

Bridgeport Charter Township
Financial Statements
December 31, 2015

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Bridgeport Charter Township
List of Elected and Appointed Officials
December 31, 2015

Township Board

August Tausend – Supervisor

Darlene Miller – Clerk

James Second Jr. – Treasurer

Darrell Thayer – Trustee

Calvin Williams – Trustee

Heather Wilson – Trustee

Jennifer Gutierrez – Trustee

Other Officers and Officials

Rose Licht – Township Manager

Jodie DuRussel – Accounting Supervisor



Independent Auditors' Report

Management and the Township Board
Bridgeport Charter Township

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township, as of and for the year ended December 31, 2015, 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 of material misstatement.

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

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

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 unit, each major fund, and the aggregate remaining fund information, of Bridgeport Charter Township as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended December 31, 2015, the Government adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bridgeport Charter Township financial statements as a whole. The Supplementary information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. The other Supplementary information is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other Supplementary 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Yeo & Yeo, P.C.

Saginaw, Michigan
June 13, 2016

Bridgeport Charter Township Management's Discussion and Analysis December 31, 2015

As management of Bridgeport Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$ 18,101,362. Of this amount, \$5,505,556 is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township adopted Governmental Accounting Standards Board Statements 68 and 71. These statements require the Government to record their net pension liability and pension expense. Previously these amounts were not recorded on the Government's statements. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of December 31, 2015, by \$1,336,219, restating it from \$5,133,020 to \$3,796,801. The impact also reduced the sewer fund net position by \$753,142 restating it from \$6,909,230 to \$6,156,088, reduced the water fund net position by \$340,129, restating it from \$8,460,533 to \$8,120,404 and reduced the internal service fund net position by \$145,769, restating it from \$307,995 to \$162,226.
- The Township's total net position increased by \$138,520.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,271,726 an increase of \$384,315 in comparison with the prior year. Approximately 28% of this total amount, or \$910,559, is *available for spending* at the Township's discretion (*unassigned fund balance*). This amount is inclusive of both the *unreserved-designated* amount, which has been designated based upon either Township policy or for a specific purpose, and the *unreserved-undesignated* amount.
- At the end of the current fiscal year, the general fund's unassigned fund balance was \$1,191,273. Total fund balance for the general fund was \$2,203,818.
- The Township's total debt decreased by \$42,182 or 20% during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The 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 readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

Bridgeport Charter Township
Management's Discussion and Analysis
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The *statement of net position* presents information on all of the Township's assets and liabilities, 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected special assessments and accrued interest expense).

The governmental-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development and recreation and culture. The business-type activities of the Township consist of a Water Fund, Sewer Fund, and Internal Service Fund. The Water and Sewer funds are both major funds.

The government-wide financial statements can be found on pages 4-1 to 4-3 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Activities

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The Township maintains two different types of proprietary funds; enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise

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funds to account for its water and sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, each of which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 4-10 to 4-15 of this report.

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

The basic fiduciary fund financial statement can be found on page 4-16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes to the financial statements can be found on pages 4-17 to 4-31 of this report.

Government Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bridgeport Charter Township, as the following table demonstrates, assets exceeded liabilities by \$18,101,362 at the close of the most recent fiscal year.

**Bridgeport Charter Township
Management's Discussion and Analysis
December 31, 2015**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	\$ 3,983,666	\$ 3,637,349	\$ 6,206,149	\$ 6,146,629	\$ 10,189,815	\$ 9,783,978
Capital assets	<u>2,099,183</u>	<u>2,099,339</u>	<u>9,314,463</u>	<u>9,377,275</u>	<u>11,413,646</u>	<u>11,476,614</u>
Deferred outflow of resources	<u>204,800</u>	-	<u>167,563</u>	-	<u>372,363</u>	-
Total assets and deferred outflow of resources	<u>6,287,649</u>	<u>5,736,688</u>	<u>15,688,175</u>	<u>15,523,904</u>	<u>21,975,824</u>	<u>21,260,592</u>
Liabilities						
Current liabilities	460,293	389,979	310,303	236,392	770,596	626,371
Long term liabilities	<u>1,778,154</u>	<u>213,689</u>	<u>1,325,712</u>	<u>28,200</u>	<u>3,103,866</u>	<u>241,889</u>
Total liabilities	<u>2,238,447</u>	<u>603,668</u>	<u>1,636,015</u>	<u>264,592</u>	<u>3,874,462</u>	<u>868,260</u>
Net Position						
Net investment in capital assets	1,975,276	1,932,550	9,314,463	9,377,275	11,289,739	11,309,825
Restricted	1,306,067	1,126,431	-	-	1,306,067	1,126,431
Unrestricted	<u>767,859</u>	<u>2,074,039</u>	<u>4,737,697</u>	<u>5,882,037</u>	<u>5,505,556</u>	<u>7,956,076</u>
Total net position	<u>\$ 4,049,202</u>	<u>\$ 5,133,020</u>	<u>\$ 14,052,160</u>	<u>\$ 15,259,312</u>	<u>\$ 18,101,362</u>	<u>\$ 20,392,332</u>

One of the largest portions of the Township's net position, \$11,289,739 (62%), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$1,306,067 (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$5,505,556 (30%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The Township's net position increased by \$138,520 during the current fiscal year.

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Revenue						
Program revenue						
Charges for services	\$ 970,670	\$ 963,083	\$ 2,445,837	\$ 2,493,764	\$ 3,416,507	\$ 3,456,847
Operating grants and contributions	214,223	117,393	-	-	214,223	117,393
Capital grants and contributions	165,113	240,936	44,644	26,245	209,757	267,181
General revenue:						
Property taxes	1,348,200	1,224,255	-	-	1,348,200	1,224,255
State shared revenue	853,871	865,890	-	-	853,871	865,890
Unrestricted investment earnings	1,690	6,010	14,151	10,757	15,841	16,767
Gain on sale of capital assets	1,815	6,920	-	-	1,815	6,920
Miscellaneous revenue	150,806	55,802	6,568	41,301	157,374	97,103
Insurance recoveries	-	-	197,762	381,129	197,762	381,129
Total revenue	<u>3,706,388</u>	<u>3,480,289</u>	<u>2,708,962</u>	<u>2,953,196</u>	<u>6,415,350</u>	<u>6,433,485</u>
Program expenses						
General government	582,188	703,994	-	-	582,188	703,994
Public safety	1,717,058	1,479,791	-	-	1,717,058	1,479,791
Public works	884,020	865,121	-	-	884,020	865,121
Community and economic development	59,107	7,471	-	-	59,107	7,471
Recreation and culture	205,090	160,071	-	-	205,090	160,071
Interest on long-term debt	6,524	9,586	-	-	6,524	9,586
Water and sewer	-	-	2,822,843	2,751,098	2,822,843	2,751,098
Total program expenses	<u>3,453,987</u>	<u>3,226,034</u>	<u>2,822,843</u>	<u>2,751,098</u>	<u>6,276,830</u>	<u>5,977,132</u>
Change in net position	<u>252,401</u>	<u>254,255</u>	<u>(113,881)</u>	<u>202,098</u>	<u>138,520</u>	<u>456,353</u>
Net position - beginning of year	5,133,020	4,978,644	15,259,312	15,057,214	20,392,332	20,035,858
Prior period adjustment	<u>(1,336,219)</u>	<u>(99,879)</u>	<u>(1,093,271)</u>	<u>-</u>	<u>(2,429,490)</u>	<u>(99,879)</u>
Net position - beginning of year (restated)	<u>3,796,801</u>	<u>4,878,765</u>	<u>14,166,041</u>	<u>15,057,214</u>	<u>17,962,842</u>	<u>19,935,979</u>
Net position - end of year	<u>\$ 4,049,202</u>	<u>\$ 5,133,020</u>	<u>\$ 14,052,160</u>	<u>\$ 15,259,312</u>	<u>\$ 18,101,362</u>	<u>\$ 20,392,332</u>

