits as compared to 19 in the previous year. Furthermore, there continues to be continuous activity with remodeling and home improvement permits, as well as, new homes being built. Interest income continues to increase slowly in the amount of \$69,686. Ambulance revenues increased by \$38,373, rescue runs continue to be stable. Federal, State and County funding sources increased by \$63,453 due to more available grant and drug forfeiture opportunities. Several other sources of revenue have either increased slightly or stayed the same from the prior year including State-Shared Revenue.

Expenses decreased by \$360,165 during the year. This decrease, which represents 3.64%, was due primarily to decreased purchases and construction of capital assets in the current year than in the prior year. The Road Improvement Fund expended \$715,072 for road improvements throughout the Township alone. This was possible through an Initiative-matching grant received from Wayne County in the amount of \$500,000. Capital expenditures amounted to \$871,392 in the current fiscal year. The decrease in expenditures is also a result of an insurance claim received in the amount of \$836,790 and spent for the Water's Edge maintenance shed due to a complete loss as a result of a fire in June 2015, which was recorded in the financial statements over a two year period. The Township continues to take a conservative effort to reduce spending in all areas.

### Business-Type Activities

The Township's business-type activities consist of the Department of Public Works and the Municipal Airport and Commerce Park. The Department of Public Works Fund provides water to residents from the Detroit Water System. The Township provides sewage treatment through a Township-owned sewage treatment plant. Refuse collection and recycling services are provided by an outside commercial entity.

The operating revenue of the Department of Public Works' fund increased by \$ 322,049 or 6%. The Township imposed a 9.375% rate increase for water usage and a 0% rate increase for sewer usage, even though the Township received a 7.16% increase from the City of Detroit for the fiscal year. Water usage was up 6.05% over the past year. Therefore, in the future, water and sewer rates need to be continuously adjusted on an annual basis to absorb the increase from the City of Detroit and to pay for current and future capital improvement infrastructure needs. The operating expenses increased by \$262,164 or 2.45% due to increasing water costs, increased repairs needed at the waste water treatment plant, and additional water main repairs. The current fiscal year resulted in an overall operating net loss of \$30,298, as compared to the prior fiscal year loss of \$90,183. Furthermore, the Department of Public Works will continue to make a conservative effort to reduce spending.

The Municipal Airport and Commerce Park is used to account for the airport operations and the Commerce Park complex. The operating revenue for this fund decreased by \$72,813 or 8.6%. The decrease was primarily due to the loss of a major Commerce Park tenant. The Municipal Airport and Commerce Park Commission adjusts rents annually with CPI rate increases and tries to secure additional revenue generated by non-airport related activities such as commercial television shoots. The operating expenses remained constant increasing slightly by \$6,229. The increase, again, due to a conservative effort to reduce spending with minimal staffing. The operating loss was \$339,446, more than the previous fiscal year loss of \$260,424.

### The Township Funds

Our analysis of the Township's major funds begins on page 3-4, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2017 include the General Fund, the Recreation Fund, the Fire Operating Fund, and the Drain and Storm Maintenance Fund.

The General Fund pays for most of the Township's governmental services. The most significant are general administration and police operations, which incurred expenses of approximately \$2.242 and \$3.398 million, respectively, in the current year. The budget in the General Fund is basically a "maintenance" budget, which means it increases modestly from year to year.

### General Fund Budgetary Highlights

Over the course of the year, the Township did not amend the budget. The Township Board's policy regarding the budget is to avoid making adjustments during the year so that the budget can be used as a financial guide to make financial decisions, and to analyze and maintain the validity of the budget document. As a result, the actual revenues and expenses are usually within 10% of budgeted amounts. Overall, the Township departments were above the original budget amounts, resulting in total expenditures and transfers of negative \$252,658 over the budgeted amount of negative \$190,188 for operations.

### Capital Asset and Debt Administration

As of March 31, 2017, the Township had approximately \$109.3 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, bike paths, roads, equipment, and water and sewer lines.

Major capital improvements for the fiscal year included the purchase of public safety vehicles, police and fire equipment, various road repairs located township-wide, several major improvements to the Waste Water Treatment Plant and the continuation of water and sanitary sewer main replacements.

Other capital improvements include various computer and equipment purchases by all departments.

### Economic Factors and Next Year's Budgets and Rates

Due to the extreme economic conditions that every local community is currently facing, the Township's 2017-2018 budget was prepared with the following criteria. First, operating millage revenues increased slightly from the prior year with an estimated increase in taxable value of approximately 2% due to the slow recovery of the economy, however, stabling out in the future. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. Further, the Township incorporated state-shared revenue to increase by 3%, a 3% increase in all employee health insurance premiums, and a 10% increase in liability insurance premiums, as well as, a variable increase for employee pension costs as determined by MERS. Employee

wages increased by 1.58% (COLA) for administrative personnel, 1.75% for police personnel employees, and remained constant for those general employees who were under an existing union contract. By limiting other categories of discretionary spending and revisiting how certain services are delivered, the Township was able to adopt a balanced budget for the 2017-2018 fiscal year using prior year resources for the General Fund in the amount of \$230,957. This deficit was budgeted for an operating transfer to the Recreation Department in the amount of \$73,700, for building bond payment and utilities associated to the building, and an additional increase of \$130,000 in the police department for employee costs.

As of July 2017, water rates increased by 3.0% and sewer rates remained unchanged. Refuse rates remained the same to reflect actual costs. The amount charged to Township residents for an overall average bill increase of 1.75%. Due to rate increases in previous years, the Township Board estimated that the Department of Public Works could absorb the 8.48% rate increase imposed by the Detroit Water Board and maintain operations and continue capital improvements with increases as stated above.

### **Contacting the Township's Management**

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

## **Financial Statements**

**Township of Grosse Ile**  
**Statement of Net Position**  
**March 31, 2017**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 7,670,048	\$ 5,742,686	\$ 13,412,734	\$ 314,030
Restricted cash and cash equivalents	-	4,008,881	4,008,881	-
Receivables - net	528,005	-	528,005	-
Customer receivables	-	1,685,022	1,685,022	-
Internal balances	(469,084)	469,084	-	-
Due from fiduciary funds	-	-	-	128,200
Due from other governmental units	705,707	-	705,707	-
Inventories	5,087	128,533	133,620	-
Prepaid items and other assets	94,386	29,252	123,638	-
Capital assets not being depreciated	14,301,557	7,850,827	22,152,384	-
Capital assets net of accumulated depreciation	<u>21,498,012</u>	<u>65,635,498</u>	<u>87,133,510</u>	<u>392,668</u>
Total assets	<u>44,333,718</u>	<u>85,549,783</u>	<u>129,883,501</u>	<u>834,898</u>
<b>Deferred Outflows of Resources</b>				
Deferred amount on net pension liability	<u>1,967,339</u>	<u>265,482</u>	<u>2,232,821</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>46,301,057</u>	<u>85,815,265</u>	<u>132,116,322</u>	<u>834,898</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile**  
**Statement of Net Position**  
**March 31, 2017**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>Liabilities</b>				
Accounts payable	\$ 322,620	\$ 273,700	\$ 596,320	\$ 735
Accrued and other liabilities	110,115	9,499	119,614	1,623
Unearned revenue	47,796	130,813	178,609	-
Customer deposits	-	22,181	22,181	-
Accrued interest	36,581	283,419	320,000	-
Noncurrent liabilities				
Compensated absences due within one year	-	7,900	7,900	-
Compensated absences due in more than one year	440,358	40,425	480,783	-
Debt due within one year	252,840	3,480,000	3,732,840	65,000
Debt due in more than one year	1,617,364	30,998,374	32,615,738	-
Net other post employment benefit obligations	5,200,750	347,362	5,548,112	-
Net pension liability	12,136,663	1,637,781	13,774,444	-
Total liabilities	<u>20,165,087</u>	<u>37,231,454</u>	<u>57,396,541</u>	<u>67,358</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount on net pension liability	<u>426,089</u>	<u>57,499</u>	<u>483,588</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>20,591,176</u>	<u>37,288,953</u>	<u>57,880,129</u>	<u>67,358</u>
<b>Net position</b>				
Net investment in				
Capital assets	33,929,365	39,007,951	72,937,316	327,668
Restricted for				
Debt service	426,996	-	426,996	-
Capital projects	-	4,008,881	4,008,881	-
Other purposes	5,252,253	-	5,252,253	-
Unrestricted (deficit) surplus	<u>(13,898,733)</u>	<u>5,509,480</u>	<u>(8,389,253)</u>	<u>439,872</u>
Total net position	<u>\$ 25,709,881</u>	<u>\$ 48,526,312</u>	<u>\$ 74,236,193</u>	<u>\$ 767,540</u>

