

**Township of Scio
Washtenaw County, Michigan**

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

Township of Scio

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Independent Auditor's Report

To the Board of Trustees
Township of Scio

Report on the Basic 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 Scio (the "Township") as of and for the year ended March 31, 2016 and the related notes to the financial statements, which collectively comprise the Township of Scio's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Scio as of March 31, 2016 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Township of Scio

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, during the year ended March 31, 2016, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, schedule of changes in the township net pension liability and related ratios, schedule of township pension contributions, and the OPEB system schedule, as identified on the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Plante & Moran, PLLC

August 9, 2016

Township of Scio

Management's Discussion and Analysis

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

Financial Highlights

The following are the most significant financial highlights for the year ended March 31, 2016:

- The Township's property tax collection remains the largest single revenue source for the general operations of the Township. The collection was relatively flat for the previous five years because of the tax formula used to determine taxable value.
- The fire special assessment district (SAD) funded the fire department budget for the first time in fiscal year 2010. The voter-approved SAD levy is a maximum of 0.9 mills on the taxable value of real property in the district that excludes the Village of Dexter. It is collected annually with the December tax bills. This collection is not subject to state rollback requirements and is not captured by the Township's Downtown Development Authority. The first collection occurred following the vote with the December 2008 taxes. The monies represent deferred revenue and are committed to the fiscal year budget that starts following collection. Revenue is segregated in the Fire Department Fund and expended only on fire service costs.
- On the sheriff side of public safety, the Township has seen expenditures for sheriff services remain consistent for the fifth year after several years of significant increases related to increasing the number of deputies assigned to the Township and the total number of deployment hours.
- State-shared revenue, the Township's second largest revenue source, decreased approximately \$4,600 in fiscal year 2016 compared to 2015.
- Because of the economic downturn, development fee revenue was significantly reduced in the past several years. These fees increased slightly in the prior fiscal year and continued to see an increase in the current fiscal year as the economy continues to improve.
- The revamped billing method for water and sewer service continues to be monitored closely. In this fiscal year, the water and sewer rates were consistent with prior year. In fiscal year 2016, the Water Fund and Sewer Fund revenue slightly exceeded expenditures.

Township of Scio

Management's Discussion and Analysis (Continued)

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities show the status of the Township as a whole. This is a long-term view and uses the accrual basis of accounting to measure the cost of providing services during the current year, thus showing whether the Township has funded the full cost of providing its government services.

The financial statements present a clear short-term view; they tell how the Township's resources were spent during the year, as well as how much is available going into the new budget year. Fund financial statements report the Township's operations in greater detail than the government-wide financial statements by providing information about the Township's most significant activities. 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 operations outside of everyday government.

It is important that the reader note that this report represents a snapshot of the financial position of the Township as of the close of business on March 31, 2016. The largest financial resource, property tax collection, is seasonal. It is collected late in the budget year and only during the fourth quarter (December to February). The revenue generated from property tax collection is in the fourth quarter revenue stream and not available for the first three quarters. As such, it becomes reflected in fund balance. Sufficient cash balance must be in reserve to meet the expenditures for the entire year.

Township of Scio

Management's Discussion and Analysis (Continued)

The Township as a Whole

The following table shows, in a condensed format, the net position as of the end of the fiscal year compared to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 17,597	\$ 18,910	\$ 24,036	\$ 22,937	\$ 41,633	\$ 41,847
Noncurrent assets	<u>12,681</u>	<u>11,154</u>	<u>30,112</u>	<u>29,920</u>	<u>42,793</u>	<u>41,074</u>
Total assets	30,278	30,064	54,148	52,857	84,426	82,921
Deferred Outflows	101	-	41	-	142	-
Liabilities						
Current liabilities	1,410	1,343	2,387	1,751	3,797	3,094
Long-term liabilities	<u>1,304</u>	<u>1,061</u>	<u>6,139</u>	<u>6,423</u>	<u>7,443</u>	<u>7,484</u>
Total liabilities	<u>2,714</u>	<u>2,404</u>	<u>8,526</u>	<u>8,174</u>	<u>11,240</u>	<u>10,578</u>
Net Position						
Net investment in capital assets	12,078	10,407	23,965	23,337	36,043	33,744
Restricted	8,327	9,364	21,698	21,348	30,025	30,712
Unrestricted	<u>7,260</u>	<u>7,888</u>	-	-	<u>7,260</u>	<u>7,888</u>
Total net position	<u>\$ 27,665</u>	<u>\$ 27,660</u>	<u>\$ 45,663</u>	<u>\$ 44,685</u>	<u>\$ 73,328</u>	<u>\$ 72,344</u>

A significant portion of the assets represents fixed capital improvements. The equity in township capital assets, such as sewer and water lines, is not readily transferable to cash. The unrestricted net position is more liquid in nature and is available to finance day-to-day operations. They were \$7,260,000 and \$7,888,000 as of March 31, 2016 and 2015, respectively. The current level of unrestricted net position for governmental activities is approximately 26 percent of total governmental activities net position. The reader should note throughout the statements that certain amounts remain restricted for specific items and legally can only be expended on those items, such as land preservation, boulevard landscape maintenance, tree activities, special assessment purposes, sewer and water operations, Metro Act funds, and capital projects.

Township of Scio

Management's Discussion and Analysis (Continued)

The following table shows the changes in the net position during the fiscal year as compared to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue:						
Charges for services	\$ 1,420	\$ 1,406	\$ 4,921	\$ 4,564	\$ 6,341	\$ 5,970
Capital grants and contributions	-	-	1,374	321	1,374	321
General revenue:						
Property taxes	2,208	2,248	-	-	2,208	2,248
State-shared revenue	1,289	1,293	-	-	1,289	1,293
Unrestricted investment earnings	72	73	125	144	197	217
Franchise fees	301	290	-	-	301	290
Miscellaneous	194	61	-	-	194	61
Total revenue	5,484	5,371	6,420	5,029	11,904	10,400
Program Expenses						
General government	1,740	1,831	-	-	1,740	1,831
Public safety	2,832	2,326	-	-	2,832	2,326
Public works	646	838	-	-	646	838
Interest on long-term debt	37	47	-	-	37	47
Water	-	-	2,364	2,364	2,364	2,364
Sewer	-	-	2,990	2,646	2,990	2,646
Total program expenses	5,255	5,042	5,354	5,010	10,609	10,052
Change in Net Position	\$ 229	\$ 329	\$ 1,066	\$ 19	\$ 1,295	\$ 348

Governmental Activities

Charges for services increased significantly during the current year, which was largely related to the Township-wide special assessment from the prior years.

Business-type Activities

The Township's largest business-type activities consist of the Water Fund and Sewer Fund. All assets, liabilities, revenue, and expenses are restricted solely for those operations. The Township provides water and sewage services to property owners within a defined district in the Township. The water supply and sewerage processing is through contract with the City of Ann Arbor (the "City"). The Township is reviewing other outstanding system improvements required under outstanding contracts with the City, including a major rehabilitation of the pump station on Liberty Road and the West High Pump Station.

The Township's operational responsibility for sewer and water is limited to the service lines and pumping facilities located within the borders of the Township. The utilities department continues to implement an adopted capital improvement program. Over the past eight years, the department implemented an extensive in-flow and infiltration (I&I) program on the sanitary sewer system that has led to a lesser problem with wet-weather flooding.

Township of Scio

Management's Discussion and Analysis (Continued)

The Loch Alpine Sewer Authority also provides public utility service in the Township, but it is a separate entity from the Township and is subject to a separate audit.

Township Funds

The analysis of the Township's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds. The Township board of trustees creates accounting funds to segregate monies, manage money for specific purposes, and show accountability for certain activities, such as special property tax millages. The Township's major funds include the General Fund, Fire Department Fund, Sewer Fund, Water Fund, and Township Road Improvement Special Assessment Fund.