Governmental activities

Governmental activities increased the Township's net position by \$252,401. Key elements of this increase are as follows:

Increase in Property taxes - \$123,945
Operating Grants and Contributions - \$96,830

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Business-type activities (enterprise funds)

Bridgeport Charter Township's business-type activities consist of Water Fund, Sewer Fund, and Internal Service Fund. The water and sewer are both major funds.

Bridgeport Sewer System saw a decrease in net position of \$113,881.

Bridgeport Charter Township Funds

The fund financial statements provide detailed information about the most significant funds of Bridgeport Charter Township. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major governmental funds include the General Fund, Refuse Collection Fund, and the Sidewalk Fund. The basic governmental fund financial statements can be found on pages 4-4 to 4-9 of this report.

General Fund

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues, and from fees charged to various municipal activities and services are recorded in the General Fund. The Township's Board approved a balanced budget for the 2015 fiscal year. The General Fund increased fund balance by \$227,733 and left \$2,203,818 fund balance at year end.

Refuse Collection Fund

The Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation. The Township's Board approved a balanced budget for 2015 fiscal year. The Township's Board approved budget for the 2015 fiscal year included the use of \$77,023 of the fund balance in the Refuse Collection Fund, of which the Township actually decreased fund balance by \$33,106 and left \$559,090 in fund balance at year end.

Fire Fund

The Fire Fund accounts for the revenue and expenditures with the government's fire operations.

Bridgeport Charter Township Management's Discussion and Analysis December 31, 2015

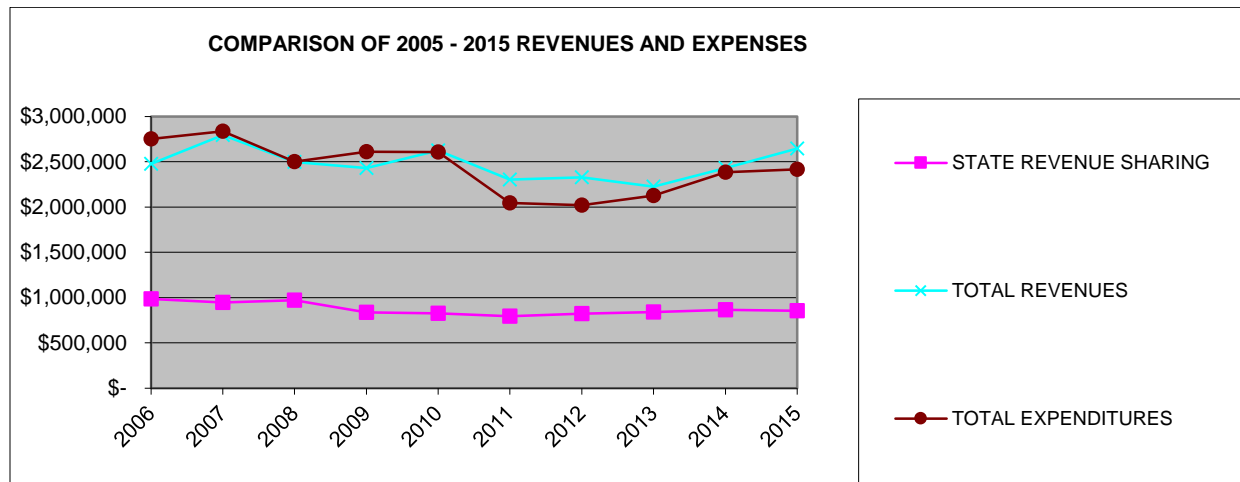
General Fund Budgetary Highlights

Prior to the beginning of any year, the Township's budget is compiled based upon certain assumptions and facts available at the time. During the year, the Township acts to amend its budget to reflect changes in these original assumptions, facts, and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the Board reviews and authorizes large expenditures when requested throughout the year.

Following are additional events that have impacted the 2015 budget:

- Decrease in Property Value
- Increase of State Revenue Sharing
- Chart 1 is a comparison of revenues and expenditures for the years 2006 through 2015. Also charted is the state revenue sharing received for these years.