See Accompanying Notes to the Financial Statements



**Township of Grosse Ile**  
**Statement of Activities**  
**For the Year Ended March 31, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs</b>								
Primary government								
Governmental activities								
General government	\$ 3,488,770	\$ 848,517	\$ 500,000	\$ -	\$ (2,140,253)	\$ -	\$ (2,140,253)	\$ -
Public safety	6,510,722	313,502	688,099	-	(5,509,121)	-	(5,509,121)	-
Cultural and recreation	1,042,804	510,067	7,858	-	(524,879)	-	(524,879)	-
Interest on debt	78,449	-	-	-	(78,449)	-	(78,449)	-
Total governmental activities	<u>11,120,745</u>	<u>1,672,086</u>	<u>1,195,957</u>	<u>-</u>	<u>(8,252,702)</u>	<u>-</u>	<u>(8,252,702)</u>	<u>-</u>
Business-type activities								
Department of public works	6,670,540	5,688,664	-	-	-	(981,876)	(981,876)	-
Municipal airport and commerce park	1,123,511	774,355	-	72,000	-	(277,156)	(277,156)	-
Total business-type activities	<u>7,794,051</u>	<u>6,463,019</u>	<u>-</u>	<u>72,000</u>	<u>-</u>	<u>(1,259,032)</u>	<u>(1,259,032)</u>	<u>-</u>
Total primary government	<u>\$ 18,914,796</u>	<u>\$ 8,135,105</u>	<u>\$ 1,195,957</u>	<u>\$ 72,000</u>	<u>(8,252,702)</u>	<u>(1,259,032)</u>	<u>(9,511,734)</u>	<u>-</u>
Component units								
Brownfield Authority	\$ 200	\$ -	\$ -	\$ -	-	-	-	(200)
Downtown Development Authority	96,620	-	-	-	-	-	-	(95,480)
Total component units	<u>\$ 96,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,680)</u>
General revenues								
Property taxes					5,758,686	3,170,811	8,929,497	152,898
State-shared revenue					862,132	-	862,132	-
Unrestricted investment earnings					69,686	25,298	94,984	1,287
Total general revenues					<u>6,690,504</u>	<u>3,196,109</u>	<u>9,886,613</u>	<u>154,185</u>
Change in net position					(1,562,198)	1,937,077	374,879	58,505
Net position - beginning of year					<u>27,272,079</u>	<u>46,589,235</u>	<u>73,861,314</u>	<u>709,035</u>
Net position - end of year					<u>\$ 25,709,881</u>	<u>\$ 48,526,312</u>	<u>\$ 74,236,193</u>	<u>\$ 767,540</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile  
Governmental Funds  
Balance Sheet  
March 31, 2017**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Fire Operating Fund</u>	<u>Drain and Storm Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 1,788,464	\$ 107,320	\$ 946,461	\$ 1,110,351	\$ 3,717,452	\$ 7,670,048
Receivable - net	334,756	33,130	39,299	7,322	113,498	528,005
Due from other funds	162,713	12,108	-	-	60,355	235,176
Due from other governmental units	203,957	-	-	-	501,750	705,707
Inventories	2,979	288	1,820	-	-	5,087
Prepaid items and other assets	79,500	9,886	5,000	-	-	94,386
Total assets	<u>\$ 2,572,369</u>	<u>\$ 162,732</u>	<u>\$ 992,580</u>	<u>\$ 1,117,673</u>	<u>\$ 4,393,055</u>	<u>\$ 9,238,409</u>
<b>Liabilities</b>						
Accounts payable	\$ 112,074	\$ 33,975	\$ 58,675	\$ 5,260	\$ 112,636	\$ 322,620
Accrued and other liabilities	44,665	30,806	32,712	-	1,932	110,115
Due to other funds	34,610	42,245	40,822	-	586,583	704,260
Unearned revenue	-	47,796	-	-	-	47,796
Total liabilities	<u>191,349</u>	<u>154,822</u>	<u>132,209</u>	<u>5,260</u>	<u>701,151</u>	<u>1,184,791</u>
<b>Deferred inflows of resources</b>						
County grant	-	-	-	-	500,000	500,000
Special assessments	-	-	-	-	51,190	51,190
Total deferred inflows of resource	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,190</u>	<u>551,190</u>
<b>Fund balances</b>						
Nonspendable						
Inventories	2,979	288	1,820	-	-	5,087
Prepaid Items and escrow deposits	79,500	9,886	5,000	-	-	94,386
Restricted						
Debt service funds	-	-	-	-	412,387	412,387
Special revenue funds	-	-	853,551	1,112,413	2,955,552	4,921,516
Construction code fees	219,154	-	-	-	-	219,154
Committed	-	-	-	-	161,192	161,192
Unassigned (deficit)	2,079,387	(2,264)	-	-	(388,417)	1,688,706
Total fund balance	<u>2,381,020</u>	<u>7,910</u>	<u>860,371</u>	<u>1,112,413</u>	<u>3,140,714</u>	<u>7,502,428</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 2,572,369</u>	<u>\$ 162,732</u>	<u>\$ 992,580</u>	<u>\$ 1,117,673</u>	<u>\$ 4,393,055</u>	<u>\$ 9,238,409</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**For the Year Ended March 31, 2017**

<b>Total fund balances for governmental funds</b>	\$ 7,502,428
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	35,799,569
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	551,190
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(36,581)
Compensated absences	(440,358)
Net other post employment benefit obligations	(5,200,750)
Deferred (inflows) / outflows of resources.	
Deferred inflows of resources resulting from net pension liability	(426,089)
Deferred outflows of resources related to the net pension liability	1,967,339
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities	
Debt	(1,870,204)
Net pension liability	<u>(12,136,663)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 25,709,881</u></b>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile**  
**Governmental Funds**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**For the Year Ended March 31, 2017**

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Fire Operating Fund</u>	<u>Drain and Storm Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenue</b>						
Property taxes	\$ 3,423,917	\$ 506,418	\$ 860,665	\$ 189,215	\$ 778,471	\$ 5,758,686
State-shared revenue	862,132	-	-	-	-	862,132
Special assessments	-	-	-	-	26,831	26,831
Licenses and permits	563,811	-	-	-	-	563,811
Charges for services	60	319,120	-	-	-	319,180
Ambulance fees	-	-	183,567	-	-	183,567
Rental income	-	43,357	-	-	110,508	153,865
Federal sources	35,274	-	-	-	436,168	471,442
State sources	5,037	-	-	-	219,478	224,515
Fines and forfeitures	92,228	-	-	-	-	92,228
Interest income	45,532	-	1,461	4,357	18,336	69,686
Other revenue	284,706	74,729	-	-	-	359,435
Total revenue	<u>5,312,697</u>	<u>943,624</u>	<u>1,045,693</u>	<u>193,572</u>	<u>1,589,792</u>	<u>9,085,378</u>
<b>Expenditures</b>						
Current						
General government	1,917,470	-	-	222,323	776,771	2,916,564
33rd district court	86,473	-	-	-	-	86,473
Public safety	3,312,185	-	1,012,212	-	728,386	5,052,783
Cultural recreation	-	906,447	-	-	215,588	1,122,035
Debt service	-	126,969	-	-	232,818	359,787
Total expenditures	<u>5,316,128</u>	<u>1,033,416</u>	<u>1,012,212</u>	<u>222,323</u>	<u>1,953,563</u>	<u>9,537,642</u>
Excess of revenue over (under) expenditures	<u>(3,431)</u>	<u>(89,792)</u>	<u>33,481</u>	<u>(28,751)</u>	<u>(363,771)</u>	<u>(452,264)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	75,410	84,463	-	-	204,724	364,597
Insurance proceeds - net of expenditures	(46,036)	(213,362)	-	-	-	(259,398)
Transfers out	(278,601)	-	(85,410)	-	(586)	(364,597)
Total other financing sources (uses)	<u>(249,227)</u>	<u>(128,899)</u>	<u>(85,410)</u>	<u>-</u>	<u>204,138</u>	<u>(259,398)</u>
Net change in fund balance	(252,658)	(218,691)	(51,929)	(28,751)	(159,633)	(711,662)
Fund balance - beginning of year	<u>2,633,678</u>	<u>226,601</u>	<u>912,300</u>	<u>1,141,164</u>	<u>3,300,347</u>	<u>8,214,090</u>
Fund balance - end of year	<u>\$ 2,381,020</u>	<u>\$ 7,910</u>	<u>\$ 860,371</u>	<u>\$ 1,112,413</u>	<u>\$ 3,140,714</u>	<u>\$ 7,502,428</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended March 31, 2017**

**Net changes in fund balances - total governmental funds** \$ (711,662)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	871,392
Depreciation expense	(1,036,827)

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

Special assessments	(26,831)
Grants	500,000

Expenses are recorded when incurred in the statement of activities.

Accrued interest	4,044
Compensated absences	26,629
Net other post employment benefit obligations	(492,591)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	(172,086)
Net change in the deferred inflow of resources related to the net pension liability	(426,089)
Net change between actual pension contributions and the cost of benefits earned net of employee contributions	(375,471)

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments of long-term debt	277,294
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**Change in net position of governmental activities** **\$ (1,562,198)**

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile  
Proprietary Funds  
Statement of Net Position  
March 31, 2017**

	Enterprise Funds		
	Department of Public Works	Municipal	Total
		Airport and Commerce Park	
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 5,156,420	\$ 586,266	\$ 5,742,686
Restricted cash and cash equivalents	4,008,881	-	4,008,881
Customer receivables - net	1,645,624	39,398	1,685,022
Due from other funds	472,415	-	472,415
Prepaid expenses	29,252	-	29,252
Inventories	97,844	30,689	128,533
Total current assets	11,410,436	656,353	12,066,789
Noncurrent assets			
Capital assets	61,405,918	12,080,407	73,486,325
Total assets	72,816,354	12,736,760	85,553,114
<b>Deferred Outflows of Resources</b>			
Deferred amount related to net pension liability	259,007	6,475	265,482
Total assets and deferred outflows of resources	73,075,361	12,743,235	85,818,596
<b>Liabilities</b>			
Current liabilities			
Accounts payable	225,690	48,010	273,700
Accrued and other liabilities	6,986	2,513	9,499
Due to other funds	2,367	964	3,331
Customer deposits	-	22,181	22,181
Accrued interest	278,574	4,845	283,419
Unearned revenue	-	130,813	130,813
Current portion of compensated absences	7,000	900	7,900
Current portion of long-term debt	3,405,000	75,000	3,480,000
Total current liabilities	3,925,617	285,226	4,210,843
Noncurrent liabilities			
Provision for compensated absences - net of current portion	32,245	8,180	40,425
Net other post employment benefit obligations	247,097	100,265	347,362
Net pension liability	1,597,836	39,945	1,637,781
Long-term debt - net of current portion	30,918,374	80,000	30,998,374
Total noncurrent liabilities	32,795,552	228,390	33,023,942
Total liabilities	36,721,169	513,616	37,234,785
<b>Deferred Inflows of Resources</b>			
Deferred amount related to net pension liability	56,096	1,403	57,499
Total liabilities and deferred inflows of resources	36,777,265	515,019	37,292,284
<b>Net position</b>			
Net investment in capital assets	27,082,544	11,925,407	39,007,951
Restricted for capital projects	4,008,881	-	4,008,881
Unrestricted	5,206,671	302,809	5,509,480
Total net position	\$ 36,298,096	\$ 12,228,216	\$ 48,526,312

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile**  
**Proprietary Funds**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended March 31, 2017**

	<b>Enterprise Funds</b>		
	<b>Department of Public Works</b>	<b>Municipal</b>	
		<b>Airport and Commerce Park</b>	<b>Total</b>
<b>Operating revenue</b>			
Sale of water	\$ 3,136,938	\$ -	\$ 3,136,938
Sewage disposal charges	1,797,904	-	1,797,904
Refuse charges	753,822	-	753,822
Airport related	-	283,363	283,363
Commerce Park rent	-	341,352	341,352
Fuel farm	-	149,640	149,640
	<u>5,688,664</u>	<u>774,355</u>	<u>6,463,019</u>
Total operating revenue			
<b>Operating expenses</b>			
Cost of water produced/purchased	2,136,042	-	2,136,042
Cost of sewage treatment	1,285,853	-	1,285,853
Cost of refuse disposal	735,352	-	735,352
Airport related	-	305,631	305,631
Commerce Park rent	-	134,891	134,891
Fuel farm	-	140,611	140,611
Depreciation	1,561,715	532,688	2,094,403
	<u>5,718,962</u>	<u>1,113,821</u>	<u>6,832,783</u>
Total operating expenses			
Operating income (loss)	<u>(30,298)</u>	<u>(339,466)</u>	<u>(369,764)</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile**  
**Proprietary Funds**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended March 31, 2017**