The General Fund revenue is not restricted or dedicated to specific uses. The General Fund pays for most of the Township's governmental services. The most significant expenditures are those for the police department, which incurred expenses of approximately \$1,292,000 in fiscal year 2016 and \$1,283,000 in 2015. All public safety expenditures except for the fire department have been funded entirely by the General Fund. The dedicated fire special assessment has funded the fire department since 2010.

The Scio Downtown Development Authority (DDA) remains a major player in the physical development of the Township. Jackson Road improvements have been funded by the DDA through the capture of 50 percent of the property tax increment funds in its district since 1986. Thus, the DDA captures 50 percent of the new taxes that would be available for unrestricted general operations of the Township from its district, the major growth area of the Township. However, the DDA also captures taxes from other jurisdictions that can be used for DDA purposes. The DDA has incurred most of the Township's outstanding debt for improvements to Jackson Road, as discussed below. The debt will be repaid through the collection of future tax increments.

The Fire Department Fund accounts for monies collected under the fire special assessment district millage. These funds are required to be used only for the provision of fire services to the community.

Budgetary Highlights

Over the course of the year, the Township amended the budget in a legally permissible manner to reflect changing events. There were minimal amendments made in the Township's General Fund budget.

Capital Asset and Debt Administration

At the end of fiscal year 2016, the Township had approximately \$42.8 million invested in a broad range of capital assets, including buildings, fire equipment, and water and sewer lines (not including the Jackson Road improvements). Capital assets are not liquid and cannot be easily transferred to cash equivalents.

Township of Scio

Management's Discussion and Analysis (Continued)

The Township's Downtown Development Authority has a debt obligation at the end of the audit year of approximately \$11.9 million. The proceeds from these debt issuances financed the development of the Jackson Road corridor. The DDA amended its financing plan in fall 2006 to extend its life and fund Phase III of Jackson Road. A bond issue of \$3.47 million was sold in February 2012, refunding the remaining debt from the 2002 issue. A bond issue of \$9.7 million was sold in December 2006. An additional \$3.3 million of debt was issued in 2008. A bond issue of \$6.88 million was sold in July 2015, refunding the remaining debt from the 2006 issue. Per the adopted DDA financing plan, all bond payments will be met by the DDA through the capture of tax increment revenue. The Washtenaw County Road Commission has full jurisdiction over the road, retains the asset, and is responsible for the project and contract administration of funds from Township, state, and federal sources. The numbers in this audit represent contributions from the DDA and the Township sewer funds. The total final costs, including acquisition, design, and construction through Phase III, was approximately \$22 million and completed in 2011. The proposed Phase IV construction (Dino Drive to Parker Road) has been planned since 1986; however, the uncertainty over the current state of the economy and a decrease in the level of activity on this portion of the road means that the start of this final phase will be placed on hold for the foreseeable future.

Economic Factors and Next Year's Budgets and Rates

The recent national economic downturn caused a decline in property values in the past several years that has resulted in lower property tax collections for the Township. There was an increase in property values in prior fiscal year and this increase continued in the current fiscal year as the economy continues to improve.

Most readers are familiar with fiscal planning that occurs on a calendar-year basis. However, when analyzing various funding cycles that apply to the statements in this report, one needs to consider the varying fiscal years of the State of Michigan (October 1 to September 30), Washtenaw County (January 1 to December 31), and the Township of Scio (April 1 to March 31). The timing of the revenue stream can confuse the average resident. It can also present funding problems for the Township.

Contacting Township 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 clerk's office.

Township of Scio

Statement of Net Position March 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 13,127,410	\$ 23,205,813	\$ 36,333,223	\$ 2,640,989
Receivables:				
Property taxes receivable	67,584	-	67,584	121,051
Customer receivables - Net	79,604	687,699	767,303	-
Accrued interest receivable	2,833	-	2,833	-
Other receivables	5,800	-	5,800	-
Due from other governmental units	429,265	142,667	571,932	-
Special assessments receivable	3,884,213	-	3,884,213	-
Due from primary government	-	-	-	32,652
Capital assets - Net (Note 5):				
Nondepreciated	8,899,984	7,003,503	15,903,487	16,010,711
Depreciated	3,780,982	23,108,117	26,889,099	10,544,982
Total assets	30,277,675	54,147,799	84,425,474	29,350,385
Deferred Outflows of Resources				
Bond refunding loss being amortized	-	-	-	206,419
Deferred outflows related to pensions (Note 9)	100,708	40,801	141,509	-
Total deferred outflows of resources	100,708	40,801	141,509	206,419
Liabilities				
Accounts payable	174,780	87,567	262,347	-
Due to other governmental units	-	1,440,497	1,440,497	-
Due to component units	32,652	-	32,652	-
Accrued liabilities and other	48,809	515,363	564,172	159,083
Unearned revenue - Special assessments	988,821	-	988,821	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	90,045	-	90,045	-
Current portion of long-term debt (Note 7)	75,000	343,800	418,800	659,571
Due in more than one year:				
Net other postemployment benefit obligations (Note 11)	449,890	203,556	653,446	-
Net pension obligation (Note 9)	325,693	131,954	457,647	-
Long-term debt - Net of current portion (Note 7)	528,000	5,803,602	6,331,602	11,286,135
Total liabilities	2,713,690	8,526,339	11,240,029	12,104,789

Township of Scio

Statement of Net Position (Continued) March 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 12,077,966	\$ 23,964,218	\$ 36,042,184	\$ 14,905,693
Restricted for:				
Debt service	140,992	-	140,992	-
Water operations	-	6,671,969	6,671,969	-
Sewer operations	-	15,026,074	15,026,074	-
Metro act	148,460	-	148,460	-
Land preservation	1,875,520	-	1,875,520	-
Public safety	1,574,910	-	1,574,910	-
Public improvement	566,284	-	566,284	-
Tree mitigation	9,746	-	9,746	-
Road improvement	3,710,956	-	3,710,956	-
Bridge maintenance	30,597	-	30,597	-
Capital projects	43,950	-	43,950	-
Bus	224,918	-	224,918	-
Unrestricted	7,260,394	-	7,260,394	2,546,322
Total net position	<u>\$ 27,664,693</u>	<u>\$ 45,662,261</u>	<u>\$ 73,326,954</u>	<u>\$ 17,452,015</u>

Township of Scio

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,740,460	\$ 271,706	\$ -	\$ 104
Public safety	2,832,234	986,705	-	-
Public works	645,728	161,497	-	-
Interest on long-term debt	37,118	-	-	-
Total governmental activities	5,255,540	1,419,908	-	104
Business-type activities:				
Water	2,364,397	2,412,491	-	601,709
Sewer	2,989,534	2,508,663	-	772,599
Total business-type activities	5,353,931	4,921,154	-	1,374,308
Total primary government	<u>\$ 10,609,471</u>	<u>\$ 6,341,062</u>	<u>\$ -</u>	<u>\$ 1,374,412</u>
Component units	<u>\$ 1,572,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:
 Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Other miscellaneous income
 Total general revenue

Change in Net Position

Net Position - Beginning of year - As restated (Note 12)

Net Position - End of year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,468,650)	\$ -	\$ (1,468,650)	\$ -
(1,845,529)	-	(1,845,529)	-
(484,231)	-	(484,231)	-
(37,118)	-	(37,118)	-
(3,835,528)	-	(3,835,528)	-
-	649,803	649,803	-
-	291,728	291,728	-
-	941,531	941,531	-
(3,835,528)	941,531	(2,893,997)	-
-	-	-	(1,572,661)
2,208,006	-	2,208,006	1,301,093
1,288,684	-	1,288,684	-
71,810	124,500	196,310	10,659
301,220	-	301,220	-
193,910	-	193,910	-
4,063,630	124,500	4,188,130	1,311,752
228,102	1,066,031	1,294,133	(260,909)
27,436,591	44,596,230	72,032,821	17,712,924
\$ 27,664,693	\$ 45,662,261	\$ 73,326,954	\$ 17,452,015