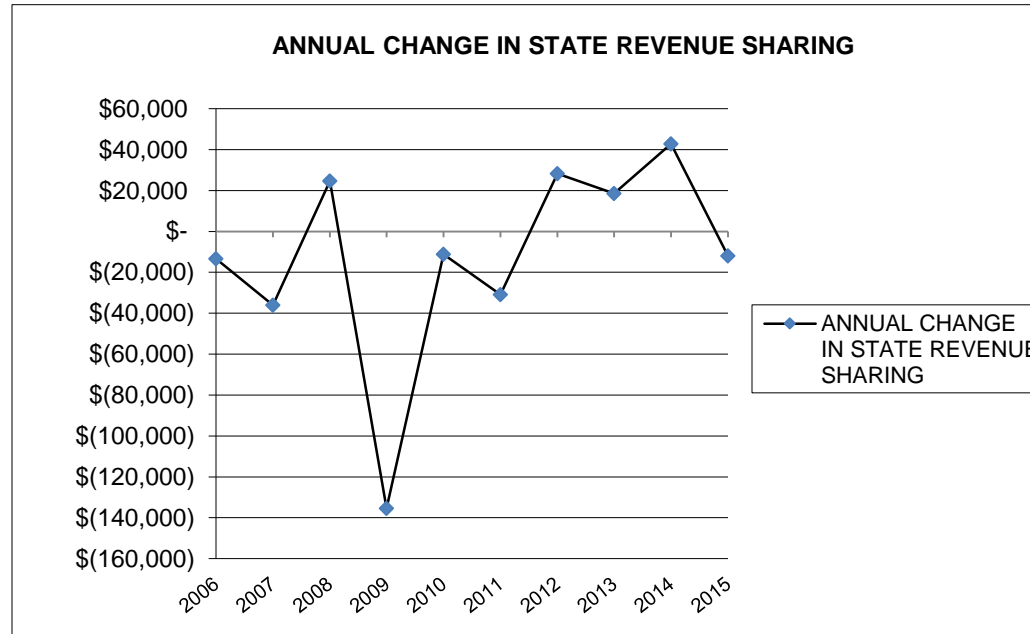
Chart 1



**Bridgeport Charter Township
Management's Discussion and Analysis
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- Chart 2 characterizes the annual change in state revenue sharing for the last ten years.

Chart 2

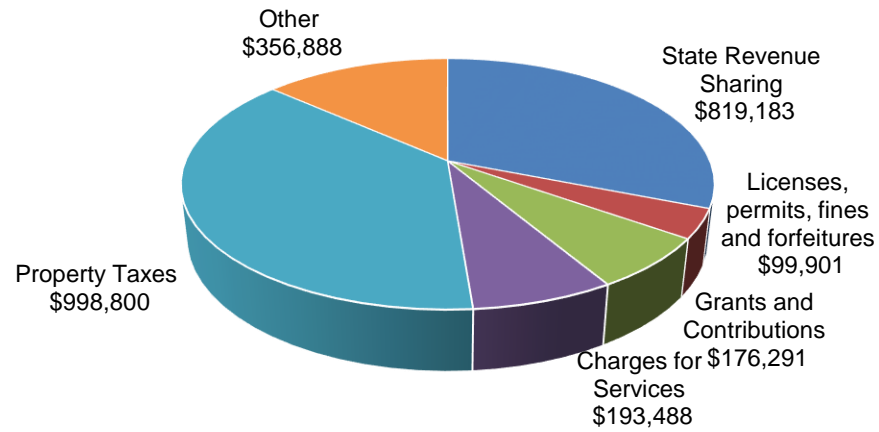


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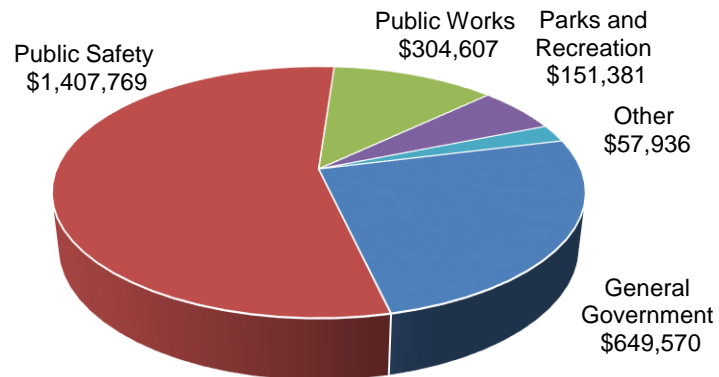
Charts 3 and 4 show General Fund budgeted 2015 revenues and expenditures by source.

Charts 3 & 4

**GENERAL FUND - 2015 AMENDED BUDGETED
REVENUES**



**GENERAL FUND - 2015 AMENDED BUDGETED
EXPENDITURES**



Bridgeport Charter Township
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Economic Factors and Next Year's Budget and Rates

- The Township continues to look at ways to reduce cost and scrutinizes all expenses.
- The Township continues to work on updating our Township Zoning Ordinance.

The following activities occurred in 2015 impacting business in Bridgeport Charter Township:

New businesses to Bridgeport:

- Subway built on the Dixie near I-75 moving out of the Bridgeport Village Square plaza.
- Bavarian Bleachers at 6562 Dixie Hwy.
- LB Transportation/Omni at 5425 Dixie Highway. They brought over 100 employees to Bridgeport.
- Winner Fire Protection moved into 6855 Junction Road.
- Central Warehouse Operations Trucking Warehouse moved into 5430 Dixie Hwy.

Expansions or remodels to current businesses in Bridgeport:

- Amigo Mobility at 6693 Dixie Hwy remodeled their service area and showroom.
- TA Truck Stop at 6364 Dixie Hwy remodeled their restaurant, restrooms, and showers.
- Bridgeport Mini-Storage at 6628 Dixie Hwy constructed 2 additional storage units and outdoor storage.
- Bavarian Comfort Care at 5366 Rolling Hills Dr. constructed a 12,488 sq. ft. addition to their existing facility. *They added 21 units on top of the original 30 units and added 31 additional occupants from the original 45.* They now have a total of 51 units with an occupancy of 76.

Fire Department

- Our Fire Dept. obtained a grant in the amount of \$141,000 to purchase new self-contained breathing apparatus (SCBA) units.
- We made updates to our fire station including LED lighting, HVAC, floor drain grates, masonry repair and maintenance, new windows, soffit and door repair along with installing a turn-out gear washer.
- Added additional duties to our fire inspector related to blight enforcement.
- Completed geographical information systems (GIS) hydrant mapping project. (Provides hydrant location via our vehicle mounted computers.)
- The Township purchased a new heavy rescue fire truck. We sold the one we had along with selling one of our ladder trucks.

Police Department

- Our police department is back to 24/7 coverage with our public safety millage. The Township Community will be more proactive than reactive.
- Our police department recorded 8,653 computer aided dispatch (CAD) 911 events this year. This number does not reflect incidents handled through our office that did not go through 911.
- Police department entered into an agreement with the Bridgeport-Spaulling School district to provide them with a School Resource Officer.

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- Our department participated in the Federal 1033 military surplus program. They have obtained equipment for minimal cost to their dept. Through the program they have obtained over 336 pieces of property and 2 Humvees. One is in service to use in inclement water, off road, search and rescue/recovery and community events such as parades. The other Humvee is being used for parts.

Water Department

- Our Water Department projects consisted of three (3) water mains lowered for the I-75 road project. MDOT reimbursed the Township for all expenses incurred. The Township looped 2 dead end water mains on Curtis Road between Rookway and Blackmar.

W.W.T.P .

