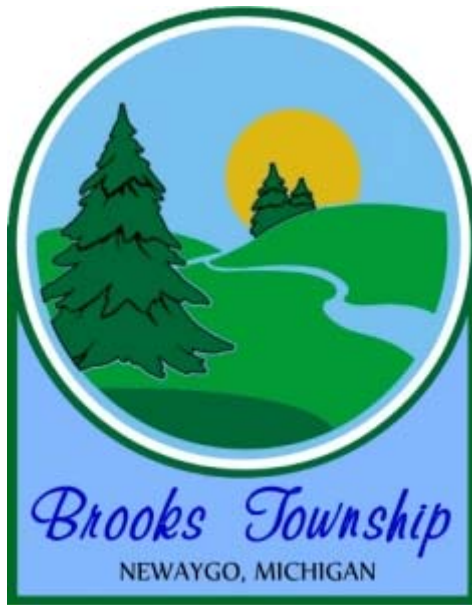


Brooks Township
Newaygo County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

March 31, 2016



Brooks Township

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BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

September 1, 2016

Township Board
Brooks Township
Newaygo, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Brooks Township, Michigan as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Township Board
Brooks Township
September 1, 2016
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Brooks Township, Michigan, as of March 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Muskegon, Michigan

As management of Brooks Township, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of Brooks Township for the fiscal year ended March 31, 2016. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

FINANCIAL HIGHLIGHTS

The Township's General Fund fund balance decreased by \$70,968. The decrease in fund balance was mostly due prior year road projects being delayed into this fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

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

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

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The governmental activities of Brooks Township include general government, public works, community and economic development, and culture and recreation activities. The Township does not currently have any business-type activities.

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

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

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

Brooks Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund.

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

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual revenues and expenditures for the Township's major funds.

Government-wide Financial Analysis

The first table presented below is a summary of the government-wide Statement of Net Position for Brooks Township for the last two years. Current assets and unrestricted net position decreased due to an decrease in change in net position.

The Township's net position from governmental activities totaled \$2,220,881. In examining the composition of net position, the reader should note that governmental activities includes net position that is invested in capital assets (i.e., buildings, land, office equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. The amount of net position invested in capital assets totaled \$1,106,424. The unrestricted net position for governmental-type activities actually depict a balance of \$1,114,457. This represents the amount of discretionary resources that can be used for general governmental operations.

Net Position

	Governmental Activities 2016	Governmental Activities 2015
Current assets and other assets	\$ 1,124,984	\$ 1,183,440
Capital assets	1,106,424	1,112,827
Total assets	<u>2,231,408</u>	<u>2,296,267</u>
Current liabilities	<u>10,527</u>	<u>10,015</u>
Net position		
Net investment in capital assets	1,106,424	1,112,827
Unrestricted	1,114,457	1,173,425
Total net position	<u>\$ 2,220,881</u>	<u>\$ 2,286,252</u>

Governmental Activities

Governmental activities net position decreased by \$65,371 during the 2016 fiscal year. With all of the Township's governmental operations combined, the net result was that its operating expenses exceeded its operating revenues, resulting in a decrease in net position. Property taxes revenues increased slightly, while investment earnings, and state revenue sharing stay the same. Public works expenses increased because of road projects. General government expenses decreased because of less legal fees in the current year.

Brooks Township

Management's Discussion and Analysis

Change in Net Position

	Governmental Activities 2016	Governmental Activities 2015
Revenues		
Program revenues		
Charges for services	\$ 84,890	\$ 75,442
General revenues		
Property taxes	103,760	102,087
Franchise fees	41,094	39,217
Grant and contributions not restricted	267,256	268,997
Unrestricted investment earning	6,252	4,942
Miscellaneous	27,778	541
Total revenues	<u>531,030</u>	<u>491,226</u>
Expenses		
General government	214,368	254,029
Public works	351,782	152,731
Community and economic development	25,528	20,560
Culture and recreation	4,723	21
Total expenses	<u>596,401</u>	<u>427,341</u>
Change in net position	(65,371)	63,885
Net position - Beginning	<u>2,286,252</u>	<u>2,222,367</u>
Net position - Ending	<u>\$ 2,220,881</u>	<u>\$ 2,286,252</u>

Financial Analysis of the Government's Funds

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

The General Fund had a decrease in fund balance of \$70,968 mainly due to monies being spent on road improvements.

Brooks Township

Management's Discussion and Analysis

General Fund Budget

During the current fiscal year, the Township amended the General Fund budget. The most significant change to the budget was to increase public works for road projects. Amendments were also made to culture and recreation for additional expenditures related to foresting operation at the Coolbough Natural Areas.