Township of Scio

Governmental Funds Balance Sheet March 31, 2016

	General Fund	Fire Department Fund	Township Road Improvement Special Assessment Fund	Other Nonmajor Governmental Funds	Total
Assets					
Cash and investments (Note 3)	\$ 6,402,309	\$ 2,720,790	\$ 315,230	\$ 3,689,081	\$ 13,127,410
Receivables - Net:					
Taxes	49,974	-	-	17,610	67,584
Special assessments	-	-	3,726,658	157,555	3,884,213
Customers	79,604	-	-	-	79,604
Interest	2,833	-	-	-	2,833
Other receivables	5,800	-	-	-	5,800
Due from other governmental units	345,182	33,138	24,756	26,189	429,265
Due from other funds (Note 6)	321,000	-	-	-	321,000
Prepaid expenses	-	-	58,302	22,597	80,899
	<u>\$ 7,206,702</u>	<u>\$ 2,753,928</u>	<u>\$ 4,124,946</u>	<u>\$ 3,913,032</u>	<u>\$ 17,998,608</u>
Total assets					
Liabilities					
Accounts payable	\$ 53,776	\$ 19,556	\$ 92,990	\$ 8,458	\$ 174,780
Due to component units (Note 6)	10,686	-	-	21,966	32,652
Due to other funds (Note 6)	-	-	321,000	-	321,000
Accrued liabilities and other	24,799	19,450	-	1,028	45,277
Unearned revenue - Special assessment	-	988,821	-	-	988,821
	<u>89,261</u>	<u>1,027,827</u>	<u>413,990</u>	<u>31,452</u>	<u>1,562,530</u>
Total liabilities					
Deferred Inflows of Resources (Note 4)	150,897	-	3,726,658	174,953	4,052,508
Fund Balances					
Nonspendable - Prepaids	-	-	58,302	22,597	80,899
Restricted:					
Land preservation	-	-	-	1,859,770	1,859,770
Public safety	-	1,726,101	-	-	1,726,101
Metro act	-	-	-	148,460	148,460
Public improvements	-	-	-	566,284	566,284
Tree mitigation	-	-	-	9,746	9,746
Debt service	-	-	-	20,840	20,840
Bridge maintenance	-	-	-	30,597	30,597
Bus	-	-	-	223,270	223,270
Committed:					
Other postemployment benefit obligations	944,687	-	-	-	944,687
Capital projects	-	-	-	781,113	781,113
Assigned:					
Subsequent year's budget	103,347	-	-	-	103,347
Land preservation	-	-	-	60,000	60,000
Unassigned	5,918,510	-	(74,004)	(16,050)	5,828,456
	<u>6,966,544</u>	<u>1,726,101</u>	<u>(15,702)</u>	<u>3,706,627</u>	<u>12,383,570</u>
Total fund balances					
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,206,702</u>	<u>\$ 2,753,928</u>	<u>\$ 4,124,946</u>	<u>\$ 3,913,032</u>	<u>\$ 17,998,608</u>

Township of Scio

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

Fund Balance Reported in Governmental Funds	\$ 12,383,570
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	12,680,966
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	4,052,508
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(683,899)
Accrued interest is not due and payable in the current period and is not reported in the funds	(3,532)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(90,045)
Net other postemployment benefit obligations are not reported as fund liabilities	(449,890)
Net pension liability and related deferred outflows are not current financial resources and are not reported in the funds	<u>(224,985)</u>
Net Position of Governmental Activities	<u>\$ 27,664,693</u>

Township of Scio

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

	General Fund	Fire Department Fund	Township Road Improvement Special Assessment Fund	Other Nonmajor Governmental Funds	Total
Revenue					
Property taxes	\$ 1,031,483	\$ -	\$ -	\$ 752,535	\$ 1,784,018
Federal grants	-	-	-	104	104
State-shared revenue and grants	1,405,856	-	-	-	1,405,856
Locally raised	984,332	5,451	-	-	989,783
Investment income	16,915	12,103	22,264	20,528	71,810
Rental income	34,890	22,250	-	-	57,140
Other revenue:					
Special assessments	-	959,004	796,576	55,111	1,810,691
Other miscellaneous income	19,038	1,573	-	11,282	31,893
Total revenue	3,492,514	1,000,381	818,840	839,560	6,151,295
Expenditures					
Current:					
General government	1,475,141	-	-	43,318	1,518,459
Public safety	1,959,312	874,431	-	225	2,833,968
Public works	89,553	-	1,370,809	225	1,460,587
Capital outlay	398,295	13,028	-	467,980	879,303
Debt service	-	-	68,790	115,657	184,447
Total expenditures	3,922,301	887,459	1,439,599	627,405	6,876,764
Excess of Revenue (Under) Over Expenditures	(429,787)	112,922	(620,759)	212,155	(725,469)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	2,127	-	-	-	2,127
Transfers in (Note 6)	-	-	10,000	85,594	95,594
Transfers out (Note 6)	(95,594)	-	-	-	(95,594)
Total other financing (uses) sources	(93,467)	-	10,000	85,594	2,127
Net Change in Fund Balances	(523,254)	112,922	(610,759)	297,749	(723,342)
Fund Balances - Beginning of year	7,489,798	1,613,179	595,057	3,408,878	13,106,912
Fund Balances - End of year	\$ 6,966,544	\$ 1,726,101	\$ (15,702)	\$ 3,706,627	\$ 12,383,570

Township of Scio

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

Net Change in Fund Balances - Total Governmental Funds	\$ (723,342)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,792,007
Depreciation expense	(241,880)
Revenue is recorded in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	(669,780)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	144,000
Change in accrued interest payable and other	3,329
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment	9,846
Loss on disposal of assets is not recorded in the governmental funds	(23,585)
Change in net pension and other postemployment benefits	<u>(62,493)</u>
Change in Net Position of Governmental Activities	<u>\$ 228,102</u>

Township of Scio

Proprietary Funds Statement of Net Position March 31, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,315,273	\$ 3,526,562	\$ 5,841,835
Investments	5,357,033	12,006,945	17,363,978
Receivables:			
Customer receivables - Net	315,206	372,493	687,699
Due from other governmental units	1,590	141,077	142,667
Total current assets	7,989,102	16,047,077	24,036,179
Noncurrent assets - Capital assets (Note 5)	17,399,837	12,711,783	30,111,620
Total assets	25,388,939	28,758,860	54,147,799
Deferred Outflows of Resources - Deferred outflows related to pensions (Note 9)	20,460	20,341	40,801
Liabilities			
Current liabilities:			
Accounts payable	33,213	54,354	87,567
Due to other governmental units	959,133	481,364	1,440,497
Accrued liabilities and other	177,299	338,064	515,363
Current portion of long-term debt (Note 7)	343,800	-	343,800
Total current liabilities	1,513,445	873,782	2,387,227
Noncurrent liabilities:			
Net other postemployment benefit obligations (Note 11)	101,778	101,778	203,556
Net pension obligation (Note 9)	66,170	65,784	131,954
Long-term debt - Net of current portion (Note 7)	5,803,602	-	5,803,602
Total noncurrent liabilities	5,971,550	167,562	6,139,112
Total liabilities	7,484,995	1,041,344	8,526,339
Net Position			
Net investment in capital assets	11,252,435	12,711,783	23,964,218
Restricted:			
Restricted for water operations	6,671,969	-	6,671,969
Restricted for sewer operations	-	15,026,074	15,026,074
Total net position	\$ 17,924,404	\$ 27,737,857	45,662,261
Net Position of Business-type Activities			\$ 45,662,261