- Our Waste Water Plant performed updates to our Airport pump station. W.W.T.P. upgraded the station with new pumps, new controls, and a new work site for a total cost of \$110,000. Also installed a security gate at the entrance of the W.W.T.P. The W.W.T.P. replaced 2 raw sewage pumps and various valves throughout the plant. The W.W.T.P. installed a new Ferric Chloride feed skid system and new east oxidation ditch aerator disc. Stabilized the final effluent channel (750') that was being undermined by the effluent flow.

D.D.A.

- Downtown Development Authority (D.D.A.) purchased new LED Christmas decorations for display along Dixie Hwy. The DDA obtained some vacant parcels of property from the Saginaw County Land Bank for future growth. Our Beautification Committee is now a sub-committee under the DDA. The DDA changed out the flower pots last summer for a nicer look when driving through our town. Our one and only billboard along I75 northbound between Birch Run and Bridgeport got a facelift and looks very nice.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in Bridgeport Charter Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bridgeport Charter Township, 6206 Dixie Highway, Bridgeport, Michigan 48722.

Bridgeport Charter Township
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,868,573	\$ 3,431,549	\$ 5,300,122	\$ 338,847
Investments	254,438	1,881,497	2,135,935	454
Receivables				
Taxes	969,279	25,303	994,582	290,791
Customers	47,498	539,477	586,975	18,954
Special assessments	271,547	-	271,547	-
Due from other units of government	132,855	-	132,855	-
Internal balances	(166,171)	166,171	-	-
Due from component unit	11,977	-	11,977	-
Inventories	6,594	144,640	151,234	-
Prepaid items	587,076	17,512	604,588	7,257
Capital assets not being depreciated	452,047	29,110	481,157	176,988
Capital assets being depreciated	1,647,136	9,285,353	10,932,489	53,906
 Total assets	 6,082,849	 15,520,612	 21,603,461	 887,197
 Deferred outflow of resources				
Deferred amount of pension expense related to net pension liability	204,800	167,563	372,363	-
 Total assets and deferred outflows of resources	 6,287,649	 15,688,175	 21,975,824	 887,197

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 137,977	\$ 92,687	\$ 230,664	\$ 9,070
Accrued and other liabilities	39,480	21,333	60,813	5,524
Due to primary government	-	-	-	11,977
Due to other units of government	5	-	5	-
Unearned revenue	-	22,936	22,936	-
Noncurrent liabilities				
Net pension liability	1,578,147	1,291,212	2,869,359	-
Due within one year	42,182	-	42,182	75,000
Due in more than one year	157,825	34,500	192,325	443,900
Net other post employment obligation	282,831	173,347	456,178	-
 Total liabilities	 <u>2,238,447</u>	 <u>1,636,015</u>	 <u>3,874,462</u>	 <u>545,471</u>
 Net position				
Net investment in capital assets	1,974,776	9,314,463	11,289,239	230,894
Restricted for:				
Fire safety	272,975	-	272,975	-
Police safety	270,451	-	270,451	-
Debt service	23,022	-	23,022	-
Capital projects	5,627	-	5,627	-
Refuse collection	631,007	-	631,007	-
Drug enforcement	5,158	-	5,158	-
Building inspection	97,827	-	97,827	-
Unrestricted	<u>768,359</u>	<u>4,737,697</u>	<u>5,506,056</u>	<u>110,832</u>
 Total net position	 <u>\$ 4,049,202</u>	 <u>\$ 14,052,160</u>	 <u>\$ 18,101,362</u>	 <u>\$ 341,726</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs								
Primary government								
Governmental activities								
General government	\$ 582,188	\$ 232,994	\$ -	\$ 40,042	\$ (309,152)	\$ -	\$ (309,152)	\$ -
Public safety	1,717,058	88,120	203,534	125,071	(1,300,333)	-	(1,300,333)	-
Public works	884,020	622,494	10,689	-	(250,837)	-	(250,837)	-
Community and economic development	59,107	3,775	-	-	(55,332)	-	(55,332)	-
Recreation and culture	205,090	23,287	-	-	(181,803)	-	(181,803)	-
Interest on long-term debt	6,524	-	-	-	(6,524)	-	(6,524)	-
Total governmental activities	<u>3,453,987</u>	<u>970,670</u>	<u>214,223</u>	<u>165,113</u>	<u>(2,103,981)</u>	<u>-</u>	<u>(2,103,981)</u>	<u>-</u>
Business-type activities								
Sewer	1,394,202	1,062,237	-	31,834	-	(300,131)	(300,131)	-
Water	1,428,641	1,383,600	-	12,810	-	(32,231)	(32,231)	-
Total business-type activities	<u>2,822,843</u>	<u>2,445,837</u>	<u>-</u>	<u>44,644</u>	<u>-</u>	<u>(332,362)</u>	<u>(332,362)</u>	<u>-</u>
Total primary government	<u>\$ 6,276,830</u>	<u>\$ 3,416,507</u>	<u>\$ 214,223</u>	<u>\$ 209,757</u>	<u>(2,103,981)</u>	<u>(332,362)</u>	<u>(2,436,343)</u>	<u>-</u>
Component unit								
Downtown Development Authority	<u>\$ 299,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(299,275)</u>
General revenues								
Property taxes					1,348,200	-	1,348,200	349,053
State shared revenue					853,871	-	853,871	-
Unrestricted investment earnings					1,690	14,151	15,841	30,112
Gain on sale of capital assets					1,815	-	1,815	-
Insurance recoveries					-	197,762	197,762	-
Miscellaneous					150,806	6,568	157,374	49,000
Total general revenues					<u>2,356,382</u>	<u>218,481</u>	<u>2,574,863</u>	<u>428,165</u>
Change in net position					252,401	(113,881)	138,520	128,890
Net position - beginning of year					5,133,020	15,259,312	20,392,332	212,836
Prior period adjustment					<u>(1,336,219)</u>	<u>(1,093,271)</u>	<u>(2,429,490)</u>	<u>-</u>
Net position - beginning of year (restated)					<u>3,796,801</u>	<u>14,166,041</u>	<u>17,962,842</u>	<u>212,836</u>
Net position - end of year					<u>\$ 4,049,202</u>	<u>\$ 14,052,160</u>	<u>\$ 18,101,362</u>	<u>\$ 341,726</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Governmental Funds
Balance Sheet
December 31, 2015