The Township had variances when comparing actual activities to the final amended budget as follows:

- License and permits were greater than budgeted due to issuing more permits than anticipated.
- Other revenues was greater than anticipated due to proceeds from timber sale.

Capital Assets

Brooks Township investment in capital assets for its governmental activities as of March 31, 2016 totaled \$1,106,424 (net of accumulated depreciation). There were no significant capital asset additions during the year. This investment in capital assets includes land, buildings, land improvements, and office equipment.

Capital Assets (Net of Accumulated Depreciation)

	2016	2015
Land	\$ 982,959	\$ 982,959
Land improvements	2,819	3,375
Buildings and improvements	120,646	126,493
Total	<u>\$ 1,106,424</u>	<u>\$ 1,112,827</u>

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

General Economic Overview

The Township's 2017 General Fund budget anticipates a decrease in fund balance of \$132,100. The Township expects property tax revenues and state revenue sharing to increase slightly while expenditures are also expected remain elevated when compared to historical trends. The Township has budgeted to complete additional road work in 2017.

Requests for Information

This financial report is designed to provide a general overview of Brooks Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brooks Township, P.O. Box 625, Newaygo, MI 49337, (231) 652-6763.

Brooks Township
STATEMENT OF NET POSITION
 March 31, 2016

	Governmental Activities	Component Unit Tax Increment Finance Authority
ASSETS		
Current assets		
Cash and investments	\$ 939,371	\$ 46
Receivables	21,298	-
Due from other governmental units	162,303	-
Due from component unit	375	-
Prepaid items	1,637	-
Total current assets	1,124,984	46
Noncurrent assets		
Capital assets, net		
Nondepreciable	982,959	-
Depreciable	123,465	-
Total noncurrent assets	1,106,424	-
Total assets	2,231,408	46
LIABILITIES		
Current liabilities		
Accrued liabilities	10,527	7,500
Due to primary government	-	375
Total current liabilities	10,527	7,875
Noncurrent liabilities		
Note payable	-	1,000,000
Total liabilities	10,527	1,007,875
NET POSITION		
Net investment in capital assets	1,106,424	-
Unrestricted	1,114,457	(1,007,829)
Total net position	\$ 2,220,881	\$ (1,007,829)

The accompanying notes are an integral part of this statement.

Brooks Township
STATEMENT OF ACTIVITIES
For the year ended March 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>	
			<u>Primary Government Governmental Activities</u>	<u>Component Unit Tax Increment Finance Authority</u>
Primary government				
Governmental activities				
General government	\$ 214,368	\$ 72,781	\$ (141,587)	\$ -
Public works	351,782	6,982	(344,800)	-
Community and economic development	25,528	5,127	(20,401)	-
Culture and recreation	4,723	-	(4,723)	-
Total primary government	<u>\$ 596,401</u>	<u>\$ 84,890</u>	(511,511)	-
Component unit				
Tax Increment Finance Authority				
Community and economic development	\$ 418,975	\$ -	-	(418,975)
Interest on debt	7,500	-	-	(7,500)
Total component unit	<u>\$ 426,475</u>	<u>\$ -</u>	-	(426,475)
General revenues				
Property taxes			103,760	-
Franchise fees			41,094	-
State shared revenue			267,256	-
Unrestricted investment earnings			6,252	46
Miscellaneous			27,778	-
Total general revenues			<u>446,140</u>	<u>46</u>
Change in net position			(65,371)	(426,429)
Net position at April 1, 2015, as restated			<u>2,286,252</u>	<u>(581,400)</u>
Net position at March 31, 2016			<u>\$ 2,220,881</u>	<u>\$ (1,007,829)</u>

The accompanying notes are an integral part of this statement.

Brooks Township
BALANCE SHEET
 Governmental Funds
 March 31, 2016

	General Fund
ASSETS	
Cash and investments	\$ 939,371
Receivables	
Property taxes	9,298
Other	12,000
Due from other governmental units	162,303
Due from component unit	375
Prepaid items	1,637
Total assets	\$ 1,124,984
LIABILITIES	
Accrued liabilities	\$ 10,527
DEFERRED INFLOW OF RESOURCES	
Unavailable revenues	12,000
FUND BALANCES	
Nonspendable - prepaid items	1,637
Subsequent year's budget appropriation of fund balance	132,100
Unassigned	968,720
Total fund balances	1,102,457
Total liabilities, deferred inflows of resources and fund balances	\$ 1,124,984

The accompanying notes are an integral part of this statement.

Brooks Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 March 31, 2016

Total fund balance—governmental funds	\$ 1,102,457
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost of capital assets	\$ 1,229,106	
Accumulated depreciation	<u>(122,682)</u>	1,106,424

Long-term assets are not available to pay to current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.