Township of Scio

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenue			
Charges for services	\$ 2,340,234	\$ 2,237,751	\$ 4,577,985
Other	72,257	270,912	343,169
Total operating revenue	2,412,491	2,508,663	4,921,154
Operating Expenses			
Cost of water	1,410,889	-	1,410,889
Cost of sewage treatment	-	1,611,216	1,611,216
Operation and maintenance	95,035	238,145	333,180
General and administrative	433,668	755,118	1,188,786
Depreciation	384,099	385,055	769,154
Total operating expenses	2,323,691	2,989,534	5,313,225
Operating Income (Loss)	88,800	(480,871)	(392,071)
Nonoperating Revenue (Expense)			
Investment income	42,971	81,529	124,500
Interest expense	(40,706)	-	(40,706)
Total nonoperating revenue	2,265	81,529	83,794
Income (Loss) - Before contributions	91,065	(399,342)	(308,277)
Capital Contributions			
Lines donated by developers	426,500	95,000	521,500
Other capital contributions	175,209	677,599	852,808
Total capital contributions	601,709	772,599	1,374,308
Change in Net Position	692,774	373,257	1,066,031
Net Position - Beginning of year (Note 12)	17,231,630	27,364,600	44,596,230
Net Position - End of year	\$ 17,924,404	\$ 27,737,857	\$ 45,662,261

Township of Scio

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,412,668	\$ 2,520,617	\$ 4,933,285
Payments to suppliers	(1,657,700)	(2,387,586)	(4,045,286)
Payments to employees	(207,516)	(77,070)	(284,586)
Other receipts	(990)	(141,077)	(142,067)
Net cash provided by (used in) operating activities	546,462	(85,116)	461,346
Cash Flows from Capital and Related Financing Activities			
Collection of connection fees	175,209	677,599	852,808
Tap fees collected on behalf of the City of Ann Arbor	224,374	354,611	578,985
Tap fees paid to the City of Ann Arbor	-	(199,299)	(199,299)
Purchase of capital assets	-	(411,489)	(411,489)
Principal paid on capital debt	(435,825)	-	(435,825)
Repayment of interest	(40,706)	-	(40,706)
Proceeds from sale of capital assets	44,381	-	44,381
Net cash (used in) provided by capital and related financing activities	(32,567)	421,422	388,855
Cash Flows from Investing Activities			
Interest received on investments	42,971	81,529	124,500
Purchase of investment securities	-	(1,763,476)	(1,763,476)
Proceeds from sale and maturities of investment securities	(36,351)	2,192,887	2,156,536
Net cash provided by investing activities	6,620	510,940	517,560
Net Increase in Cash and Cash Equivalents	520,515	847,246	1,367,761
Cash and Cash Equivalents - Beginning of year	1,794,758	2,679,316	4,474,074
Cash and Cash Equivalents - End of year	\$ 2,315,273	\$ 3,526,562	\$ 5,841,835
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ 7,672,306	\$ 15,533,507	\$ 23,205,813
Less amounts classified as investments	(5,357,033)	(12,006,945)	(17,363,978)
Total cash and cash equivalents	\$ 2,315,273	\$ 3,526,562	\$ 5,841,835
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ 88,800	\$ (480,871)	\$ (392,071)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	384,099	385,055	769,154
Changes in assets and liabilities:			
Receivables	2,179	(129,123)	(126,944)
Prepaid and other assets	-	3,417	3,417
Accounts payable	18,491	(86,005)	(67,514)
Deferred outflows	(20,460)	(20,341)	(40,801)
Accrued and other liabilities	73,353	242,752	316,105
Net cash provided by (used in) operating activities	\$ 546,462	\$ (85,116)	\$ 461,346

Noncash Investing, Capital, and Financing Activities - During the year ended March 31, 2016, there were no noncash transactions entered into by the Township.

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

Township of Scio

Fiduciary Funds Statement of Assets and Liabilities March 31, 2016

	Current Tax Collection	Trust and Agency	Total
Assets - Cash and investments (Note 3)	<u>\$ 81,867</u>	<u>\$ 232,308</u>	<u>\$ 314,175</u>
Liabilities - Accrued liabilities and other	<u>\$ 81,867</u>	<u>\$ 232,308</u>	<u>\$ 314,175</u>

Township of Scio

Component Units Statement of Net Position March 31, 2016

	Downtown Development Authority	Economic Development Corporation	Total
Assets			
Cash and investments	\$ 2,630,806	\$ 10,183	\$ 2,640,989
Receivables - Taxes	121,051	-	121,051
Due from primary government	32,652	-	32,652
Capital assets (Note 5)	26,555,693	-	26,555,693
Total assets	29,340,202	10,183	29,350,385
Deferred Outflows of Resources -			
Bond refunding loss being amortized	206,419	-	206,419
Liabilities			
Accrued liabilities and other:			
Accrued interest payable	159,083	-	159,083
Due within one year - Current portion of long-term debt	659,571	-	659,571
Due in more than one year - Long-term debt	11,286,135	-	11,286,135
Total liabilities	12,104,789	-	12,104,789
Net Position			
Net investment in capital assets	14,905,693	-	14,905,693
Unrestricted	2,536,139	10,183	2,546,322
Total net position	\$ 17,441,832	\$ 10,183	\$ 17,452,015

Township of Scio

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority - Public works	\$ 1,572,661	\$ -	\$ -	\$ -
Economic Development Corporation - Public works	-	-	-	-
Total component units	<u>\$ 1,572,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:

Property taxes

Investment income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended March 31, 2016**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
\$ (1,572,661)	\$ -	\$ (1,572,661)
<u>-</u>	<u>-</u>	<u>-</u>
(1,572,661)	-	(1,572,661)
1,301,093	-	1,301,093
10,651	8	10,659
<u>1,311,744</u>	<u>8</u>	<u>1,311,752</u>
(260,917)	8	(260,909)
<u>17,702,749</u>	<u>10,175</u>	<u>17,712,924</u>
<u>\$ 17,441,832</u>	<u>\$ 10,183</u>	<u>\$ 17,452,015</u>

Township of Scio

Notes to Financial Statements March 31, 2016

Note I - Summary of Significant Accounting Policies

The accounting policies of the Township of Scio (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 of Scio.

Reporting Entity

The Township of Scio is governed by an elected seven-member board of trustees. 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 Building Authority was created to provide for the financing of renovations to the Township Hall. The Building Authority's governing body, which consists of three individuals, was created during the fiscal year ended March 31, 1999. Building Authority operations consist of the issuance and repayment of debt and the construction of facilities. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Township's public buildings.

Discretely Presented Component Units

Downtown Development Authority - The Downtown Development Authority (DDA or the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is selected by the Township's board. In addition, the Authority's budget is subject to approval by the Township's board. Interim internal financial statements are prepared monthly and available at the Township Hall. The report may be obtained by writing to the Township at 827 North Zeeb Road, Ann Arbor, MI 48103.

Economic Development Corporation - The Economic Development Corporation (the "Corporation") was created to provide the means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The Corporation's governing body, which consists of 10 individuals, is selected by the Township board. Interim internal financial statements are prepared monthly and available at the Township Hall. The report may be obtained by writing to the Township at 827 North Zeeb Road, Ann Arbor, MI 48103.

Note I - Summary of Significant Accounting Policies (Continued)

Report Presentation

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

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

Basis of Accounting

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

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

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 our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. 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.

Fund Accounting

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

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Fire Department Fund is used to account for monies collected and expended for fire protection services.

Note I - Summary of Significant Accounting Policies (Continued)

- The Township Road Improvement Special Assessment Fund is used to account for the monies collected and expended for road improvements. This fund includes the Township Special Assessment District Fund, Township Road Improvement Revolving Fund, Newman Boulevard Special Assessment District Fund, the 2014 Road Special Assessment District Fund, Park Road Special Assessment District Fund, and the 2015 Road Special Assessment District Road.

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

- The Water Fund accounts for activities of the water distribution.
- The Sewer Fund accounts for activities of the sewage collection system.

Agency Funds - The 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.

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Specific Balances and Transactions

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. Pooled investment income from the General Fund is generally allocated to each fund based on the relative participation in the pool.

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

Capital Assets - Capital assets, which include property, plant, equipment, and intangible assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded by the Township as appropriate based on cost and useful life. 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.