	<u>Special Revenue Funds</u>			Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Refuse Collection</u>	<u>Fire</u>		
Assets					
Cash and cash equivalents	\$ 1,115,692	\$ 365,497	\$ 132,446	\$ 250,503	\$ 1,864,138
Investments	140,628	40,397	-	-	181,025
Receivables					
Taxes	700,885	266,659	-	1,735	969,279
Customers	47,498	-	-	-	47,498
Special assessments	-	-	104,245	167,302	271,547
Due from other units of government	132,855	-	-	-	132,855
Due from other funds	198,891	-	-	-	198,891
Due from component unit	11,977	-	-	-	11,977
Prepaid items	<u>61,262</u>	<u>45,895</u>	<u>471,333</u>	<u>450</u>	<u>578,940</u>
Total assets	<u>\$ 2,409,688</u>	<u>\$ 718,448</u>	<u>\$ 708,024</u>	<u>\$ 419,990</u>	<u>\$ 4,256,150</u>
Liabilities					
Accounts payable	\$ 47,137	\$ 87,441	\$ -	\$ -	\$ 134,578
Accrued and other liabilities	35,542	-	-	2,826	38,368
Due to other funds	-	-	135,000	63,891	198,891
Due to other units of government	5	-	-	-	5
Advances from other funds	<u>-</u>	<u>-</u>	<u>300,049</u>	<u>-</u>	<u>300,049</u>
Total liabilities	<u>82,684</u>	<u>87,441</u>	<u>435,049</u>	<u>66,717</u>	<u>671,891</u>
Deferred inflows of resources					
Property taxes	123,186	-	-	-	123,186
Special assessments	<u>-</u>	<u>71,917</u>	<u>28,319</u>	<u>89,111</u>	<u>189,347</u>
Total deferred inflows of resources	<u>123,186</u>	<u>71,917</u>	<u>28,319</u>	<u>89,111</u>	<u>312,533</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Governmental Funds
Balance Sheet
December 31, 2015

	<u>Special Revenue Funds</u>			Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Refuse Collection</u>	<u>Fire</u>		
Fund balances					
Non-spendable for:					
Prepaid items	\$ 61,262	\$ 45,895	\$ 471,333	\$ 450	\$ 578,940
Restricted for:					
Police safety	-	-	-	246,214	246,214
Debt service	-	-	-	19,327	19,327
Capital projects	-	-	-	5,627	5,627
Refuse collection	-	513,195	-	-	513,195
Drug enforcement	-	-	-	5,158	5,158
Building inspection	97,827	-	-	-	97,827
Committed for:					
Cemetery	36,214	-	-	-	36,214
Parks and recreation	-	-	-	41,423	41,423
Fire safety	237,500	-	-	-	237,500
Road improvements	400,000	-	-	-	400,000
Government center	89,742	-	-	-	89,742
Bond payment	90,000	-	-	-	90,000
Unassigned (deficit)	<u>1,191,273</u>	<u>-</u>	<u>(226,677)</u>	<u>(54,037)</u>	<u>910,559</u>
 Total fund balances	 <u>2,203,818</u>	 <u>559,090</u>	 <u>244,656</u>	 <u>264,162</u>	 <u>3,271,726</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 2,409,688</u>	 <u>\$ 718,448</u>	 <u>\$ 708,024</u>	 <u>\$ 419,990</u>	 <u>\$ 4,256,150</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2015

Total fund balances for governmental funds	\$ 3,271,726
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,967,823
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	312,533
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(500)
Compensated absences	(74,800)
Net other post employment obligation	(282,831)
Deferred outflows of resources	
Deferred outflow of resources resulting from net pension liability	182,458
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(123,907)
Net pension liability	(1,405,986)
Internal service funds are included as part of governmental activities.	<u>202,686</u>
Net position of governmental activities	<u>\$ 4,049,202</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	<u>Special Revenue Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Refuse Collection</u>	<u>Fire</u>		
Revenues					
Taxes	\$ 997,346	\$ -	\$ 191,393	\$ 160,770	\$ 1,349,509
Licenses and permits	78,588	-	-	-	78,588
Federal grants	6,151	-	118,920	-	125,071
State revenue sharing	790,022	-	-	-	790,022
Other state grants	95,204	-	-	-	95,204
Local contributions	70,971	-	-	30,000	100,971
Charges for services	201,619	504,591	-	-	706,210
Fines and forfeitures	17,318	-	-	3,017	20,335
Interest income	1,146	258	-	-	1,404
Rental income	41,600	-	-	-	41,600
Other revenue	345,634	113	-	69,306	415,053
Total revenues	<u>2,645,599</u>	<u>504,962</u>	<u>310,313</u>	<u>263,093</u>	<u>3,723,967</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	<u>Special Revenue Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Refuse Collection</u>	<u>Fire</u>		
Expenditures					
Current					
General government	\$ 594,428	\$ -	\$ -	\$ -	\$ 594,428
Public safety	1,313,522	-	97,714	56,587	1,467,823
Public works	306,330	538,068	-	-	844,398
Community and economic development	54,062	-	-	-	54,062
Recreation and culture	143,225	-	-	18,371	161,596
Other functions	4,614	-	-	-	4,614
Capital outlay	-	-	127,175	38,465	165,640
Debt service					
Principal retirement	-	-	-	42,182	42,182
Interest and fiscal charges	-	-	-	6,724	6,724
Total expenditures	<u>2,416,181</u>	<u>538,068</u>	<u>224,889</u>	<u>162,329</u>	<u>3,341,467</u>
Excess of revenues over (under) expenditures	229,418	(33,106)	85,424	100,764	382,500
Other financing sources (uses)					
Transfers in	-	-	-	3,500	3,500
Transfers out	(3,500)	-	-	-	(3,500)
Sale of fixed assets	1,815	-	-	-	1,815
Total other financing sources (uses)	<u>(1,685)</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>1,815</u>
Net change in fund balance	227,733	(33,106)	85,424	104,264	384,315
Fund balance - beginning of year	<u>1,976,085</u>	<u>592,196</u>	<u>159,232</u>	<u>159,898</u>	<u>2,887,411</u>
Fund balance - end of year	<u>\$ 2,203,818</u>	<u>\$ 559,090</u>	<u>\$ 244,656</u>	<u>\$ 264,162</u>	<u>\$ 3,271,726</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances - Total governmental funds	\$ 384,315
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(156,250)
Capital outlay	159,675
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(10,661)
Property taxes	(9,019)
Expenses are recorded when incurred in the statement of activities	
Accrued interest	200
Compensated absences	(28,300)
Net other post employment obligation	(26,672)
The statement of net position reports the net pension liability and deferred outflows of resources to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals the actual pension contributions	
Net change in net pension liability	(77,460)
Net change in the deferred outflow of resources related to the net pension liability	44,382
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	42,182
Internal service funds are also included as governmental activities	(69,991)
Change in net position of governmental activities	\$ 252,401