	<u>12,000</u>
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Net position of governmental activities	<u>\$ 2,220,881</u>
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The accompanying notes are an integral part of this statement.

Brooks Township
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended March 31, 2016

	General Fund
REVENUES	
Property taxes	\$ 103,760
Licenses and permits	45,594
Intergovernmental revenues	
State	267,256
Local	6,982
Charges for services	72,781
Fines and forfeitures	627
Investment earnings	6,252
Other	15,778
Total revenues	519,030
EXPENDITURES	
Current	
General government	207,965
Public works	351,782
Community and economic development	25,528
Culture and recreation	4,723
Total expenditures	589,998
Net change in fund balance	(70,968)
Fund balance at April 1, 2015	1,173,425
Fund balance at March 31, 2016	\$ 1,102,457

The accompanying notes are an integral part of this statement.

Brooks Township
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended
March 31, 2016

Net change in fund balance—total governmental funds \$ (70,968)

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

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

Depreciation expense (6,403)

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

12,000

Change in net position of governmental activities

\$ (65,371)

The accompanying notes are an integral part of this statement.

Brooks Township
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 Fiduciary Funds
 March 31, 2016

	Tax Account	Trust and Agency	Total
ASSETS			
Cash and investments	\$ 647	\$ 1,000	\$ 1,647
LIABILITIES			
Due to other governmental units	\$ 647	\$ 1,000	\$ 1,647

The accompanying notes are an integral part of this statement.

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Township is a common law township governed by an elected five-member board. The accompanying financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. The 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.

Discretely Presented Component Unit

Brooks/Croton Joint Water Resource Improvement Tax Increment Finance Authority (TIFA). The TIFA's purpose is the collection of tax increment revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the TIFA's boundaries. Board members of the TIFA are appointed by Brooks Township and Croton Township, but the TIFA operates as a separate entity. The TIFA can authorize and issue debt independent from the Township. The TIFA is presented as a governmental fund type.

Basis of Presentation—Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component unit for which the primary government is financially accountable. The Township has no business-type activities.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the Township's discretely presented component unit is reported in a separate column in the government-wide financial statements.

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

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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

The Township reports the following major governmental fund:

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

Additionally, the Township reports the following fund type:

The Agency Fund accounts for assets held by the Township on behalf of others in a fiduciary capacity.

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

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

Measurement Focus and Basis of Accounting

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

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

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

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

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

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

Cash and Investments

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

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

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

The component unit's cash and investments are maintained within the Township's investment pool.

Prepaid Items

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

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Capital Assets

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

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

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

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-50
Furniture and equipment	5-10

Deferred Outflows/Inflows of Resources

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

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

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 of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Property Taxes

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

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and liened on December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2015 state taxable value for real/personal property of the Township totaled approximately \$129,510,000. The ad valorem taxes levied consisted of .7791 mills for the Township's operating purposes. This amount is recognized in the General Fund.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Commission. The legal level of budgetary control is the department level.

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

Brooks Township
NOTES TO FINANCIAL STATEMENTS
 March 31, 2016

NOTE C—DEPOSITS AND INVESTMENTS

As of March 31, 2016, the Township had the following investments:

Investment Type	Fair value	Weighted Average Maturity (Months)	Moody's	Percent
Money market mutual fund	\$ 363,609	1	not rated	55.46 %
Negotiable certificates of deposit	<u>292,000</u>	19	not rated	<u>44.54</u>
Total fair value	<u>\$ 655,609</u>			<u>100.00 %</u>
Portfolio weighted average maturity		<u>9</u>		

Deposit and Investment Risks

Interest Rate Risk

The Township investments policy limits investment maturities to three years. This policy is used as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

Concentration of Credit Risk

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The Township has more than 5 percent of its investments in the following securities:

Security	Percent of Total Investments
Certificate of Deposit - JP Morgan Chase	29.3%
Certificate of Deposit - Commercial Bank Alma	7.6%
Certificate of Deposit - Bank of Holland	7.6%

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2016, \$172,752 of the Township's bank balance of \$551,268 was exposed to custodian credit risk because it was uninsured and uncollateralized.

Brooks Township
NOTES TO FINANCIAL STATEMENTS
 March 31, 2016

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Deposit and Investment Risks—Continued

Custodial Credit Risk - Investments

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

Foreign Currency Risk

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

NOTE D—CAPITAL ASSETS

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

	Balance April 1, 2015	Additions	Deductions	Balance March 31, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 982,959	\$ -	\$ -	\$ 982,959
Capital assets, being depreciated:				
Land improvements	11,311	-	-	11,311
Buildings and improvements	201,204	-	-	201,204
Furniture and equipment	40,487	-	6,855	33,632
Total capital assets, being depreciated	253,002	-	6,855	246,147
Less accumulated depreciation:				
Land improvements	7,936	556	-	8,492
Buildings and improvements	74,711	5,847	-	80,558
Furniture and equipment	40,487	-	6,855	33,632
Total accumulated depreciation	123,134	6,403	6,855	122,682
Total capital assets, being depreciated, net	129,868	(6,403)	-	123,465
Capital assets, net	\$ 1,112,827	\$ (6,403)	\$ -	\$ 1,106,424

Depreciation

Depreciation expense was charged to the general government function.