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

<u>Capital Asset Class</u>	<u>Lives</u>
Utility system	50 years
Sewer meters	25 years
Buildings	20 to 50 years
Land improvements	10 to 25 years
Machinery and equipment	5 to 25 years
Vehicles	5 years
Fire vehicles	20 years
Road rights and infrastructure	25 years

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

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

The Township reports deferred outflows of resources for deferred charges on bond refunding in the government-wide financial statements and the Downtown Development Authority. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the Township's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from four sources: grants, delinquent property taxes, state-shared revenue, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of trustees can assign fund balance. Commitments are made and can be rescinded only via resolution of the board of trustees.

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 due on February 14 with the final collection date of the last day of February before they are added to the county tax roll.

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

Note I - Summary of Significant Accounting Policies (Continued)

The 2015 taxable valuation of the Township totaled \$1.2 billion (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 0.9518 mills for operating purposes and 0.4942 mills and .2087 mills for land preservation and bus transportation, respectively. After DDA capture, the resulting amounts are approximately \$1,017,000 for operating purposes, approximately \$528,000 for open space land preservation, and approximately \$223,000 for bus transportation. These amounts are recognized in the respective General Fund and Open Space Preservation Fund financial statements as tax revenue.

In addition, the Township assesses .9000 mills for fire protection under Public Act 33 of 1951. The assessment is collectible on December 1 and is recognized at the beginning of the next fiscal year. As of March 31, 2016, \$988,821 is included in unearned revenue. This is reported in the Fire Department Fund.

Special Assessment Revenue

The Township has various special assessments for capital projects throughout the Township. These special assessments are placed on tax bills levied December 1. Special assessment revenue for the year ended March 31, 2016 is \$851,687 and included in the Township's various capital projects funds.

A 10-year special assessment for road construction and maintenance in the amount of \$5.26 million was approved during the year ended March 31, 2014. This assessment is collectible in 10 equal annual installments beginning December 1, 2013 for the next fiscal year. As of March 31, 2016, \$3,357,075 is included in deferred inflows. This is reported in the Township Road Improvement Special Assessment Fund.

Other Postemployment Benefit Costs - The Township offers retiree healthcare benefits to retirees. The Township has elected to calculate the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Note 1 - Summary of Significant Accounting Policies (Continued)

Pension - The Township offers pension benefits to retirees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

Compensated Absences (Paid Time Off) - It is the Township's policy to permit employees to accumulate earned but unused paid time off. All paid time off is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. No liability for these amounts is reported in governmental funds, as there were no employee terminations as of year end.

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. Claims and judgments liability will generally be liquidated through the Township's General Fund. The net pension obligation and net OPEB obligation have generally been liquidated from the funds from which the individual employees' salaries are paid, which are primarily the General Fund, the Fire Department Fund, and Water and Sewer Funds.

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.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township does not collect construction code fees as allowed by the State's Construction Code Act. Accordingly, no separate reporting of this activity has been reflected in the financial statements.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Fund Deficits - As of March 31, 2016, the Capital Projects Fund and Township Road Improvement Revolving Fund had fund deficits of \$16,050 and \$74,004, respectively. The Capital Projects fund deficit results from the loan payable to the Downtown Development Authority for the Baker Road construction costs. This deficit will be resolved by the collection of special assessment revenue over the next three years, which is in accordance with the state-approved deficit elimination plan filed by the Township. The Township Road Improvement Revolving Fund deficit results from the various special assessment projects construction costs. This deficit will be resolved by the collection of special assessment revenue over the next 10 years.

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 Township board of trustees in accordance with Public Act 196 of 1947 has authorized investment in bonds and securities of the United States government and bank accounts, commercial paper, certificates of deposit, mutual funds, and repurchase agreements.

The Township's cash and investments are subject to three types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$11,386,169 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized; the component units had \$493,421 of bank deposits that were 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 funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Township of Scio

Notes to Financial Statements March 31, 2016

Note 3 - Deposits and Investments (Continued)

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 average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity (Days)
Commercial paper - General Electric Cap Corp	\$ 9,191,240	52
U.S. government or agency bonds	6,550,099	92

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 policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Commercial paper - General Electric Cap Corp	\$ 9,191,240	A1/PI	S&P
U.S. government or agency bonds	6,550,099	AAA	S&P
Money markets	8,173,147	Unrated	N/A

Note 4 - Deferred Inflows of Resources

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

	Governmental Funds
Delinquent property taxes - Unavailable	\$ 64,982
Special assessments - Unavailable	3,884,213
State-shared revenue - Unavailable	103,313
Total deferred inflows	\$ 4,052,508

Township of Scio

Notes to Financial Statements March 31, 2016

Note 5 - Capital Assets

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

	Balance April 1, 2015	Additions	Disposals	Balance March 31, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,006,268	\$ 338,133	\$ -	\$ 1,344,401
Land preservation - Land and easement	6,199,924	401,113	-	6,601,037
Construction in progress	-	738,591	-	738,591
Drain rights and infrastructure	161,621	54,334	-	215,955
Subtotal	7,367,813	1,532,171	-	8,899,984
Capital assets being depreciated:				
Sidewalks and other intangible rights	1,052,573	184,723	-	1,237,296
Building and improvements	2,507,179	13,028	-	2,520,207
Equipment	1,045,620	62,085	(13,012)	1,094,693
Vehicles	1,238,641	-	(169,148)	1,069,493
Land improvements	156,087	-	-	156,087
Subtotal	6,000,100	259,836	(182,160)	6,077,776
Accumulated depreciation:				
Sidewalks and other intangible rights	42,103	49,492	-	91,595
Buildings	1,008,451	54,795	-	1,063,246
Equipment	369,260	80,638	(11,565)	438,333
Fire vehicles	665,330	54,892	(147,010)	573,212
Land improvements	128,345	2,063	-	130,408
Subtotal	2,213,489	241,880	(158,575)	2,296,794
Net capital assets being depreciated	3,786,611	17,956	(23,585)	3,780,982
Net capital assets	\$ 11,154,424	\$ 1,550,127	\$ (23,585)	\$ 12,680,966

Township of Scio

Notes to Financial Statements March 31, 2016

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance April 1, 2015	Reclassifications	Additions	Disposals	Balance March 31, 2016
Capital assets not being depreciated:					
Land	\$ 1,995,542	\$ -	\$ -	\$ -	\$ 1,995,542
Construction in progress	5,552,022	(1,097,692)	716,152	(162,521)	5,007,961
Subtotal	7,547,564	(1,097,692)	716,152	(162,521)	7,003,503
Capital assets being depreciated:					
Utility system	33,989,117	1,097,692	521,500	(141,077)	35,467,232
Buildings	761,586	-	-	-	761,586
Machinery and equipment	470,433	-	26,227	(60,896)	435,764
Vehicles	74,022	-	-	-	74,022
Sewer meters	7,118	-	-	-	7,118
Subtotal	35,302,276	1,097,692	547,727	(201,973)	36,745,722
Accumulated depreciation:					
Utility system	12,025,947	-	720,238	-	12,746,185
Buildings	520,977	-	19,278	-	540,255
Machinery and equipment	309,304	-	21,688	(60,896)	270,096
Vehicles	66,072	-	7,950	-	74,022
Sewer meters	7,047	-	-	-	7,047
Subtotal	12,929,347	-	769,154	(60,896)	13,637,605
Net capital assets being depreciated	22,372,929	1,097,692	(221,427)	(141,077)	23,108,117
Net capital assets	\$ 29,920,493	\$ -	\$ 494,725	\$ (303,598)	\$ 30,111,620
Component Units					
Capital assets not being depreciated - Road rights and infrastructure		Balance April 1, 2015	Additions	Disposals	Balance March 31, 2016
		\$ 16,010,711	\$ -	\$ -	\$ 16,010,711
Capital assets being depreciated - Road rights and infrastructure		21,926,424	-	-	21,926,424
Accumulated depreciation - Road rights and infrastructure		10,504,385	877,057	-	11,381,442
Net capital assets being depreciated		11,422,039	(877,057)	-	10,544,982
Net capital assets		\$ 27,432,750	\$ (877,057)	\$ -	\$ 26,555,693

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

Governmental activities:	
General government	\$ 135,048
Public safety	106,832
Total governmental activities	<u>\$ 241,880</u>

Township of Scio

Notes to Financial Statements March 31, 2016

Note 5 - Capital Assets (Continued)

Business-type activities:		
Water		\$ 384,099
Sewer		<u>385,055</u>
Total business-type activities		<u>\$ 769,154</u>
Component unit activities - Public works		<u>\$ 877,057</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>
Due to/from Other Funds		
General Fund	Township Road Improvement Special Assessment Fund	<u>\$ 321,000</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Primary Government and Component Units		
Component unit - Downtown Development Authority	Primary government - Capital Projects Fund	\$ 16,417
	Primary government - General Fund	10,686
	Primary government - Open Space Land Preservation Fund	<u>5,549</u>
	Total component unit - Downtown Development Authority	<u>\$ 32,652</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.