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Net Position
December 31, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 750,477	\$ 2,681,072	\$ 3,431,549	\$ 4,435
Investments	1,671,654	209,843	1,881,497	73,413
Receivables				
Taxes	13,797	11,506	25,303	-
Customers	235,503	303,974	539,477	-
Inventories	-	144,640	144,640	6,594
Prepaid items	7,597	9,915	17,512	8,136
Total current assets	2,679,028	3,360,950	6,039,978	92,578
Noncurrent assets				
Advances to other funds	-	300,049	300,049	-
Capital assets not being depreciated	28,000	1,110	29,110	-
Capital assets being depreciated	4,149,284	5,136,069	9,285,353	131,360
Total noncurrent assets	4,177,284	5,437,228	9,614,512	131,360
Total assets	6,856,312	8,798,178	15,654,490	223,938
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability	115,433	52,130	167,563	22,342
Total asset and deferred outflows of resources	6,971,745	8,850,308	15,822,053	246,280

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Net Position
December 31, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 44,633	\$ 48,054	\$ 92,687	\$ 3,399
Accrued and other liabilities	13,808	7,525	21,333	612
Unearned revenue	11,468	11,468	22,936	-
Total current liabilities	69,909	67,047	136,956	4,011
Noncurrent liabilities				
Compensated absences	21,400	13,100	34,500	1,300
Net pension liability	889,502	401,710	1,291,212	172,161
Post employment benefit obligation	100,359	72,988	173,347	-
Total noncurrent liabilities	1,011,261	487,798	1,499,059	173,461
Total liabilities	1,081,170	554,845	1,636,015	177,472
Net position				
Net investment in capital assets	4,177,284	5,137,179	9,314,463	131,360
Unrestricted	1,713,291	3,158,284	4,871,575	(62,552)
Total net position	\$ 5,890,575	\$ 8,295,463	14,186,038	\$ 68,808
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			(133,878)	
Net position of business-type activities			\$ 14,052,160	

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
Customer fees	\$ 1,062,237	\$ 1,383,600	\$ 2,445,837	\$ 4,321
Billings to other funds	-	-	-	79,925
Connection fees	31,834	-	31,834	-
Other revenue	5,653	195,167	200,820	-
	<u>1,099,724</u>	<u>1,578,767</u>	<u>2,678,491</u>	<u>84,246</u>
Total operating revenue				
Operating expenses				
Personnel services	610,651	334,827	945,478	43,820
Supplies	44,145	589,985	634,130	-
Contractual services	64,713	11,765	76,478	36,574
Utilities	128,749	2,065	130,814	-
Repairs and maintenance	152,606	45,613	198,219	23,981
Other expenses	90,937	86,205	177,142	37,020
Depreciation	287,408	349,747	637,155	36,555
	<u>1,379,209</u>	<u>1,420,207</u>	<u>2,799,416</u>	<u>177,950</u>
Total operating expenses				
Operating income (loss)	<u>(279,485)</u>	<u>158,560</u>	<u>(120,925)</u>	<u>(93,704)</u>
Nonoperating revenue				
Interest income	10,462	3,689	14,151	286
Insurance recovery	3,510	-	3,510	-
	<u>13,972</u>	<u>3,689</u>	<u>17,661</u>	<u>286</u>
Total nonoperating revenues				

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Income (loss) before contributions and transfers	\$ (265,513)	\$ 162,249	\$ (103,264)	\$ (93,418)
Capital contributions	-	12,810	12,810	-
Change in net position	(265,513)	175,059	(90,454)	(93,418)
Net position - beginning of year	<u>6,909,230</u>	<u>8,460,533</u>		<u>307,995</u>
Prior period adjustment	(753,142)	(340,129)		(145,769)
Net position - beginning of year restated	6,156,088	8,120,404		162,226
Net position - end of year	<u>\$ 5,890,575</u>	<u>\$ 8,295,463</u>		<u>\$ 68,808</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			(23,427)	
Change in net position of business-type activities			<u>\$ (113,881)</u>	

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
Cash flows from operating activities				
Receipts from customers	\$ 1,478,398	\$ 1,594,994	\$ 3,073,392	\$ 4,321
Receipts from interfund users	-	-	-	79,925
Payments to suppliers	(408,360)	(730,956)	(1,139,316)	(90,801)
Payments to employees	(589,724)	(325,376)	(915,100)	(39,770)
Payments for interfund services used	(12,788)	(7,193)	(19,981)	-
Net cash provided (used) by operating activities	<u>467,526</u>	<u>531,469</u>	<u>998,995</u>	<u>(46,325)</u>
Cash flows from noncapital financing activities				
Insurance recovery	<u>3,510</u>	<u>-</u>	<u>3,510</u>	<u>-</u>
Cash flows from capital and related financing activities				
Capital contributions	-	12,810	12,810	-
Purchases/construction of capital assets	<u>(171,845)</u>	<u>(402,498)</u>	<u>(574,343)</u>	<u>(32,974)</u>
Net cash provided (used) by capital and related financing activities	<u>(171,845)</u>	<u>(389,688)</u>	<u>(561,533)</u>	<u>(32,974)</u>
Net change in cash and cash equivalents	299,191	(155,917)	143,274	(79,299)
Cash and cash equivalents - beginning of year	<u>451,286</u>	<u>2,836,989</u>	<u>3,288,275</u>	<u>83,734</u>
Cash and cash equivalents - end of year	<u><u>\$ 750,477</u></u>	<u><u>\$ 2,681,072</u></u>	<u><u>\$ 3,431,549</u></u>	<u><u>\$ 4,435</u></u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (279,485)	\$ 158,560	\$ (120,925)	\$ (93,704)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	287,408	349,747	637,155	36,555
Non cash changes related to net pension liability	49,006	22,131	71,137	9,485
Changes in assets and liabilities				
Receivables (net)	378,674	16,227	394,901	-
Inventories	-	(24,199)	(24,199)	4,760
Prepaid items	995	479	1,474	(1,770)
Deferred outflows	(28,079)	(12,680)	(40,759)	(5,435)
Accounts payable	42,469	6,091	48,560	3,371
Accrued and other liabilities	5,070	3,645	8,715	413
Unearned revenue	11,468	11,468	22,936	-
Net cash provided (used) by operating activities	<u>\$ 467,526</u>	<u>\$ 531,469</u>	<u>\$ 998,995</u>	<u>\$ (46,325)</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Fiduciary Funds
Statement of Assets and Liabilities
December 31, 2015

	<u>Delinquent Tax Fund</u>	<u>Current Tax Fund</u>	<u>Total Fiduciary Funds</u>
Assets			
Cash and cash equivalents	\$ 91,636	\$ 283,152	\$ 374,788
Receivables			
Taxes	<u>51,088</u>	<u>-</u>	<u>51,088</u>
Total assets	<u>\$ 142,724</u>	<u>\$ 283,152</u>	<u>\$ 425,876</u>
Liabilities			
Accrued and other liabilities	\$ 86,430	\$ -	\$ 86,430
Due to other units of government	<u>56,294</u>	<u>283,152</u>	<u>339,446</u>
Total liabilities	<u>\$ 142,724</u>	<u>\$ 283,152</u>	<u>\$ 425,876</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township

Notes to the Financial Statements

December 31, 2015

Note 1 - Summary of Significant Accounting Policies

Reporting entity

Bridgeport Charter Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component unit, an entity for which the government 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 government (see discussion below for description).