	<u>Enterprise Funds</u>		
	<u>Department of Public Works</u>	<u>Municipal Airport and Commerce Park</u>	<u>Total</u>
<b>Nonoperating revenue (expenses)</b>			
Property taxes	\$ 3,170,811	\$ -	\$ 3,170,811
Investment income	23,803	1,495	25,298
Bond issuance costs	(92,105)	-	(92,105)
Interest expense	(859,473)	(9,690)	(869,163)
 Total nonoperating revenue (expenses)	 <u>2,243,036</u>	 <u>(8,195)</u>	 <u>2,234,841</u>
 Income (loss) before capital contributions	 2,212,738	 (347,661)	 1,865,077
Capital contributions	<u>-</u>	<u>72,000</u>	<u>72,000</u>
 Change in net position	 2,212,738	 (275,661)	 1,937,077
Net position - beginning of year	<u>34,085,358</u>	<u>12,503,877</u>	<u>46,589,235</u>
Net position - end of year	<u>\$ 36,298,096</u>	<u>\$ 12,228,216</u>	<u>\$ 48,526,312</u>

See Accompanying Notes to the Financial Statements



**Township of Grosse Ile  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended March 31, 2017**

	<b>Enterprise Funds</b>		
	<b>Department of Public Works</b>	<b>Municipal</b>	
		<b>Airport and Commerce Park</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 7,064,727	\$ 942,118	\$ 8,006,845
Payments to suppliers	(4,939,455)	(487,813)	(5,427,268)
Payments to employees	(369,736)	(147,013)	(516,749)
Internal activity - payment (to) from other funds	28,929	8,794	37,723
Other receipts	23,803	1,495	25,298
Net cash provided by operating activities	<u>1,808,268</u>	<u>317,581</u>	<u>2,125,849</u>
<b>Cash flows from financing activities</b>			
Purchase of capital assets	(1,959,294)	(68,900)	(2,028,194)
Proceeds from property tax levy	3,170,811	-	3,170,811
Bond proceeds	6,500,000	-	6,500,000
Bond issuance costs	(92,105)	-	(92,105)
Premium on issuance	340,211	-	340,211
Principal paid on capital debt	(3,300,000)	(70,000)	(3,370,000)
Interest paid on capital debt	(859,473)	(9,690)	(869,163)
Net cash provided (used) by financing activities	<u>3,800,150</u>	<u>(148,590)</u>	<u>3,651,560</u>
<b>Cash flows from investing activities</b>			
Interest received on investment	23,803	1,495	25,298
Change in cash and cash equivalents	5,632,221	170,486	5,802,707
Cash and cash equivalents - beginning of year	<u>3,533,080</u>	<u>415,780</u>	<u>3,948,860</u>
Cash and cash equivalents - end of year	<u>\$ 9,165,301</u>	<u>\$ 586,266</u>	<u>\$ 9,751,567</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended March 31, 2017**

	<u>Enterprise Funds</u>		
	<u>Department of Public Works</u>	<u>Municipal Airport and Commerce Park</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ (30,298)	\$ (339,466)	\$ (369,764)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Noncash change in the net pension liability	22,656	566	23,222
Depreciation	1,561,715	532,688	2,094,403
Changes in assets and liabilities			
Receivables	64,394	23,073	87,467
Inventories	(477)	8,615	8,138
Accounts payable	35,873	8,752	44,625
Accrued and other liabilities	93,100	(1,659)	91,441
Prepaid expenses	(23,986)	-	(23,986)
Deferred outflows of resources related to the net pension liability	49,432	1,236	50,668
Deferred inflows of resources related to the net pension liability	56,096	1,403	57,499
Compensated absences	1,275	(1,002)	273
Unearned revenue	-	87,845	87,845
Other liabilities	7,417	4,324	11,741
Interfund activity	(28,929)	(8,794)	(37,723)
	<u>(28,929)</u>	<u>(8,794)</u>	<u>(37,723)</u>
Net cash provided by operating activities	<u>\$ 1,808,268</u>	<u>\$ 317,581</u>	<u>\$ 2,125,849</u>

Noncash investing, capital, and financing activities - During the year ended March 31, 2017, the Municipal Airport and Commerce Park Fund received \$72,000 of matching funds from the state for their portion of a major equipment purchase.

**See Accompanying Notes to the Financial Statements**

**Township of Grosse Ile**  
**Fiduciary Funds**  
**Statement of Assets and Liabilities**  
**March 31, 2017**

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	<b>Agency Funds</b>		
	<b>General</b>	<b>Tax Collection</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 577,394	\$ 309,158	\$ 886,552
<b>Liabilities</b>			
Due to component unit	\$ 2,527	\$ 125,673	\$ 128,200
Due to governmental units	-	116,297	116,297
Accrued and other liabilities	574,867	67,188	642,055
Total liabilities	\$ 577,394	\$ 309,158	\$ 886,552

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile  
Component Units  
Statement of Net Position  
March 31, 2017**

	<b>Brownfield Authority</b>	<b>Downtown Development Authority</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 236,036	\$ 77,994	\$ 314,030
Due from primary government	8,419	119,781	128,200
Capital assets - net	<u>-</u>	<u>392,668</u>	<u>392,668</u>
Total assets	<u>244,455</u>	<u>590,443</u>	<u>834,898</u>
<b>Liabilities</b>			
Accounts payable	-	735	735
Accrued and other liabilities	-	1,623	1,623
Long-term debt			
Due within one year	<u>-</u>	<u>65,000</u>	<u>65,000</u>
Total liabilities	<u>-</u>	<u>67,358</u>	<u>67,358</u>
<b>Net position</b>			
Net investment in capital assets	-	327,668	327,668
Unrestricted	<u>244,455</u>	<u>195,417</u>	<u>439,872</u>
Total net position	<u>\$ 244,455</u>	<u>\$ 523,085</u>	<u>\$ 767,540</u>

See Accompanying Notes to the Financial Statements

**Township of Grosse Ile  
Component Units  
Statement of Activities  
March 31, 2017**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>Brownfield Authority</u>	<u>Downtown Development Authority</u>	<u>Total</u>
<b>Brownfield Authority</b>						
Community and economic development	\$ 200	\$ -	\$ -	\$ (200)	\$ -	\$ (200)
<b>Downtown Development Authority</b>						
Community and economic development	<u>96,620</u>	<u>(1,140)</u>	<u>-</u>	<u>-</u>	<u>(95,480)</u>	<u>(95,480)</u>
Total component units	<u>\$ 96,820</u>	<u>\$ (1,140)</u>	<u>\$ -</u>	<u>(200)</u>	<u>(95,480)</u>	<u>(95,680)</u>
General revenues						
Property taxes				8,419	144,479	152,898
Interest				<u>1,048</u>	<u>239</u>	<u>1,287</u>
Total general revenues				<u>9,467</u>	<u>144,718</u>	<u>154,185</u>
Change in net position				9,267	49,238	58,505
Net position - beginning of year				<u>235,188</u>	<u>473,847</u>	<u>709,035</u>
Net position - end of year				<u>\$ 244,455</u>	<u>\$ 523,085</u>	<u>\$ 767,540</u>

**See Accompanying Notes to the Financial Statements**

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
**March 31, 2017**

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**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Township of Grosse Ile (the “Township”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

**Reporting Entity**

The Township operates as a General Law Township under the laws of the State of Michigan. The Township is governed by an elected seven-member Board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units - The Grosse Ile Building Authority (the “Authority”) is composed of a three-member board appointed by the Township’s Board of Trustees. Although it is a separate legal entity from the Township, the Authority is reported as if it were a part of the primary government because its sole purpose is to finance and construct the Township’s public buildings.

Discretely Presented Component Units - The Downtown Development Authority (the “Authority”) was created under Act No. 197 of the Michigan State statutes to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic development within the downtown district. The supervisor, subject to the approval of the Township Board under the supervision and control of a Board consisting of the Township supervisor and eight members, appoints the Authority. A tax incremental financing plan was instituted to finance the activities of the Authority. In addition, the

Authority budget is subject to approval by the Township Board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township.

The Brownfield Authority (the “Authority”) was created under Michigan Public Act 381 of 1997. Its purpose is to redevelop and reuse the Grosse Ile Airport Commerce Park through the capture of tax revenues generated within the Brownfield District. The tax revenues are used to remediate environmental problems (approved by the Township Board) and for land use and market studies (approved by the State of Michigan Department of Environmental Quality). The members consist of the Airport Commission appointed by the Township Board. A tax incremental financing plan was instituted to finance the activities of the Authority. In addition, the Authority’s budget is subject to approval by the Township Board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township.

Jointly Governed Organizations - Jointly governed organizations are discussed in Note 13.

**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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
**March 31, 2017**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund and component unit financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

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

**Recreation Fund** - The Recreation Fund is used to account for funds from a tax millage for public recreation programs and for fees generated. This Fund was authorized, in part, by a vote of the residents and by management to account for recreation program revenues. This fund also accounts for the Water's Edge operations and maintenance of the golf course, pool, and marina facilities. The entire facility is open to the public for usage.

**Fire Operating Fund** - The Fire Operating Fund is used to account for funds from a tax millage for the operations of the fire department. The fund was authorized by a vote of the residents approving a tax levy. Another source of funding for this fund is the collection of ambulance fees. Operations include firefighting services, as well as, basic emergency medical services for residents and visitors of the Township.

**Drain and Storm Maintenance Fund** - The Drain and Storm Maintenance Fund is used to account for funds from a tax millage for the purpose of improving and maintaining drainage and storm water management projects throughout the Township. Another source of

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funding for this fund is the resident 50% matching of funds for drainage issues in residential areas.

The Township reports the following major proprietary funds:

Department of Public Works Fund - The Department of Public Works Fund accounts for the activities of the water distribution system, sewage collection system, and refuse collection. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

Municipal Airport and Commerce Park Fund - The Municipal Airport and Commerce Park Fund is used to account for the airport operations and the Commerce Park complex. Financing is provided by user charges for the airport and by rental income in Commerce Park. The airport was a naval aviation operation, transferred to the Township, and has some land use restrictions imposed by the FAA.