Township of Scio

Notes to Financial Statements March 31, 2016

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

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

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Township Road Improvement Special Assessment Fund	\$ 10,000
	Other nonmajor governmental funds	85,594
	Total General Fund	<u>\$ 95,594</u>

The transfer from the General Fund to the Township Road Improvement Special Assessment Fund is related to financing a capital project and the transfers from the General Fund to other governmental funds are related to debt service.

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. Installment purchase agreements are also general obligations of the government.

Long-term debt activity can be summarized as follows:

Governmental Activities	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1999 General Obligation Limited Tax Bonds - Amount of issue: \$900,000 Maturing through May 2017	5.65%	\$75,000	\$ 225,000	\$ -	\$ 75,000	\$ 150,000	\$ 75,000
2012 Special Assessment Bonds - Amount of issue: \$190,000 Maturing through April 2022	3.71%	\$20,000	140,000	-	20,000	120,000	-
2013 Special Assessment Bonds - Amount of issue: \$460,000 Maturing through April 2023	4.87%	\$46,000 - \$49,000	382,000	-	49,000	333,000	-
Accumulated compensated absences			99,890	103,071	112,916	90,045	90,045
Total governmental activities			<u>\$ 846,890</u>	<u>\$ 103,071</u>	<u>\$ 256,916</u>	<u>\$ 693,045</u>	<u>\$ 165,045</u>

Township of Scio

Notes to Financial Statements March 31, 2016

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Contractual obligation to the City of Ann Arbor related to the City's 2008 DWRF Bonds -							
Amount of issue: \$2,490,749							
Maturing through October 2028							
	2.5%	\$5,749 - \$170,000	\$ 1,700,749	\$ -	\$ 145,000	\$ 1,555,749	\$ 145,000
Contractual obligation to the City of Ann Arbor related to the City's 2012 DWRF Bonds -							
Amount of issue: \$4,882,478							
Maturing through April 2034							
	2.5%	\$192,862 - \$310,800	4,882,478	-	290,825	4,591,653	198,800
Total business-type activities			<u>\$ 6,583,227</u>	<u>\$ -</u>	<u>\$ 435,825</u>	<u>\$ 6,147,402</u>	<u>\$ 343,800</u>

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit							
2006 General Obligation Limited Tax Bonds -							
Amount of issue: \$9,700,000							
Maturing through November 2025							
	2.00% - 4.00%	\$500,000 - \$1,000,000	\$ 7,700,000	\$ -	\$ 7,200,000	\$ 500,000	\$ 500,000
2015 Downtown Development and Refunding Bonds -							
Amount of issue: \$6,910,000							
Maturing through March 2026							
			-	6,875,000	-	6,875,000	30,000
2008 Downtown Development and Refunding Bonds -							
Amount of issue: \$3,250,000							
Maturing through November 2028							
	4.00% - 5.00%	\$100,000 - \$400,000	3,050,000	-	100,000	2,950,000	100,000
2012 Downtown Development and Refunding Bonds -							
Amount of issue: \$3,250,000							
Maturing through November 2028							
	2.00% - 4.00%	\$565,000 - \$685,000	1,930,000	-	605,000	1,325,000	-
Unamortized premium on bonds							
			-	325,277	29,571	295,706	29,571
Total component unit activities			<u>\$ 12,680,000</u>	<u>\$ 7,200,277</u>	<u>\$ 7,934,571</u>	<u>\$ 11,945,706</u>	<u>\$ 659,571</u>

Note 7 - Long-term Debt (Continued)

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

Years Ending March 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 75,000	\$ 16,692	\$ 91,692	\$ 343,800	\$ 70,013	\$ 413,813	\$ 630,000	\$ 403,300	\$ 1,033,300
2018	144,000	21,224	165,224	354,400	133,845	488,245	1,320,000	390,600	1,710,600
2019	68,000	16,001	84,001	365,000	124,915	489,915	1,465,000	341,900	1,806,900
2020	68,000	12,921	80,921	375,600	115,720	491,320	780,000	298,050	1,078,050
2021	68,000	9,842	77,842	381,200	106,260	487,460	925,000	271,650	1,196,650
2022-2026	180,000	11,662	191,662	1,874,400	384,937	2,259,337	5,480,000	853,950	6,333,950
2027-2031	-	-	-	1,434,149	172,849	1,606,998	1,050,000	110,000	1,160,000
2032-2034	-	-	-	1,018,853	14,605	1,033,458	-	-	-
Total	\$ 603,000	\$ 88,342	\$ 691,342	\$ 6,147,402	\$ 1,123,144	\$ 7,270,546	\$ 11,650,000	\$ 2,669,450	\$ 14,319,450

Advance and Current Refundings - During the year, the Township issued \$6,875,000 in general obligation (revenue) bonds with an average interest rate of 4 percent. The proceeds of these bonds were used to advance refund \$6,700,000 of outstanding general obligation series 2006 bonds with an average interest rate of 4 percent. The net proceeds of \$7,061,061 (after payment of \$139,215 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net position. The advance refunding reduced total debt service payments over the next years by \$261,476, which represents an economic gain of \$265,379.

In current and prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At March 31, 2016, \$8,050,000 of bonds outstanding are considered defeased.

Note 8 - 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 property loss, torts, errors and omissions, and medical benefit claims from the Accident Fund Insurance Company of America for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Defined Benefit Pension Plan

Plan Description - The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS of Michigan), an agent multiple-employer defined benefit pension plan that covers all full- and part-time firefighters of the Township and all full-time employees, except the elected officials other than the current treasurer. MERS of Michigan was established as a state-wide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS of Michigan issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS of Michigan at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided - The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS of Michigan.

Retirement benefits for fire employees are calculated at 2.25 percent of the employee's five-year average salary times the employee's years of service. Normal retirement is age 60, with early retirement at age 50 with 30 years of service (unreduced) or age 55 and 50 with 15 and 25 years of service (reduced), respectively. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for general employees are calculated at 1.5 percent of the employee's three-year average salary times the employee's years of service. Normal retirement is age 60, with early retirement at age 55 and 50 with 15 and 25 years of service (reduced), respectively. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	4
Active plan members	<u>20</u>
Total employees covered by MERS of Michigan	<u><u>24</u></u>

Township of Scio

Notes to Financial Statements March 31, 2016

Note 9 - Defined Benefit Pension Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS of Michigan retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS of Michigan retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members 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.

For general and fire employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 1.3 and 1.38 percent of compensation, respectively. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 8 percent of annual covered payroll.