Discretely Presented Component Unit – The component unit column in the entity wide financial statements include the financial data of the Township's Downtown Development Authority. The members of the Governing Board of the Downtown Development Authority are appointed by the Township Board. The budgets and expenditures of the Downtown Development Authority must be approved by the Township Board. The Township also has the ability to significantly influence operations of the Downtown Development Authority. The Downtown Development Authority does not issue any other form of financial statements except as contained in the Bridgeport Charter Township annual financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program

revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement focus, basis of accounting, and financial statement presentation

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

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 government 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

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and judgments, are recorded only when payment is due.

Property taxes, sales 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. 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.

The government reports the following major governmental funds:

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

The Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation.

The Fire Fund accounts for the revenue and expenditures with the government's sidewalk restoration projects.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The Williamson Debt Service Fund accounts for the accumulation of resources for, and payment of governmental activities principal, interest and related costs.

Construction Fund accounts for the Anderson Complex construction project.

Internal Service Funds accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

Delinquent Tax Fund and Current Tax Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

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

Amounts reported as *program revenues* include 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net position or equity

Deposits and investments – Cash and cash equivalents are considered to be 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 based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2015 taxable valuation of the government totaled \$203,306,381, on which ad valorem taxes consisted of 4.7332 mills for operating purposes. This resulted in \$887,772 for general operating expenses and \$76,621 for the Bridgeport Charter Township Downtown Development Authority, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. In addition, the taxable valuation of the IFT totaled \$6,725,700, on which taxes consisted of 2.3666 mills. This provided \$1,295 for general operating expenses \$14,675 for the Bridgeport Charter Township Downtown Development Authority.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Township follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

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 extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

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

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and sewer lines	3 to 50 years
Machinery and equipment	3 to 40 years
Vehicles	3 to 10 years

Deferred inflows of resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Compensated absences – It is the Township’s policy to permit employees to accumulate earned but unused vacation and personal time benefits. All personal time must be used prior to the use of any accrued vacation leave. Any unused personal time is paid out at the end of the 12 month period during which they could have been used. Upon resignation, any unused personal time is compensated at 50% of the personal leave hours remaining at the time of termination. Vacation pay and personal time benefits are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or

proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. The Township also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Fund equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the Township’s highest level of decision-making, its Board of Trustees. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Trustees.

Assigned – amounts intended to be used for specific purposes, as

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determined by the Board of Trustees, finance committee, or the Township Supervisor. The Board of Trustees has granted the finance committee and Township Supervisor the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Township's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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 of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Adoption of New Accounting Standards

The Governmental Accounting Standards Board ("The GASB") has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability is recorded on the government-wide statements and, if applicable, the proprietary fund statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to

defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending December 31, 2015.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board has also issued *Statement 72, Fair Value Measurement and Application*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances 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. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending December 31, 2016, although earlier application is allowed.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending December 31, 2017. The second objective is to improve the quality of information associated with governments that hold assets

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accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending December 31, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending December 31, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending December 31, 2018.

The Township is evaluating the impact GASB 72 and 75 will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to September 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to November 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Deficit fund balance

The Bridgeport Charter Township has accumulated a deficit unassigned fund balance in the Sidewalks fund of \$54,037 and in the Fire Fund of \$226,677. The Sidewalks fund improved the deficit unassigned fund balance by \$8,337 in the current year. The government expects to eliminate these deficits through prudent budgeting and future operations.

Bridgeport Charter Township
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Excess of expenditures over appropriations

During the year, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
Public works	\$ 304,607	\$ 306,330	\$ 1,723
Other functions	1,000	4,614	3,614
Transfers out	-	3,500	3,500

Note 3 - Deposits

The breakdown of deposits for the Township is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>	<u>Total</u>
Bank deposits (checking and savings accounts, money markets and certificate of deposit)	<u>\$ 7,436,057</u>	<u>\$ 374,788</u>	<u>\$ 339,301</u>	<u>\$ 8,150,146</u>

Credit risk – State statutes and the Township’s investment policy authorize the Township to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the three highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of 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.

Concentration of credit risk – The Township minimizes credit risk by investing only in the safer types of securities, pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisors with whom the Township will do business; and diversifying the investment portfolio so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. Not more than 50% of any fund may be invested in commercial paper at any time.

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 them. The Township’s deposit policy limits use to twelve (12) banks. As of December 31, 2015, \$8,553,017 of the Township’s bank balance of \$9,450,717 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Bridgeport Charter Township
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Note 4 - Capital Assets

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 452,047	\$ -	\$ -	\$ 452,047
Capital assets being depreciated				
Land improvements	1,603,641	-	-	1,603,641
Infrastructure	65,171	-	-	65,171
Buildings, additions and improvements	1,764,961	-	-	1,764,961
Machinery and equipment	1,564,229	135,734	360,138	1,339,825
Vehicles	876,834	56,915	-	933,749
Total capital assets being depreciated	5,874,836	192,649	360,138	5,707,347
Less accumulated depreciation for				
Land improvements	591,232	45,046	-	636,278
Infrastructure	45,621	6,517	-	52,138
Buildings, additions and improvements	1,526,530	43,003	-	1,569,533
Machinery and equipment	1,434,057	37,394	360,138	1,111,313
Vehicles	630,104	60,845	-	690,949
Total accumulated depreciation	4,227,544	192,805	360,138	4,060,211
Net capital assets being depreciated	1,647,292	(156)	-	1,647,136
Governmental activities capital assets, net	\$ 2,099,339	\$ (156)	\$ -	\$ 2,099,183

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 29,110	\$ -	\$ -	\$ 29,110
Capital assets being depreciated				
Machinery and equipment	4,482,565	195,845	-	4,678,410
Water system	11,696,141	378,498	-	12,074,639
Sewer system	8,671,529	-	-	8,671,529
Total capital assets being depreciated	24,850,235	574,343	-	25,424,578
Less accumulated depreciation for				
Machinery and equipment	3,271,196	99,790	-	3,370,986
Water system	6,814,643	324,526	-	7,139,169
Sewer system	5,416,231	212,839	-	5,629,070
Total accumulated depreciation	15,502,070	637,155	-	16,139,225
Net capital assets being depreciated	9,348,165	(62,812)	-	9,285,353
Business-type capital assets, net	\$ 9,377,275	\$ (62,812)	\$ -	\$ 9,314,463