Additionally, the Township reports the following fund types:

Agency Funds - Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Special Revenue Funds - Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or designated by management to be accounted for in another fund. These funds are classified as Special Revenue Funds due to the limited usage of their assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue - Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2016 tax is levied and collectible on December 1, 2016 and is recognized as revenue in the year ended March 31, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the Township totaled \$580.5 million (a portion of which is abated and a portion of which is captured by the Brownfield Authority and Downtown Development Authority), on which taxes levied consisted of 3.1757 mills for operating purposes, 2.7453 mills for police operations, 1.9960 mills for fire operations and equipment purchases, .8729 mills for recreation operations, .3993 for road improvement, .3000 mills for library use, .3294 mills for drainage improvements, .1500 mills for bike path maintenance, and 5.6000 mills for sewer-related debt. This resulted in \$1.84 million for operating, \$1.58 million for police operations, \$1.150 million for fire operations and equipment purchases, \$506,000 for recreation operations, \$231,000 for road improvements, \$173,000 for library use, \$189,000 for drainage



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improvements, \$85,000 for bike path maintenance, and \$3.2 million for sewer-related debt. These amounts are recognized in the respective General Fund, Fire Operating Fund, Recreation Fund, Other Special Revenue Funds, Debt Service Funds, and Enterprise Funds financial statements as tax revenue.

**Assets, Liabilities, and Net Position or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average method.

**Receivables and Payables** - In general, outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Noncurrent receivables** such as special assessments are recorded at full value, and a deferred inflow of resources is recorded for the portion not available for use to finance operations as of year end. Interest income on special assessments receivable is not accrued until its due date.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	50 Years
Bike paths	20 Years
Drains	100 Years
Water and sewer distribution systems	20 to 100 Years
Water and sewer treatment facilities	40 to 50 Years
Buildings and building improvements	20 to 50 Years
Vehicles	5 to 30 Years
Furniture and fixtures	7 to 10 Years
Equipment and machines	7 to 20 Years
Signs	20 Years

**Deferred Outflows of Resources** - The Township reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Township also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

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Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds where appropriate except in the General Fund, where it is only reported for employee terminations as of year end.

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face value of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pensions - 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 the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to 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.

Other Postemployment Benefits (OPEB) – The Township offers healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual determined contribution necessary to fund the obligations over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the annual determined contribution” on the beginning of year underpaid amount, if any. The net OPEB obligation will be liquidated from the funds that the individual employee's salaries are paid from, typically the general fund.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The Township reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable - amounts that are not in spendable form (such as inventory and prepaid items) or are required to be maintained intact.

Restricted - amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

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Committed - amounts that have been formally set aside by the Board of Trustees for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Trustees.

Assigned - intent to spend resources on specific purposes expressed by the Township's Finance Director, who is authorized and approved by the Township's Board of Trustees to make assignments.

Unassigned - amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed or assigned to those purposes.

When multiple classifications of fund balances are available, fund balance will be used first from the most restrictive category in order, to the least restrictive.

**Use of Estimates**

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

**Adoption of New Accounting Standards**

**Statement No. 72, *Fair Value Measurements and Applications*.** Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value. Statement 72 is effective for the year ending March 31, 2017.

**Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.** The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement 76 is effective for the year ending March 31, 2017.

**Statement No. 77, *Tax Abatement Disclosures*** requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending March 31, 2017.

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**Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*** addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement 82 is effective for the year ending March 31, 2017.

**Upcoming Accounting and Reporting Changes**

**Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*** establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending March 31, 2019.

**Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*** amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit

corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending March 31, 2018.

The Government is evaluating the impact that the above GASBs will have on its financial reporting.

**Note 2 – Stewardship, Compliance, and Accountability**

**Budgetary Information**

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds.

Annual budgets are adopted for all funds. The budget represents a complete financial plan for all activities of the Township for the ensuing fiscal year. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Expenditures at this level in excess of amounts budgeted are a violation of State law.

Encumbrance accounting is employed in all funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be reappropriated and honored during the subsequent year.

The budget process begins with a strategy meeting in December with the Township supervisor, Township manager, and finance director to plan and prioritize goals and objectives for the upcoming budget year.

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Each January, department heads receive workpapers to prepare their individual line item budgets. Upon completion, the department budgets are returned to the finance director for compilation and review. A public meeting with the department managers is held with the Township supervisor, Township manager, and finance director to provide justification of their budgets.

A proposed, balanced budget is then developed and submitted to the Township Board for review. A public hearing on the budget is held before its final adoption. Upon review, and a subsequent public hearing, the Township Board adopts the proposed budget by resolution prior to the commencement of the next fiscal year.

A comparison of actual results of operations to the General Fund and Major Special Revenue Funds budgets adopted by the Township Board is included as required supplementary information. The comparison includes expenditure budget overruns. A comparison of actual results of operations, including budget overruns to all the fund budgets as adopted by the Township Board, is available at the finance department's office for inspection.

**Excess of Expenditures Over Appropriations in Budgeted Funds**

During the year, the Township incurred expenditures in governmental funds that were in excess of the amounts budgeted as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Public safety	\$ 3,185,120	\$ 3,312,185	\$ 127,065
<b>Recreation Fund</b>			
Festival	74,050	75,542	1,492
Grounds and mainten	111,000	115,530	4,530
Golf	219,360	244,819	25,459
Pool	56,092	56,133	41
Insurance expenditures	-	516,638	516,638

The unfavorable expenditure variances in the General Fund were caused mainly by unanticipated expenditures that became necessary during the year and from the reclassification of Federal grant overtime and equipment reimbursement. The unfavorable expenditure variances in the Recreation Fund were caused mainly by unanticipated expenditures that became necessary during the year.

**Government-Wide Deficits**

The Township has an unrestricted net position deficit for Government-Wide activities in the amount of \$13,898,733 as of March 31, 2017.

**Fund Deficits**

The Government has an accumulated fund balance deficit in the Road Improvement Fund in the amount of \$388,417 as of March 31, 2017.

**Construction Code Fees**

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

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A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative Surplus at April 1, 2016	\$ 206,707
Current Year Building Permit Revenue	302,841
Related Expenses	
Direct Costs	(284,339)
Administrative Indirect Costs	<u>(6,055)</u>
 Cumulative Surplus at March 31, 2017	 <u>\$ 219,154</u>

**Note 3 – Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township has designated seven banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank investment pools, and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

At year end the government's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 4,760,671	\$ 2,909,377	\$ -	\$ 7,670,048
Business-type activities	<u>5,742,686</u>	<u>-</u>	<u>4,008,881</u>	<u>9,751,567</u>
 Total	 10,503,357	 2,909,377	 4,008,881	 17,421,615
 Fiduciary funds	 886,552	 -	 -	 886,552
 Component units	 <u>314,030</u>	 <u>-</u>	 <u>-</u>	 <u>314,030</u>
 Total	 <u>\$ 11,703,939</u>	 <u>\$ 2,909,377</u>	 <u>\$ 4,008,881</u>	 <u>\$ 18,622,197</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (including money markets, certificates of deposit)	\$ 13,609,279	\$ 886,552	\$ 314,030	\$ 14,809,861
Investments held as cash (MBIA Asset Management)	3,808,836	-	-	3,808,836
Petty cash and cash on hand	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
	<u>\$ 17,421,615</u>	<u>\$ 886,552</u>	<u>\$ 314,030</u>	<u>\$ 18,622,197</u>

**Township of Grosse Ile  
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**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the Township's deposits is \$18,660,118, of which \$4,852,665 is covered by federal depository insurance and \$13,807,453 is uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The component units' deposits had a bank balance of \$314,030, of which \$313,431 was covered by federal depository insurance.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year-end, the Township had no investment subjected to interest rate risk.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment that would further limit its investment choices. As of the end of the fiscal year, credit quality ratings are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
MBIA Asset Management	\$ 3,808,836	AAA-V1	Fitch

**Note 4 – Receivables and Unearned Revenue**

Receivables as of year-end for individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Fire Operating Fund</u>	<u>Drain and Storm Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables						
Taxes	\$ 131,856	\$ 19,196	\$ 33,278	\$ 7,322	\$ 31,185	\$ 222,837
Special assessments	-	-	-	-	51,190	51,190
Accounts	117,698	13,934	6,021	-	1,000	138,653
Loan	<u>85,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,123</u>	<u>115,325</u>
Net receivables	<u>\$ 334,756</u>	<u>\$ 33,130</u>	<u>\$ 39,299</u>	<u>\$ 7,322</u>	<u>\$ 113,498</u>	<u>\$ 528,005</u>

At year-end, all receivables recorded in the Township's component units are related to taxes receivable.

**Unearned revenue**

Governmental funds report unearned revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue are as follows:

	<u>Unearned</u>
Recreation - other	\$ 47,796
Municipal Airport and Commerce Park	<u>130,813</u>
Total	<u>\$ 178,609</u>

**Township of Grosse Ile  
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**Note 5 – Capital Assets**

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

	<u>Balance April 1, 2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Disposals</u>	<u>Balance March 31, 2017</u>		<u>Balance April 1, 2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Disposals</u>	<u>Balance March 31, 2017</u>
<b>Governmental activities</b>						<b>Business-type activities</b>					
Capital assets not being depreciated						Capital assets not being depreciated					
Open space land	\$ 12,700,738	\$ -	\$ -	\$ -	\$ 12,700,738	Land	\$ 5,534,902	\$ -	\$ -	\$ -	\$ 5,534,902
Other land	<u>1,600,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600,819</u>	Construction in progress	<u>823,380</u>	<u>1,827,119</u>	<u>(334,574)</u>	<u>-</u>	<u>2,315,925</u>
Subtotal	<u>14,301,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,301,557</u>	Subtotal	<u>6,358,282</u>	<u>1,827,119</u>	<u>(334,574)</u>	<u>-</u>	<u>7,850,827</u>
Capital assets being depreciated						Capital assets being depreciated					
Infrastructure	20,107,373	-	-	-	20,107,373	Water and sewer distribution system	69,634,326	-	-	-	69,634,326
Buildings and improvements	10,517,236	546,603	-	-	11,063,839	Buildings and building improvements	2,199,821	264,271	334,574	26,533	22,566,133
Public safety vehicles	3,327,557	73,795	24,713	33,018	3,393,047	Furniture, machinery and equipment	578,767	8,804	-	-	587,571
Furniture, fixtures and other vehicles	<u>4,714,074</u>	<u>250,994</u>	<u>(24,713)</u>	<u>64,917</u>	<u>4,875,438</u>	Vehicles	<u>324,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,986</u>
Subtotal	<u>38,666,240</u>	<u>871,392</u>	<u>-</u>	<u>97,935</u>	<u>39,439,697</u>	Subtotal	<u>92,531,900</u>	<u>273,075</u>	<u>334,574</u>	<u>26,533</u>	<u>93,113,016</u>
Accumulated depreciation						Accumulated depreciation					
Infrastructure	8,041,916	348,319	-	-	8,390,235	Water and sewer distribution system	11,784,194	1,401,467	-	-	13,185,661
Buildings and improvements	3,701,719	285,895	-	-	3,987,614	Buildings and building improvements	12,867,211	647,611	-	26,533	13,488,289
Public safety vehicles	1,711,157	189,395	19,153	33,018	1,886,687	Furniture, machinery and equipment	500,943	28,138	-	-	529,081
Furniture, fixtures and other vehicles	<u>3,548,001</u>	<u>213,218</u>	<u>(19,153)</u>	<u>64,917</u>	<u>3,677,149</u>	Vehicles	<u>257,300</u>	<u>17,187</u>	<u>-</u>	<u>-</u>	<u>274,487</u>
Subtotal	<u>17,002,793</u>	<u>1,036,827</u>	<u>-</u>	<u>97,935</u>	<u>17,941,685</u>	Subtotal	<u>25,409,648</u>	<u>2,094,403</u>	<u>-</u>	<u>26,533</u>	<u>27,477,518</u>
Net capital assets being depreciated	<u>21,663,447</u>	<u>(165,435)</u>	<u>-</u>	<u>-</u>	<u>21,498,012</u>	Net capital assets being depreciated	<u>67,122,252</u>	<u>(1,821,328)</u>	<u>334,574</u>	<u>-</u>	<u>65,635,498</u>
Net capital assets	<u>\$ 35,965,004</u>	<u>\$ (165,435)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,799,569</u>	Net capital assets	<u>\$73,480,534</u>	<u>\$ 5,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,486,325</u>