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE E—NOTE PAYABLE

The TIFA has borrowed \$1,000,000 from a private developer to provide infrastructure in the TIFA's boundaries. Repayment is to be made as the TIFA captures taxes.

NOTE F—OTHER INFORMATION

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township manages its liability and property risk by participating in the Michigan Township Participation Plan (MTTP), a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium to MTTP for its insurance coverage. The MTTP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Contingent Liabilities

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

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

Jointly Governed Entity

The Township is a member of the Chain of Lakes Area Utilities Authority (Authority). The Township appoints two members to the Authority's governing board, which then approves the annual budget. The purpose of the Authority is to acquire, own, construct and operate a sewage collection and treatment system. The Authority is governed by a Board of Trustees containing six members. The participating communities are Brooks, Everett and Garfield townships. The Authority has outstanding debt of approximately \$2,245,000. The aforementioned townships have guaranteed the debt of the Authority in the event that the Authority is unable to make the debt payments. Complete financial statements can be obtained at Chain of Lakes Area Utilities Authority, P.O. Box 456, Newaygo, MI 49349.

The Township has advanced to the Authority \$122,441 as of March 31, 2016. The Township expects to make further loans as needed to the Authority. The loans are expected to be repaid once the Authority's outstanding bonds have been repaid.

Brooks Township
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE G—PENSION PLAN

Defined Contribution Pension Plan

The Township contributes to the Brooks Township Group Pension Plan (Plan), a defined contribution pension plan, for substantially all of its full-time employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 10 percent of gross earnings. Employees are not required to contribute to the Plan. For the year ended March 31, 2016, the Township recognized pension expense of \$5,734.

Employees are immediately vested for all contributions and earnings on those contributions.

NOTE H—ECONOMIC DEPENDENCY

State of Michigan shared revenues represent 51 percent of General Fund revenues.

NOTE I—COMMITMENTS

The Township has entered into agreements with the Newaygo County Road Commission for road projects to be performed in the summer of 2016. The portion of these costs to be paid by the Township is expected to be approximately \$260,519.

NOTE J—PRIOR PERIOD ADJUSTMENT

The net position of the component unit were restated to properly reflect expenditures made in fiscal year ended March 31, 2015 that were not recorded; the corresponding liability was also not recorded.

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

	<u>Component Unit</u>
Net position at April 1, 2015	\$ (162,721)
Unrecorded expenditures	<u>(418,679)</u>
Net position at April 1, 2015, as restated	<u><u>\$ (581,400)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Brooks Township
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended March 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 102,900	\$ 102,900	\$ 103,760	\$ 860
Licenses and permits	35,200	35,200	45,594	10,394
Intergovernmental revenues				
State	273,800	273,800	267,256	(6,544)
Local	1,500	1,500	6,982	5,482
Charges for services	75,100	75,100	72,781	(2,319)
Fines and forfeitures	800	800	627	(173)
Investment earnings	4,625	4,625	6,252	1,627
Other	1,200	1,200	15,778	14,578
Total revenues	495,125	495,125	519,030	23,905
EXPENDITURES				
Current				
General government				
Township board	56,910	56,910	57,113	(203)
Supervisor	20,956	20,956	18,699	2,257
Elections	8,735	8,735	3,695	5,040
Board of review	1,715	1,715	388	1,327
Clerk	35,655	35,655	35,951	(296)
Treasurer	40,620	40,620	39,420	1,200
Assessor	27,935	27,935	27,621	314
Township hall	29,700	29,700	25,078	4,622
Public works				
Infrastructure and projects	54,684	54,684	37,225	17,459
Roads	288,000	315,000	314,557	443
Community and economic development				
Planning commission	10,175	10,175	5,669	4,506
Other planning and zoning activities	20,915	20,915	19,859	1,056
Culture and recreation	1,000	5,000	4,723	277
Total expenditures	597,000	628,000	589,998	38,002
Net change in fund balance	<u>\$ (101,875)</u>	<u>\$ (132,875)</u>	(70,968)	<u>\$ 61,907</u>
Fund balance at April 1, 2015			<u>1,173,425</u>	
Fund balance at March 31, 2016			<u>\$ 1,102,457</u>	