Net Pension Liability

The net pension liability reported at March 31, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 2,248,083	\$ 1,837,795	\$ 410,288
Service cost	84,554	-	84,554
Interest	187,978	-	187,978
Contributions - Employer	-	98,495	(98,495)
Contributions - Employee	-	12,301	(12,301)
Net investment income	-	118,779	(118,779)
Benefit payments, including refunds	(23,658)	(23,658)	-
Administrative expenses	-	(4,402)	4,402
Net changes	248,874	201,515	47,359
Balance at December 31, 2014	<u>\$ 2,496,957</u>	<u>\$ 2,039,310</u>	<u>\$ 457,647</u>

Township of Scio

Notes to Financial Statements March 31, 2016

Note 9 - Defined Benefit Pension Plan (Continued)

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

For the year ended March 31, 2016, the Township recognized pension expense of \$116,853. At March 31, 2016, the Township reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 29,001
Employer contributions to the plan subsequent to the measurement date	<u>112,508</u>
Total	<u>\$ 141,509</u>

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

<u>Years Ending March 31</u>	<u>Amount</u>
2017	\$ 7,250
2018	7,250
2019	7,250
2020	7,251

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

Inflation	3.0 - 4.0 %	
Salary increases	4.5 %	In the long term, 1, 2, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.0%	Net of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

Note 9 - Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, 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	58 %	5.00 %
Global fixed income	20	2.20
Real assets	12	4.20
Diversifying strategies	10	6.60

Note 9 - Defined Benefit Pension Plan (Continued)

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

	1 Percent Decrease (7.25%)	Current Discount Rate (8.25%)	1 Percent Increase (9.25%)
Net pension liability of the Township	\$ 773,980	\$ 457,647	\$ 187,955

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 10 - Defined Contribution Pension Plan

The Township offers pension benefits to its elected officials through a defined contribution plan. This plan is administered through John Hancock Retirement Plan Services, LLC. Firefighters and other full-time employees participated in this plan in the past, but have since transferred to the defined benefit plan as disclosed in Note 9.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate 90 days from the date of employment. As established by the board of trustees, the Township contributes 8 percent of an employee's approved pension earnings. Employee contributions are not required. In accordance with these requirements, the Township contributed approximately \$13,200 during the current year. The Township's contributions for each employee are fully vested upon entering service.

Note 11 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to eligible employees. This is an agent multiple-employer defined benefit plan administered by the Township. The benefits are provided through board resolution. The Township provides a monthly stipend to be used to supplement the insurance cost for postemployment healthcare benefits. At the governmental fund level, the expense is recognized by the Township as the payments to the retirees are made. During the year, this amounted to \$10,146.

Funding Policy - The collective bargaining agreement does not require a contribution from employees. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

Annual OPEB Cost and Net OPEB Obligation - The Township's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). For the year ended March 31, 2016, the Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC 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. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the retiree health plan:

Annual required contribution (recommended)	\$ 87,479
Interest on the prior year's net OPEB obligation	5,704
Amounts contributed - Payments of current premiums	<u>(10,146)</u>
Increase in net OPEB obligation	83,037
OPEB obligation - Beginning of year	<u>570,409</u>
OPEB obligation - End of year	<u>\$ 653,446</u>

Township of Scio

Notes to Financial Statements March 31, 2016

Note 11 - Other Postemployment Benefits (Continued)

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2015, and 2016 are as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
3/31/14	3/31/13	\$ 107,299	10.9	\$ 477,942
3/31/15	3/31/14	99,164	10.3	566,904
3/31/16	3/31/15	93,183	10.6	653,446

The funding progress of the plan is as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/13	\$ -	\$ 941,220	\$ 941,220	-	\$ 1,353,504	69.5
3/31/14	-	973,630	973,630	-	1,435,305	67.8
3/31/15	-	944,687	944,687	-	1,478,224	63.9

Actuarial Methods and Assumptions - 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. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Note 11 - Other Postemployment Benefits (Continued)

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on historical average retirement age for the covered group, active plan members were assumed to retire at age 65.

Marital Status - Marital status of members is irrelevant as the plan does not cover spouses or other dependents.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Tables for males and females were used.

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

Healthcare Costs and Inflation - The Township provides a stipend to its retirees to supplement the insurance costs for the retiree's healthcare premiums. The Township's policy requires the stipend be adjusted annually with the lesser of the Michigan inflation rate used for calculating property tax adjustments for the previous calendar year (Michigan Headlee Inflation Rate) or the percentage of change in the Scio Township General Fund fiscal year-end revenue as determined by comparing the difference between the current and prior fiscal year-end audits. A rate of 2 percent annually was used to project future increases based on recent changes to the Michigan Headlee inflation rate.

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

In the March 31, 2015 valuation, the entry age actuarial cost method was used. The assumptions included a 1.00 percent investment rate of return and an inflation rate of 2.00 percent. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at March 31, 2015 was 25 years.

Township of Scio

Notes to Financial Statements March 31, 2016

Note 12 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to Note 9 for further details. This change does not impact the modified accrual funds.

The financial statements for the year ended March 31, 2015 have been restated in order to adopt GASB Statement No. 68. The effect of this new standard was a decrease in net position to record the net pension liability at March 31, 2015.

The beginning net position of governmental activities and business-type activities has been restated as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Fund balance - March 31, 2015 - As previously reported	\$ 27,659,757	\$ 44,684,857	\$ 17,276,270	\$ 27,408,587
Adjustment for implementation of GASB Statement No. 68	<u>(223,166)</u>	<u>(88,627)</u>	<u>(44,640)</u>	<u>(43,987)</u>
Fund balance - March 31, 2015 - As restated	<u>\$ 27,436,591</u>	<u>\$ 44,596,230</u>	<u>\$ 17,231,630</u>	<u>\$ 27,364,600</u>

Note 13 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township's 2017 fiscal year.

Note 13 - Upcoming Accounting Pronouncements (Continued)

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017 fiscal year.

Required Supplemental Information

Township of Scio

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 970,000	\$ 1,005,000	\$ 1,031,483	\$ 26,483
State-shared revenue and grants	1,220,000	1,345,000	1,405,856	60,856
Locally raised	904,325	948,230	984,332	36,102
Investment income	12,000	16,000	16,915	915
Rental income	33,000	34,500	34,890	390
Other revenue	4,500	19,520	19,038	(482)
Total revenue	3,143,825	3,368,250	3,492,514	124,264
Expenditures - Current				
General government:				
General government	817,074	797,374	693,782	103,592
Assessing	450,775	457,125	422,887	34,238
Elections	27,215	59,040	34,597	24,443
Boards and commissions	277,050	370,550	323,875	46,675
Total general government	1,572,114	1,684,089	1,475,141	208,948
Health and safety	1,502,750	2,070,375	1,959,312	111,063
Building and grounds	109,500	115,500	89,553	25,947
Capital outlay	25,000	405,000	398,295	6,705
Total expenditures	3,209,364	4,274,964	3,922,301	352,663
Excess of Expenditures Over Revenue	(65,539)	(906,714)	(429,787)	476,927
Other Financing Sources - Proceeds				
from sale of capital assets	-	2,125	2,127	2
Other Financing Uses - Transfers out	(85,869)	(95,869)	(95,594)	275
Net Change in Fund Balance	(151,408)	(1,000,458)	(523,254)	477,204
Fund Balance - Beginning of year	7,489,798	7,489,798	7,489,798	-
Fund Balance - End of year	\$ 7,338,390	\$ 6,489,340	\$ 6,966,544	\$ 477,204

Township of Scio

Required Supplemental Information Budgetary Comparison Schedule Fire Department Fund Year Ended March 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ -	\$ 5,450	\$ 5,451	\$ 1
Investment income	4,500	3,000	12,103	9,103
Rental income	22,500	22,250	22,250	-
Other revenue	942,000	959,517	960,577	1,060
Total revenue	969,000	990,217	1,000,381	10,164
Expenditures				
Public safety	906,000	881,300	874,431	6,869
Capital outlay	-	14,000	13,028	972
Total expenditures	906,000	895,300	887,459	7,841
Net Change in Fund Balance	63,000	94,917	112,922	18,005
Fund Balance - Beginning of year	1,613,179	1,613,179	1,613,179	-
Fund Balance - End of year	<u>\$ 1,676,179</u>	<u>\$ 1,708,096</u>	<u>\$ 1,726,101</u>	<u>\$ 18,005</u>

Township of Scio

Note to Required Supplemental Information Year Ended March 31, 2016

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

The annual budget is prepared by the Township's department heads and finance department. It is approved by the Township budget committee and adopted by the Township board; subsequent amendments are approved by the Township board.

Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2016 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

Township of Scio

Required Supplemental Information OPEB System Schedule Year Ended March 31, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
3/31/09	\$ -	\$ 839,225	\$ 839,225	-	\$ 1,402,156	59.9
3/31/10	-	908,496	908,496	-	1,445,090	62.9
3/31/11	-	855,706	855,706	-	1,409,534	60.7
3/31/12	-	906,493	906,493	-	1,394,454	65.0
3/31/13	-	941,220	941,220	-	1,353,504	69.5
3/31/14	-	973,630	973,630	-	1,435,305	67.8
3/31/15	-	944,687	944,687	-	1,478,224	63.9

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
3/31/10	3/31/09	\$ 93,063	16.4
3/31/11	3/31/10	122,132	12.5
3/31/12	3/31/11	111,124	10.2
3/31/13	3/31/12	109,296	11.1
3/31/14	3/31/13	107,299	10.9
3/31/15	3/31/14	99,164	10.3
3/31/16	3/31/15	95,704	10.6

* The required contribution is expressed to the Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of March 31, 2014, the latest actuarial valuation, is as follows:

Amortization method	Level percent of payroll
Remaining amortization period	25 years
Asset valuation method	Four-year smoothed market
Actuarial assumptions:	
Investment rate of return	1.0%
Projected salary increases	2%
*Includes inflation at	2%
Cost of living adjustments	None

Township of Scio

Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios Last 10 Fiscal Years

	<u>2015</u>
Total Pension Liability	
Service cost	\$ 84,554
Interest	187,978
Benefit payments, including refunds	<u>(23,658)</u>
Net change in total pension liability	248,874
Total pension liability - Beginning of year	<u>2,248,083</u>
Total pension liability - End of year	<u>\$ 2,496,957</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 98,495
Contributions - Member	12,301
Net investment income	118,779
Administrative expenses	(4,402)
Benefit payments, including refunds	<u>(23,658)</u>
Net change in plan fiduciary net position	201,515
Plan fiduciary net position - Beginning of year	<u>1,837,795</u>
Plan fiduciary net position - End of year	<u>\$ 2,039,310</u>
Township's net pension liability - Ending	<u>\$ 457,647</u>
Plan fiduciary net position as a percentage of total pension liability	81.67 %
Covered employee payroll	\$ 1,221,187
Township's net pension liability as a percentage of covered employee payroll	37.5 %

Other Supplemental Information

Township of Scio

	Special Revenue Funds			
	Public		Open Space	
	Improvement	Tree Mitigation	Land	Bus Fund
	Fund	Fund	Fund	
Assets				
Cash and investments	\$ 714,744	\$ 9,746	\$ 1,916,262	\$ 215,586
Receivables:				
Property taxes receivable	-	-	15,962	1,648
Special assessments receivable	-	-	-	-
Due from other governmental units	-	-	18,196	7,684
Prepaid expenses and other assets	-	-	-	-
Total assets	\$ 714,744	\$ 9,746	\$ 1,950,420	\$ 224,918
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 8,323	\$ -
Due to component units	-	-	5,549	-
Accrued liabilities and other	-	-	1,028	-
Total liabilities	-	-	14,900	-
Deferred Inflows of Resources	-	-	15,750	1,648
Fund Balances (Deficit)				
Nonspendable - Prepays	-	-	-	-
Restricted:				
Land preservation	-	-	1,859,770	-
Metro act	148,460	-	-	-
Public improvements	566,284	-	-	-
Tree mitigation	-	9,746	-	-
Debt service	-	-	-	-
Bridge maintenance	-	-	-	-
Bus	-	-	-	223,270
Committed - Capital projects	-	-	-	-
Assigned	-	-	60,000	-
Unassigned	-	-	-	-
Total fund balances (deficit)	714,744	9,746	1,919,770	223,270
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 714,744	\$ 9,746	\$ 1,950,420	\$ 224,918

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2016**

Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
Building Authority Fund	Capital Projects Fund	Public Safety and Improvement Fund	East Delhi Bridge Maintenance Fund	Park Road SAD	
\$ -	\$ 367	\$ 781,113	\$ 30,423	\$ 20,840	\$ 3,689,081
-	-	-	-	-	17,610
-	60,000	-	-	97,555	157,555
-	-	-	309	-	26,189
-	-	-	-	22,597	22,597
\$ -	\$ 60,367	\$ 781,113	\$ 30,732	\$ 140,992	\$ 3,913,032
\$ -	\$ -	\$ -	\$ 135	\$ -	\$ 8,458
-	16,417	-	-	-	21,966
-	-	-	-	-	1,028
-	16,417	-	135	-	31,452
-	60,000	-	-	97,555	174,953
-	-	-	-	22,597	22,597
-	-	-	-	-	1,859,770
-	-	-	-	-	148,460
-	-	-	-	-	566,284
-	-	-	-	-	9,746
-	-	-	-	20,840	20,840
-	-	-	30,597	-	30,597
-	-	-	-	-	223,270
-	-	781,113	-	-	781,113
-	-	-	-	-	60,000
-	(16,050)	-	-	-	(16,050)
-	(16,050)	781,113	30,597	43,437	3,706,627
\$ -	\$ 60,367	\$ 781,113	\$ 30,732	\$ 140,992	\$ 3,913,032

Township of Scio

	Special Revenue Funds				Debt Service
	Public Improvement Fund	Tree Mitigation Fund	Open Space	Bus Fund	Funds
			Land Preservation Fund		Building Authority Fund
Revenue					
Property taxes	\$ -	\$ -	\$ 529,361	\$ 223,174	\$ -
Federal grants	-	-	104	-	-
Investment income	1,602	28	6,635	96	-
Other revenue:					
Special assessments	-	-	-	-	-
Other miscellaneous income	11,282	-	-	-	-
Total revenue	12,884	28	536,100	223,270	-
Expenditures					
Current:					
General government	33,604	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	467,980	-	-
Debt service	-	-	-	-	85,594
Total expenditures	33,604	-	467,980	-	85,594
Excess of Revenue (Under) Over Expenditures	(20,720)	28	68,120	223,270	(85,594)
Other Financing Sources - Transfers in	-	-	-	-	85,594
Net Change in Fund Balances	(20,720)	28	68,120	223,270	-
Fund Balances (Deficit) - Beginning of year	735,464	9,718	1,851,650	-	-
Fund Balances (Deficit) - End of year	\$ 714,744	\$ 9,746	\$ 1,919,770	\$ 223,270	\$ -

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended March 31, 2016**

Capital Projects Funds				Total Nonmajor Governmental Funds
Capital Projects Fund	Public Safety and Improvement Fund	East Delhi Bridge Maintenance Fund	Park Road SAD	
\$ -	\$ -	\$ -	\$ -	\$ 752,535
-	-	-	-	104
4,508	1,693	97	5,869	20,528
30,000	-	4,999	20,112	55,111
-	-	-	-	11,282
<u>34,508</u>	<u>1,693</u>	<u>5,096</u>	<u>25,981</u>	<u>839,560</u>
-	-	9,714	-	43,318
-	225	-	-	225
-	-	-	225	225
-	-	-	-	467,980
<u>4,500</u>	<u>-</u>	<u>-</u>	<u>25,563</u>	<u>115,657</u>
<u>4,500</u>	<u>225</u>	<u>9,714</u>	<u>25,788</u>	<u>627,405</u>
30,008	1,468	(4,618)	193	212,155
-	-	-	-	85,594
<u>30,008</u>	<u>1,468</u>	<u>(4,618)</u>	<u>193</u>	<u>297,749</u>
<u>(46,058)</u>	<u>779,645</u>	<u>35,215</u>	<u>43,244</u>	<u>3,408,878</u>
<u>\$ (16,050)</u>	<u>\$ 781,113</u>	<u>\$ 30,597</u>	<u>\$ 43,437</u>	<u>\$ 3,706,627</u>