**Township of Grosse Ile  
Notes to the Financial Statements  
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	<u>Balance</u>				<u>Balance</u>
	<u>April 1, 2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Disposals</u>	<u>March 31, 2017</u>
<b>Component units</b>					
Capital assets being depreciated					
Infrastructure	\$ 620,000	\$ -	\$ -	\$ -	\$ 620,000
Accumulated depreciation					
Infrastructure	<u>214,932</u>	<u>12,400</u>	<u>-</u>	<u>-</u>	<u>227,332</u>
Net capital assets	<u>\$ 405,068</u>	<u>\$ 12,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,668</u>

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

Governmental activities	
General government	\$ 516,905
Public safety	360,411
Cultural and recreation	<u>159,511</u>
 Total governmental activities	 <u><u>\$ 1,036,827</u></u>
 Business-type activities	
Department of public works	\$ 1,561,715
Municipal airport and commerce park	<u>532,688</u>
 Total business-type activities	 <u><u>\$ 2,094,403</u></u>

Depreciation expense was charged to the Township's component units in the amount of \$12,400.

**Construction Commitments**

The Township has active construction projects at year-end. At year-end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2016/2017 Street sectioning program	\$ 521,071	\$ 5,339
East River Water Main Replacement	<u>1,631,669</u>	<u>5,000</u>
	 <u>\$ 2,152,740</u>	 <u>\$ 10,339</u>

**Note 6 – Interfund Receivables, Payables and Transfers**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from other funds</b>		
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 25,745
	General Fund	<u>34,610</u>
	Total Nonmajor Governmental Funds	<u>\$ 60,355</u>

**Township of Grosse Ile  
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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 76,315
	Recreation Fund	42,245
	Fire Operating Fund	40,822
	Department of Public Works	2,367
	Municipal Airport and Commerce Park	<u>964</u>
	Total General Fund	<u>162,713</u>
Recreation Fund	Nonmajor Governmental Funds	<u>12,108</u>
	Total	<u>\$ 235,176</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Component units - due from primary government</b>		
Component unit - Downtown Development Authority	Agency Fund - Tax Collection Fund	\$ 117,254
	Agency Fund -General Fund	<u>2,527</u>
	Total Downtown Development Authority	<u>119,781</u>
Component unit - Brownfield Authority	Agency Fund - Tax Collection Fund	<u>8,419</u>
	Total	<u>\$ 128,200</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Enterprise funds - due to/from other funds</b>		
Department of Public Works	Nonmajor Governmental Funds	<u>\$ 472,415</u>

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

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 194,138
General Fund	Recreation Fund	84,463
Nonmajor Governmental Funds	Nonmajor Governmental Funds	586
Fire Operating Funds	Nonmajor Governmental Funds	10,000
Fire Operating Funds	General Fund	<u>75,410</u>
	Total	<u>\$ 364,597</u>

The transfers from the General Fund to the nonmajor governmental funds and to the Recreation Fund, as well as transfers from the Fire Operating Fund and nonmajor governmental funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
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**Note 7 – Long-Term Debt**

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. State and county contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties that benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the Special Assessment District) are received.

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-Type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 252,840	\$ 70,470	\$ 323,310	\$ 3,480,000	\$ 900,509	\$ 4,380,509	\$ 65,000	\$ 1,404	\$ 66,404
2019	248,397	61,505	309,902	3,420,000	803,025	4,223,025	-	-	-
2020	268,967	51,883	320,850	3,190,000	718,079	3,908,079	-	-	-
2021	200,000	41,717	241,717	3,295,000	638,224	3,933,224	-	-	-
2022	215,000	33,436	248,436	3,379,280	555,868	3,935,148	-	-	-
2023-2027	685,000	44,963	729,963	11,123,883	1,661,787	12,785,670	-	-	-
2028-2032	-	-	-	3,125,000	767,618	3,892,618	-	-	-
2033-2037	-	-	-	3,125,000	234,375	3,359,375	-	-	-
<b>Total</b>	<b>\$ 1,870,204</b>	<b>\$ 303,974</b>	<b>\$ 2,174,178</b>	<b>\$ 34,138,163</b>	<b>\$ 6,279,485</b>	<b>\$ 40,417,648</b>	<b>\$ 65,000</b>	<b>\$ 1,404</b>	<b>\$ 66,404</b>

**Township of Grosse Ile  
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Long-term obligation activity can be summarized as follows:

	<u>Number of Issues</u>	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>									
General obligation bonds									
Grosse Ile building authority bond	1*	2.0% - 4.0%	\$95,000 - \$190,000	\$ 1,415,000	\$ -	\$ (135,000)	\$ -	\$ 1,280,000	\$ 130,000
Amount of issue: \$1,960,000									
Maturing through 2025									
Refunding bond, series 2014	1**	2.16%	\$45,000 - \$45,000	45,000	-	(45,000)	-	-	-
Amount of issue: \$140,000									
Maturing through 2017									
Grosse Ile building authority bond	1	2.0% - 4.0%	\$30,000 - \$55,000	415,000	-	(30,000)	-	385,000	55,000
Amount of issue: \$575,000									
Maturing through 2025									
Special assessment bonds	1	3.5% - 4.5%	\$10,000 - \$45,000	<u>160,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>120,000</u>	<u>40,000</u>
Amount of issue: \$620,000									
Maturing through 2019									
Total general obligation bonds				<u>2,035,000</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>1,785,000</u>	<u>225,000</u>
Note payable	1	2.0%	\$15,197 - \$18,996	73,779	-	(17,900)	-	55,879	18,258
Amount of note: \$173,347									
Maturing through 2020									
Note payable	1	2.0%	\$9,210 \$9,969	<u>38,719</u>	<u>-</u>	<u>(9,394)</u>	<u>-</u>	<u>29,325</u>	<u>9,582</u>
Amount of note: \$47,929									
Maturing through 2019									
Total note payable				<u>112,498</u>	<u>-</u>	<u>(27,294)</u>	<u>-</u>	<u>85,204</u>	<u>27,840</u>
Compensated absences				<u>466,987</u>	<u>-</u>	<u>(26,629)</u>	<u>-</u>	<u>440,358</u>	<u>-</u>
Total governmental activities				<u>\$ 2,614,485</u>	<u>\$ -</u>	<u>\$ (303,923)</u>	<u>\$ -</u>	<u>\$ 2,310,562</u>	<u>\$ 252,840</u>

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
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	Number of Issues	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	(Reductions)	Adjustments	Ending Balance	Due Within One Year
<b>Business-type activities</b>									
General obligation bonds									
Tax sewer system improvement bonds	3	2.125% - 2.5%	\$1,885,000 - \$2,400,000	\$ 18,083,163	\$ -	\$ (2,020,000)	\$ -	\$ 16,063,163	\$ 2,070,000
Amount of issue: \$40,000,000 Maturing through 2025									
Refunding bond, series 2014	1**	2.16%	\$15,000 - \$250,000	4,550,000	-	(685,000)	-	3,865,000	710,000
Amount of issue: \$4,970,000 Maturing through 2026									
Grosse Ile building authority bonds	1*	2.0% - 4.0%	\$95,000 - \$190,000	155,000	-	(80,000)	-	75,000	75,000
Amount of issue: \$520,000 Maturing through 2025									
Capital improvement bonds	1	2.0% - 4.25%	\$75,000 - \$250,000	2,650,000	-	(100,000)	-	2,550,000	125,000
Amount of issue: \$3,000,000 Maturing through 2031									
Judgment bonds	1	2.0% - 4.0%	\$325,000 - \$575,000	5,345,000	-	(415,000)	-	4,930,000	425,000
Amount of issue: \$6,855,000 Maturing through 2026									
Capital improvement bonds	1	3.0%	\$50,000 - \$625,000	-	6,500,000	-	-	6,500,000	-
Amount of issue: \$6,500,000 Maturing through 2037									
Capital improvement bonds	1	4.5% - 6.3%	\$25,000 - \$80,000	225,000	-	(70,000)	-	155,000	75,000
Amount of issue: \$680,000 Maturing through 2019									
Unamortized premium on bonds				-	340,211	-	-	340,211	-
				31,008,163	6,840,211	(3,370,000)	-	34,478,374	3,480,000
Total general obligation bonds									
Compensated absences				48,052	273	-	-	48,325	7,900
				\$ 31,056,215	\$ 6,840,484	\$ (3,370,000)	\$ -	\$ 34,526,699	\$ 3,487,900
Total business-type activities									
<b>Component units</b>									
Refunding bond, series 2014	1**	2.16%	\$50,000 - \$65,000	\$ 125,000	\$ -	\$ (60,000)	\$ -	\$ 65,000	\$ 65,000
Amount of issue: \$225,000 Maturing through 2018									

1\* One issue: Amount of issue:\$2,480,000

1\*\* One issue: Amount of issue:\$5,335,000

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
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**Note 8 – Deferred Inflows of Resources**

At year end the various components of deferred inflows of resources are as follows:

	<u>Deferred Inflows</u>
County grant	\$ 5,000,000
Special Assessments	51,190
Total	\$ 5,051,190

**Note 9 – Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical claims as of March 1997; however, the Township still maintains a self-insurance plan for dental claims only. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. The Township has purchased commercial insurance for property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 10 – Employee Retirement and Benefit Systems**

**Defined Benefit Pension Plan**

Plan Description – The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided – Benefits provided include plans with multipliers ranging from 1.5 to 2.8. The vesting period is 6 years. Normal retirement age is 60 with early retirement at 50 to 55 with 15 to 25 years of service. Final average compensation is calculated based on 3 years. Member contributions range from 0 to 3.25%.

Employees Covered by Benefit Terms – At the December 31, 2016 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>47</u>
	<u>99</u>

Contributions – The employer 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

**Township of Grosse Ile**  
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during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 96.75% to 100% based on annual payroll for open divisions.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township’s competitive bargaining units and requires a contribution from the employees of 0 to 3.25 percent of gross wages.

Actuarial assumptions – The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3.75%; 2) Salary increases 3.75% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015, 2016, respectively); 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on the blend of Healthy Annuitant Mortality Tables (with rates multiplied by 105%), Employee Mortality Tables, and Juvenile Mortality Tables with a 50% male and 50% female blend. For disabled retirees, a 50% male and 50% female blend of the Disabled Retiree Mortality Tables is used.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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 or arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
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 is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay 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.

**Township of Grosse Ile**  
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	<u>2017</u>
<b>Total Pension Liability</b>	
Service cost	\$ 436,208
Interest on the total pension liability	2,444,837
Experience differences	375,640
Other changes	(12,517)
Benefit payments and refunds	<u>(1,426,976)</u>
Net change in total pension liability	1,817,192
Total pension liability - beginning	<u>31,055,848</u>
Total pension liability - ending (a)	<u>\$ 32,873,040</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 1,037,700
Employee contributions	62,419
Pension plan net investment income	1,987,978
Benefit payments and refunds	(1,426,976)
Pension plan administrative expense	<u>(39,237)</u>
Net change in plan fiduciary net position	1,621,884
Plan fiduciary net position - beginning	<u>17,476,712</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,098,596</u>
Net pension liability (a-b)	<u>\$ 13,774,444</u>
Plan fiduciary net position as a percentage of total pension liability	58.10%
Covered employee payroll	\$ 3,116,401
Net pension liability as a percentage of covered employee payroll	442.00%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (7%) or 1% point higher (9%) than the current rate.

	<u>1% decrease</u>	<u>Current</u>	<u>discount rate</u>	<u>1% increase</u>
Total pension liability	\$ 36,761,012	\$ 32,873,040		\$ 29,589,798
Fiduciary net position	<u>19,098,596</u>	<u>19,098,596</u>		<u>19,098,596</u>
Net pension liability	<u>\$ 17,662,416</u>	<u>\$ 13,774,444</u>		<u>\$ 10,491,202</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended March 31, 2017, the employer recognized pension expense of \$2,111,271. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred</u>	<u>Deferred</u>	<u>Net</u>	<u>Amortized</u>
	<u>outflows of</u>	<u>inflows of</u>		
	<u>resources</u>	<u>resources</u>		
Differences in assumptions & experience	\$ 951,247	\$ -	\$ 951,247	\$ 951,247
Excess (deficit) investment returns	1,024,937	483,588	541,349	541,349
Contributions subsequent to the measurement date*	<u>256,637</u>	<u>-</u>	<u>256,637</u>	<u>-</u>
Total	<u>\$ 2,232,821</u>	<u>\$ 483,588</u>	<u>\$ 1,749,233</u>	<u>\$ 1,492,596</u>



**Township of Grosse Ile**  
**Notes to the Financial Statements**  
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\*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 2018.

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

<u>Year ended,</u>	
2018	\$ 649,418
2019	649,417
2020	314,658
2021	<u>(120,897)</u>
	<u>\$ 1,492,596</u>

**Note 11 – Restricted Net Position and Restricted and Committed Fund Balances**

Restricted net position at March 31, 2017 consists of the following:

Construction code fees	\$ 219,154
Fire operating	853,551
Drain and storm maintenance	1,112,413
Nonmajor special revenue funds	<u>3,067,135</u>
 Total restricted for other purposes	 <u>\$ 5,252,253</u>

Fund balances of governmental activities have been restricted for the following:

General fund	
Construction code fees	<u>\$ 219,154</u>
 Debt service funds	 <u>412,387</u>
 Special revenue funds	
Fire operating	853,551
Fire equipment	1,075,305
Drug law enforcement	770,344
Library	132,666
Block grant	604
Bicycle path	130,596
Drain and storm maintenance	1,112,413
Open space	<u>846,037</u>
 Total special revenue funds	 <u>4,921,516</u>
 Total restricted fund balances	 <u>\$ 5,553,057</u>

Fund balances of governmental activities have been committed for the following:

Special revenue funds	
Public safety building maintenance	\$ 86,508
Historical farm	<u>74,684</u>
 Total special revenue funds	 <u>\$ 161,192</u>

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
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**Note 12 – Lawsuit Settlements**

During the ordinary course of its operation, the Township is a party to various claims, legal actions, and complaints.

In accordance with Administrative Consent Order ACO-SWOI-004 (ACO), issued by the State of Michigan Department of Natural Resources and Environment, Water Resources Division, now the Michigan Department of Environmental Quality (MDEQ), the Township was ordered to commence a Sanitary Sewer Overflow (SSO) correction program starting in 2001 to rehabilitate and upgrade its sanitary sewerage system, so that infiltration and inflow (I/I) would be reduced, and that the wastewater treatment plant (WWTP) would meet its National Pollution Discharge Elimination System (NPDES) permit effluent event and to provide adequate storage to avoid SSOs or WWTP bypasses. That ACO included stipulated penalty provisions for each failure to comply with the terms of the ACO (e.g., failure to meet specific deadlines or failure to comply with effluent limitations outlined in the ACO). Over the years, the Township has made many upgrades to its WWTP in an effort to meet its NPDES permit effluent limits and address SSOs or WWTP bypasses. This has included 1/1 removal activities, such as removal of inflow sources, lining of sewer pipes, and manhole rehabilitation. Capital improvements included construction of the North-South Interceptor System and a 6.5 million gallon (MG) sewage retention basin to handle excess peak flows in the system. Implementation of these projects required five amendments to the original AOC to adjust the compliance schedule. After completion of the construction activities, a Project Performance Certification (PPC) study was conducted. It was determined that the transport facilities were adequate, however the storage and treatment system could not be certified as meeting the MDEQ's SSO Policy Statement during heavy rainfall events, saturated ground, and snowmelt events. The Township remains unable to certify compliance with the MDEQ's SSO Policy Statement.

As a result, the Township negotiated the terms of a new NPDES permit to better address current WWTP operations and effluent, and the Township and MDEQ entered into a Sixth Amendment to the ACO (ACO-SWI 0-008), which became effective on July 27, 2017. The Sixth Amendment to the ACO includes an implementation schedule that requires the Township to proceed with the design and implementation/construction of improvements to increase the WWTP's treatment capacity in order to meet the MDEQ's SSO Policy Statement. The Township's conceptual cost estimate to increase the WWTP storage capacity is approximate \$1.9 million. The Sixth Amendment to the ACO also includes an obligation to pay stipulated penalties for any failure to comply with the terms of the ACO. The Township is obligated under the Sixth Amendment to the ACO to certify compliance with the MDEQ's SSO Policy Statement by January 1, 2027. At this time we are unable to state whether the Township will be able to certify compliance by that date, or whether an outcome unfavorable to the Township is either probable or remote within the meaning of the Statement of Policy or the amount or range of any loss in the event of an unfavorable outcome.

**Note 13 – Joint Venture**

The Township is a member of the 33rd District Court (the "Court"), which provides judicial services to the member communities. The Court receives its operating revenue principally from fines and fees, in addition to annual funding contributions from member communities. During the current year, the Township paid approximately \$5,108 to the Court, representing the Township's share of the Court's net activity. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating communities in the near future, other than the fluctuation of caseloads, which impacts the Township's share of the Court debt. Complete financial statements for the Court can be obtained from the administrative offices at: 19000 Van Horn Road, Woodhaven, MI 48183.

**Township of Grosse Ile  
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**Note 14 – Other Postemployment Benefits**

**Plan Description**

The Township provides postemployment health, dental, vision and life insurance benefits to all eligible full-time retired employees and their beneficiaries. The Township pays the full cost of coverage for these benefits. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant (other than specific co-pays). The Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Currently, 34 retirees are eligible for post-employment health benefits. The government obtains health care coverage through private insurers.

This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

**Funding Policy**

The collective bargaining agreements do not require a contribution from employees. Retiree health care costs are recognized when paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment.

**Funding Progress**

For the year ended March 31, 2017, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,027,530
Interest on the prior year's net OPEB obligation	226,970
Less adjustment to the annual required contribution	<u>(239,407)</u>
 Annual OPEB cost	 1,015,093
 Amounts contributed	
Payments of current premiums	<u>510,761</u>
 Increase in net OPEB obligation	 504,332
 OPEB obligation - beginning of year	 <u>5,043,780</u>
 OPEB obligation - end of year	 <u>\$ 5,548,112</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year and the prior two years is as follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual OPEB costs	\$ 1,027,530	\$ 1,007,865	\$ 988,808
Percentage contributed	49.708%	45.308%	46.368%
Net OPEB obligation	\$ 5,548,112	\$ 5,043,780	\$ 4,503,665

The funding progress of the Plan as of the most recent valuation date is:

Valuation as of December 31, 2013	
Actuarial value of assets	\$ -
Actuarial Accrued Liability (AAL)	17,186,369
Unfunded AAL	17,186,369
Funded ratio	0%

**Township of Grosse Ile**  
**Notes to the Financial Statements**  
**March 31, 2017**

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**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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. 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.

In the December 31, 2013 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on plan assets, and an annual healthcare cost trend for medical and drug costs of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years, with an annual healthcare cost trend rate for dental and vision costs of 4.5 percent, which remains unchanged. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level percent of payroll if the divisions are open to new hires and as a level dollar if the divisions are closed to new hires.

**Note 15 – Subsequent Event**

On July 27, 2017 the Township and MDEQ agreed on a Sixth Amendment to the ACO. See note 12 of the financial statements.

## **Required Supplementary Information**

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended March 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Property taxes	\$ 3,469,753	\$ 3,469,753	\$ 3,423,917	\$ (45,836)
State-shared revenue	863,709	863,709	862,132	(1,577)
Federal sources	40,000	40,000	35,274	(4,726)
Intergovernmental revenue	5,400	5,400	5,037	(363)
Licenses and permits	525,036	525,036	563,811	38,775
Charges for services	125	125	60	(65)
Fines and forfeitures	89,475	89,475	92,228	2,753
Interest income	35,000	35,000	45,532	10,532
Other revenue	278,115	278,115	284,706	6,591
	<u>5,306,613</u>	<u>5,306,613</u>	<u>5,312,697</u>	<u>6,084</u>
<b>Expenditures</b>				
General government				
Township board	37,581	37,581	35,346	(2,235)
Township supervisor	25,372	25,372	22,015	(3,357)
Township manager	216,689	216,689	235,600	18,911
Elections	65,700	65,700	30,844	(34,856)
Township clerk	205,411	205,411	199,255	(6,156)
Finance department	280,614	280,614	282,447	1,833
Property tax administration	68,534	68,534	78,264	9,730
Board of review	2,500	2,500	763	(1,737)
Township treasurer	153,492	153,492	156,058	2,566
Township grounds and maintenance	182,033	182,033	187,548	5,515
Community development	302,636	302,636	290,394	(12,242)
Communications commission	143,816	143,816	141,407	(2,409)
Professional services	156,000	156,000	67,173	(88,827)
General expenditures	179,613	179,613	190,356	10,743
	<u>2,019,991</u>	<u>2,019,991</u>	<u>1,917,470</u>	<u>(102,521)</u>
33rd District Court	88,475	88,475	86,473	(2,002)

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended March 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Public safety				
Police	\$ 3,166,620	\$ 3,166,620	\$ 3,297,319	\$ 130,699
Animal control	9,900	9,900	10,371	471
Auxiliary police	8,600	8,600	4,495	(4,105)
Total public safety	<u>3,185,120</u>	<u>3,185,120</u>	<u>3,312,185</u>	<u>127,065</u>
Total expenditures	<u>5,293,586</u>	<u>5,293,586</u>	<u>5,316,128</u>	<u>22,542</u>
Excess of revenue over (under) expenditures	<u>13,027</u>	<u>13,027</u>	<u>(3,431)</u>	<u>(16,458)</u>
<b>Other financing sources (uses)</b>				
Operating transfer in	75,410	75,410	75,410	-
Insurance proceeds - net expenditures	-	-	(46,036)	46,036
Operating transfer out	<u>(278,625)</u>	<u>(278,625)</u>	<u>(278,601)</u>	<u>(24)</u>
Total other financing sources (uses)	<u>(203,215)</u>	<u>(203,215)</u>	<u>(249,227)</u>	<u>(46,012)</u>
Excess of expenditures and other financing uses over (under) revenue and other sources	(190,188)	(190,188)	(252,658)	(62,470)
<b>Fund balance - beginning of year</b>	<u>2,633,678</u>	<u>2,633,678</u>	<u>2,633,678</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 2,443,490</u>	<u>\$ 2,443,490</u>	<u>\$ 2,381,020</u>	<u>\$ (62,470)</u>

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Special Revenue Funds - Recreation Fund**  
**For the Year Ended March 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Property taxes	\$ 511,583	\$ 511,583	\$ 506,418	\$ (5,165)
Charges for services	114,884	114,884	73,296	(41,588)
Rental income	49,500	49,500	43,357	(6,143)
Golf	124,540	124,540	106,128	(18,412)
Marina	113,000	113,000	110,746	(2,254)
Pool	35,600	35,600	28,950	(6,650)
Other revenue	<u>66,550</u>	<u>66,550</u>	<u>74,729</u>	<u>8,179</u>
 Total revenues	 <u>1,015,657</u>	 <u>1,015,657</u>	 <u>943,624</u>	 <u>(72,033)</u>
<b>Expenditures</b>				
Recreational	454,480	454,480	364,305	(90,175)
Festival	74,050	74,050	75,542	1,492
Debt service	137,460	137,460	126,969	(10,491)
Grounds and maintenance	111,000	111,000	115,530	4,530
Golf	219,360	219,360	244,819	25,459
Marina	76,248	76,248	50,118	(26,130)
Pool	<u>56,092</u>	<u>56,092</u>	<u>56,133</u>	<u>41</u>
 Total expenditures	 <u>1,128,690</u>	 <u>1,128,690</u>	 <u>1,033,416</u>	 <u>(95,274)</u>
 Excess of revenue over (under) expenditures	 <u>(113,033)</u>	 <u>(113,033)</u>	 <u>(89,792)</u>	 <u>(23,241)</u>



**Township of Grosse Ile**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Special Revenue Funds - Recreation Fund**  
**For the Year Ended March 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 84,463	\$ 84,463	\$ 84,463	\$ -
Insurance expenditures	-	-	(516,638)	516,638
Insurance proceeds	-	-	303,276	(303,276)
	<u>84,463</u>	<u>84,463</u>	<u>(128,899)</u>	<u>(213,362)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(28,570)	(28,570)	(218,691)	(190,121)
Fund balance - beginning of year	<u>226,601</u>	<u>226,601</u>	<u>226,601</u>	<u>-</u>
Fund balance - end of year	<u>\$ 198,031</u>	<u>\$ 198,031</u>	<u>\$ 7,910</u>	<u>\$ (190,121)</u>

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Special Revenue Funds - Fire Operating Fund**  
**For the Year Ended March 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 877,500	\$ 877,500	\$ 860,665	\$ (16,835)
Ambulance fees	160,000	160,000	183,567	23,567
Prior year resources	225,000	225,000	-	(225,000)
Interest income	<u>1,000</u>	<u>1,000</u>	<u>1,461</u>	<u>461</u>
Total revenue	1,263,500	1,263,500	1,045,693	(217,807)
<b>Expenditures - public safety</b>	<u>1,178,090</u>	<u>1,178,090</u>	<u>1,012,212</u>	<u>(165,878)</u>
Excess of revenue over (under) expenditures	85,410	85,410	33,481	(51,929)
<b>Other financing sources</b>				
Transfer out	<u>(85,410)</u>	<u>(85,410)</u>	<u>(85,410)</u>	<u>-</u>
Net change in fund balance	-	-	(51,929)	(51,929)
Fund balance - beginning of year	<u>912,300</u>	<u>912,300</u>	<u>912,300</u>	<u>-</u>
Fund balance - end of year	<u>\$ 912,300</u>	<u>\$ 912,300</u>	<u>\$ 860,371</u>	<u>\$ (51,929)</u>

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Special Revenue Funds - Drain and Storm Maintenance**  
**For the Year Ended March 31, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 193,050	\$ 193,050	\$ 189,215	\$ (3,835)
Prior year resources	1,000,000	1,000,000	-	(1,000,000)
Interest income	-	-	4,357	4,357
	<u>1,193,050</u>	<u>1,193,050</u>	<u>193,572</u>	<u>(999,478)</u>
<b>Expenditures - general government</b>	<u>1,193,050</u>	<u>1,193,050</u>	<u>222,323</u>	<u>(970,727)</u>
Net change in fund balance	-	-	(28,751)	(28,751)
Fund balance - beginning of year	<u>1,141,164</u>	<u>1,141,164</u>	<u>1,141,164</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,141,164</u>	<u>\$ 1,141,164</u>	<u>\$ 1,112,413</u>	<u>\$ (28,751)</u>

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employer Contributions and Funding Progress**  
**March 31, 2017**

**Schedule of Employer Contributions**

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2013	\$ 860,586	\$ 860,586	\$ -	\$ 2,988,937	28.79%
12/31/2014	955,471	955,471	-	3,076,838	31.05%
12/31/2015	948,535	948,535	-	3,079,052	30.81%
12/31/2016	1,037,698	1,037,698	-	3,116,401	33.30%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 3 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18
Asset valuation method	5-year smoothed value of assets
Inflation	3.75%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	Blend of Health Annuitant Mortality Tables, Employee Mortality Tables and Juvenile Mortality Tables with a 50% male and 50% female blend

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Position Liability and Related Ratios**  
**March 31, 2017**

Fiscal year ended March 31,	2017	2016
<b>Total Pension Liability</b>		
Service cost	\$ 436,208	\$ 416,060
Interest on the total pension liability	2,444,837	2,231,640
Experience difference	375,640	(590,522)
Changes in actuarial assumptions	-	1,929,557
Other changes	(12,517)	69,740
Benefit payments and refunds	(1,426,976)	(1,376,202)
Net change in total pension liability	1,817,192	2,680,273
Total pension liability - beginning	31,055,849	28,375,576
Total pension liability - ending (a)	\$ 32,873,041	\$ 31,055,849
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 1,037,700	\$ 948,535
Employee contributions	62,419	52,933
Pension plan net investment income (loss)	1,987,978	(271,774)
Benefit payments and refunds	(1,426,976)	(1,376,202)
Pension plan administrative expense	(39,237)	(39,663)
Net change in plan fiduciary net position	1,621,884	(686,171)
Plan fiduciary net position - beginning	17,476,713	18,162,884
Plan fiduciary net position - ending (b)	\$ 19,098,597	\$ 17,476,713
Net pension liability (a-b)	\$ 13,774,444	\$ 13,579,136
Plan fiduciary net position as a percentage of total pension liability	58.10%	56.28%
Covered employee payroll	\$ 3,116,401	\$ 3,079,052
Net pension liability as a percentage of covered employee payroll	442.00%	441.02%

\*GASB Statement No. 68 was implemented for the fiscal year ended March 31, 2016 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Township of Grosse Ile**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employers' Net Position Liability**  
**March 31, 2017**

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<u>Fiscal year ending March 31,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a % of covered payroll</u>
2016	\$ 31,055,849	\$ 17,476,713	\$ 13,579,136	56.28%	\$ 3,079,052	441%
2017	32,873,041	19,098,597	13,774,444	58.10%	3,116,401	442%

## **Other Supplementary Information**

**Township of Grosse Ile**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**March 31, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,286,388	\$ 431,064	\$ 3,717,452
Receivables - net	30,985	82,513	113,498
Due from other funds	60,355	-	60,355
Due from other governmental units	<u>501,750</u>	<u>-</u>	<u>501,750</u>
Total assets	<u>\$ 3,879,478</u>	<u>\$ 513,577</u>	<u>\$ 4,393,055</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 112,636	\$ -	\$ 112,636
Accrued and other liabilities	1,932	-	1,932
Due to other funds	<u>536,583</u>	<u>50,000</u>	<u>586,583</u>
Total liabilities	<u>651,151</u>	<u>50,000</u>	<u>701,151</u>
<b>Deferred inflows of resources</b>			
County grant	500,000	-	500,000
Special assessments	<u>-</u>	<u>51,190</u>	<u>51,190</u>
Total deferred inflows of resources	<u>500,000</u>	<u>51,190</u>	<u>551,190</u>
<b>Fund balances</b>			
Restricted	2,955,552	412,387	3,367,939
Committed	161,192	-	161,192
Unassigned	<u>(388,417)</u>	<u>-</u>	<u>(388,417)</u>
Total fund balances	<u>2,728,327</u>	<u>412,387</u>	<u>3,140,714</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,879,478</u>	<u>\$ 513,577</u>	<u>\$ 4,393,055</u>



**Township of Grosse Ile**  
**Other Supplementary Information**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended March 31, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenue</b>			
Property taxes	\$ 778,471	\$ -	\$ 778,471
Special assessments	-	26,831	26,831
Rental income	110,508	-	110,508
Federal sources	436,168	-	436,168
State sources	219,478	-	219,478
Interest income	11,406	6,930	18,336
	<u>1,556,031</u>	<u>33,761</u>	<u>1,589,792</u>
Total revenue			
<b>Expenditures</b>			
Current			
General government	776,771	-	776,771
Public safety	728,386	-	728,386
Cultural and recreation	215,588	-	215,588
Debt service	-	232,818	232,818
	<u>1,720,745</u>	<u>232,818</u>	<u>1,953,563</u>
Total expenditures			
Excess of revenue over (under) expenditures	<u>(164,714)</u>	<u>(199,057)</u>	<u>(363,771)</u>
<b>Other financing sources (uses)</b>			
Transfers in	20,000	184,724	204,724
Transfers out	(586)	-	(586)
	<u>19,414</u>	<u>184,724</u>	<u>204,138</u>
Total other financing sources (uses)			
Net change in fund balances	(145,300)	(14,333)	(159,633)
Fund balances - beginning of year	<u>2,873,627</u>	<u>426,720</u>	<u>3,300,347</u>
Fund balances - end of year	<u>\$ 2,728,327</u>	<u>\$ 412,387</u>	<u>\$ 3,140,714</u>

**Township of Grosse Ile**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**March 31, 2017**

	<u>Public Safety Building Maintenance</u>	<u>Drug Law Enforcement</u>	<u>Fire Equipment</u>	<u>Historical Farm</u>	<u>Library Fund</u>	<u>Block Grant Fund</u>	<u>Bicycle Path</u>	<u>Road Improvement Fund</u>	<u>Open Space Fund</u>	<u>Oak River Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets</b>											
Cash and cash equivalents	\$ 61,713	\$ 868,233	\$ 1,068,131	\$ 73,294	\$ 159,689	\$ 6,712	\$ 127,442	\$ 75,484	\$ 845,690	\$ -	\$ 3,286,388
Receivables - net	-	-	10,952	1,000	6,667	-	3,154	8,865	347	-	30,985
Due from other funds	25,745	-	-	34,610	-	-	-	-	-	-	60,355
Due from other governmental units	-	-	-	-	-	1,750	-	500,000	-	-	501,750
<b>Total assets</b>	<u>\$ 87,458</u>	<u>\$ 868,233</u>	<u>\$ 1,079,083</u>	<u>\$ 108,904</u>	<u>\$ 166,356</u>	<u>\$ 8,462</u>	<u>\$ 130,596</u>	<u>\$ 584,349</u>	<u>\$ 846,037</u>	<u>\$ -</u>	<u>\$ 3,879,478</u>
<b>Liabilities and Fund Balances</b>											
<b>Liabilities</b>											
Accounts payable	\$ 950	\$ 72,001	\$ 3,778	\$ 1,866	\$ 33,690	\$ -	\$ -	\$ 351	\$ -	\$ -	\$ 112,636
Accrued and other liabilities	-	1,323	-	609	-	-	-	-	-	-	1,932
Due to other funds	-	24,565	-	31,745	-	7,858	-	472,415	-	-	536,583
<b>Total liabilities</b>	<u>950</u>	<u>97,889</u>	<u>3,778</u>	<u>34,220</u>	<u>33,690</u>	<u>7,858</u>	<u>-</u>	<u>472,766</u>	<u>-</u>	<u>-</u>	<u>651,151</u>
<b>Deferred inflows of resources</b>											
County grant	-	-	-	-	-	-	-	500,000	-	-	500,000
<b>Fund balances</b>											
Restricted	-	770,344	1,075,305	-	132,666	604	130,596	-	846,037	-	2,955,552
Committed	86,508	-	-	74,684	-	-	-	-	-	-	161,192
Unassigned (deficit)	-	-	-	-	-	-	-	(388,417)	-	-	(388,417)
<b>Total fund balances</b>	<u>86,508</u>	<u>770,344</u>	<u>1,075,305</u>	<u>74,684</u>	<u>132,666</u>	<u>604</u>	<u>130,596</u>	<u>(388,417)</u>	<u>846,037</u>	<u>-</u>	<u>2,728,327</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 87,458</u>	<u>\$ 868,233</u>	<u>\$ 1,079,083</u>	<u>\$ 108,904</u>	<u>\$ 166,356</u>	<u>\$ 8,462</u>	<u>\$ 130,596</u>	<u>\$ 584,349</u>	<u>\$ 846,037</u>	<u>\$ -</u>	<u>\$ 3,879,478</u>

**Township of Grosse Ile**  
**Other Supplementary Information**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended March 31, 2017**

	<u>Public Safety Building Maintenance</u>	<u>Drug Law Enforcement</u>	<u>Federal Grant Pass-Through</u>	<u>Fire Equipment</u>	<u>Historical Farm</u>	<u>Library Fund</u>	<u>Block Grant Fund</u>	<u>Bicycle Path</u>	<u>Road Improvement Fund</u>	<u>Open Space Fund</u>	<u>Oak River Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Revenue</b>												
Property taxes	\$ -	\$ -	\$ -	\$ 289,554	\$ -	\$ 172,690	\$ -	\$ 85,055	\$ 231,172	\$ -	\$ -	\$ 778,471
Rental income	37,647	-	-	-	72,861	-	-	-	-	-	-	110,508
Federal sources	-	161,116	267,194	-	-	-	7,858	-	-	-	-	436,168
State sources	-	219,478	-	-	-	-	-	-	-	-	-	219,478
Interest income	159	2,988	-	3,238	-	95	-	273	477	4,176	-	11,406
<b>Total revenue</b>	<u>37,806</u>	<u>383,582</u>	<u>267,194</u>	<u>292,792</u>	<u>72,861</u>	<u>172,785</u>	<u>7,858</u>	<u>85,328</u>	<u>231,649</u>	<u>4,176</u>	<u>-</u>	<u>1,556,031</u>
<b>Expenditures - current</b>												
General government	-	-	-	-	-	-	-	26,075	715,072	35,624	-	776,771
Public safety	26,331	336,043	267,194	98,818	-	-	-	-	-	-	-	728,386
Cultural and recreation	-	-	-	-	71,569	136,161	7,858	-	-	-	-	215,588
<b>Total expenditures</b>	<u>26,331</u>	<u>336,043</u>	<u>267,194</u>	<u>98,818</u>	<u>71,569</u>	<u>136,161</u>	<u>7,858</u>	<u>26,075</u>	<u>715,072</u>	<u>35,624</u>	<u>-</u>	<u>1,720,745</u>
Excess of revenue over (under) expenditures	<u>11,475</u>	<u>47,539</u>	<u>-</u>	<u>193,974</u>	<u>1,292</u>	<u>36,624</u>	<u>-</u>	<u>59,253</u>	<u>(483,423)</u>	<u>(31,448)</u>	<u>-</u>	<u>(164,714)</u>
<b>Other financing sources</b>												
Transfer out	-	-	-	-	-	-	-	-	-	-	(586)	(586)
Transfer in	20,000	-	-	-	-	-	-	-	-	-	-	20,000
<b>Total other financing sources (uses)</b>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(586)</u>	<u>19,414</u>
<b>Net change in fund balances</b>	<u>31,475</u>	<u>47,539</u>	<u>-</u>	<u>193,974</u>	<u>1,292</u>	<u>36,624</u>	<u>-</u>	<u>59,253</u>	<u>(483,423)</u>	<u>(31,448)</u>	<u>(586)</u>	<u>(145,300)</u>
Fund balances - beginning of year	<u>55,033</u>	<u>722,805</u>	<u>-</u>	<u>881,331</u>	<u>73,392</u>	<u>96,042</u>	<u>604</u>	<u>71,343</u>	<u>95,006</u>	<u>877,485</u>	<u>586</u>	<u>2,873,627</u>
Fund balances - end of year	<u>\$ 86,508</u>	<u>\$ 770,344</u>	<u>\$ -</u>	<u>\$ 1,075,305</u>	<u>\$ 74,684</u>	<u>\$ 132,666</u>	<u>\$ 604</u>	<u>\$ 130,596</u>	<u>\$ (388,417)</u>	<u>\$ 846,037</u>	<u>\$ -</u>	<u>\$ 2,728,327</u>

**Township of Grosse Ile**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**March 31, 2017**

	<u>1998 SAD Debt</u>	<u>1999 SAD Debt</u>	<u>2004 SAD Debt</u>	<u>Oak River SAD Debt</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 133,249	\$ 210,724	\$ 61,604	\$ 25,487	\$ 431,064
Receivables - net	<u>-</u>	<u>-</u>	<u>51,904</u>	<u>30,609</u>	<u>82,513</u>
Total assets	<u>\$ 133,249</u>	<u>\$ 210,724</u>	<u>\$ 113,508</u>	<u>\$ 56,096</u>	<u>\$ 513,577</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Deferred inflows of resources					
Special assessments	<u>-</u>	<u>-</u>	<u>51,190</u>	<u>-</u>	<u>51,190</u>
Fund balances - restricted	<u>133,249</u>	<u>210,724</u>	<u>62,318</u>	<u>6,096</u>	<u>412,387</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 133,249</u>	<u>\$ 210,724</u>	<u>\$ 113,508</u>	<u>\$ 56,096</u>	<u>\$ 513,577</u>

**Township of Grosse Ile**  
**Other Supplementary Information**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended March 31, 2017**

	<u>1998 SAD Debt</u>	<u>1999 SAD Debt</u>	<u>2004 SAD Debt</u>	<u>Oak River SAD Debt</u>	<u>Building Authority</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Revenue</b>						
Special assessments	\$ -	\$ -	\$ 26,831	\$ -	\$ -	\$ 26,831
Interest income	587	644	4,002	1,697	-	6,930
Total revenue	587	644	30,833	1,697	-	33,761
<b>Expenditures - debt service</b>	-	-	48,680	-	184,138	232,818
Excess of revenue over (under) expenditures	587	644	(17,847)	1,697	(184,138)	(199,057)
<b>Other financing sources</b>						
Transfers in	-	-	-	586	184,138	184,724
Net change in fund balances	587	644	(17,847)	2,283	-	(14,333)
Fund balances - beginning of year	132,662	210,080	80,165	3,813	-	426,720
Fund balances - end of year	<u>\$ 133,249</u>	<u>\$ 210,724</u>	<u>\$ 62,318</u>	<u>\$ 6,096</u>	<u>\$ -</u>	<u>\$ 412,387</u>