Bridgeport Charter Township
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Capital assets activity of the component unit for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital assets not being depreciated				
Land	\$ 176,988	\$ -	\$ -	\$ 176,988
Capital assets being depreciated				
Land improvements	65,340	-	-	65,340
Less accumulated depreciation for				
Land improvements	8,167	3,267	-	11,434
Total accumulated depreciation	8,167	3,267	-	11,434
Net capital assets being depreciated	57,173	(3,267)	-	53,906
Component unit capital assets, net	<u>\$ 234,161</u>	<u>\$ (3,267)</u>	<u>\$ -</u>	<u>\$ 230,894</u>

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

Governmental activities	
General government	\$ 26,924
Public safety	106,120
Public works	6,914
Community and economic development	3,060
Recreation and culture	13,232
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>36,555</u>
Total governmental activities	<u>192,805</u>
Business-type activities	
Sewer	287,408
Water	<u>349,747</u>
Total business-type activities	<u>637,155</u>
Total primary government	<u>\$ 829,960</u>
Component Unit	
Downtown Development Authority	<u>\$ 3,267</u>

Bridgeport Charter Township
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Note 5 - Long-Term Debt

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General, Sewer and Water Funds.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Secured	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities										
Bonds and notes payable										
General obligation bonds										
1988 Drain Bonds	\$ 825,000	2018	6.00%	\$39,543 - \$42,182	Secured	\$ 166,089	\$ -	\$ 42,182	\$ 123,907	\$ 42,182
Compensated absences						59,600	16,500	-	76,100	-
Total governmental activities						<u>\$ 225,689</u>	<u>\$ 16,500</u>	<u>\$ 42,182</u>	<u>\$ 200,007</u>	<u>\$ 42,182</u>
Business-type activities										
Compensated absences						<u>\$ 28,200</u>	<u>\$ 6,300</u>	<u>\$ -</u>	<u>\$ 34,500</u>	<u>\$ -</u>
Component units										
General obligation bonds										
Downtown development bonds series 2002	\$ 1,365,000	2022	4.20% - 4.80%	\$10,000 - \$105,000	Secured	\$ 615,000	\$ -	\$ 100,000	\$ 515,000	\$ 75,000
Compensated absences						1,800	2,100	-	3,900	-
Total component units						<u>\$ 616,800</u>	<u>\$ 2,100</u>	<u>\$ 100,000</u>	<u>\$ 518,900</u>	<u>\$ 75,000</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of above totals for governmental activities.

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2016	\$ 42,182	\$ 5,273
2017	42,182	3,164
2018	39,543	1,055
	<u>\$ 123,907</u>	<u>\$ 9,492</u>

Year Ending December 31,	Component Unit	
	Principal	Interest
2016	\$ 75,000	\$ 22,836
2017	80,000	19,173
2018	85,000	15,190
2019	90,000	10,888
2020	95,000	6,162
2021	90,000	2,314
	<u>\$ 515,000</u>	<u>\$ 76,563</u>

Note 6 - Risk Management

The government 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 government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 7 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers of to 2.50%. Vesting periods are 8 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Final average compensation is calculated based on 3 years. Member contributions are 3.50%.

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

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>34</u>
	<u>94</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by

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employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 43.37%.

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

Actuarial assumptions – The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3-4%; 2) Salary increases 4.5% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015, 2016, respectively); 3) Investment rate of return of 8%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% 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.

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

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

adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount rate – The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Total Pension Liability

Service cost	\$ 148,505
Interest on the total pension liability	624,238
Benefit payments and refunds	<u>(472,908)</u>
Net change in total pension liability	299,835
Total pension liability - beginning	<u>7,728,737</u>
Total pension liability - ending (a)	<u>\$ 8,028,572</u>

Plan Fiduciary Net Position

Employer contributions	\$ 281,787
Employee contributions	29,772
Pension plan net investment income	314,640
Benefit payments and refunds	(472,908)
Pension plan administrative expense	<u>(11,538)</u>
Net change in plan fiduciary net position	141,753
Plan fiduciary net position - beginning	<u>5,017,460</u>
Plan fiduciary net position - ending (b)	<u>5,159,213</u>
Net pension liability (a-b)	<u>\$ 2,869,359</u>
Plan fiduciary net position as a percentage of total pension liability	64.26%
Covered employee payroll	\$ 1,440,621
Net pension liability as a percentage of covered employee payroll	199.18%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7.25%) or 1% higher (9.25%) than the current rate.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total pension liability	\$ 17,049,343	\$ 16,145,730	\$ 15,379,323
Fiduciary net position	<u>5,159,213</u>	<u>5,159,213</u>	<u>5,159,213</u>
Net pension liability	<u>\$ 11,890,130</u>	<u>\$ 10,986,517</u>	<u>\$ 10,220,110</u>

Pension expense and deferred outflows of resources related to pensions – For the year ended December 31, 2015, the employer recognized pension expense of \$298,628. The employer reported deferred outflows related to pensions from the following sources:

	<u>Deferred outflows of resources</u>
Excess (deficit) investment returns	\$ 73,735
Contributions subsequent to the measurement date*	<u>298,628</u>
Total	<u>\$ 372,363</u>

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

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2015

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

<u>Year ended,</u>		
2016	\$	18,434
2017		18,434
2018		18,434
2019		<u>18,433</u>
	\$	<u>73,735</u>

Note 8 - Other Post-Employment Benefits

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, in 2004.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) and related liabilities and note disclosures in other plans in which the Township participates. GASB No. 45 was effective for the Township for the year beginning January 1, 2009. Current year expenditures include the current year "pay-as-you-go" amount and the recognition of the unfunded current year actuarial recommended contribution (ARC) in the governmental activities, sewer and water funds. This change had no impact on beginning net position. The changes in financial reporting as a result of this statement are outlined below.

Plan description. The Township's Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Township. Substantially all of the Township's employees may become eligible for those benefits when the employee becomes eligible for the Michigan Employees' Retirement System, and retires from the Township. The Township will pay 50% per month toward the cost of health insurance premiums for the employee and their spouse. Upon

reaching the age of 65, the provided benefits are reduced to a Medicare supplement program.

Funding policy and progress. 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). The Township has made no contributions in advance.

Annual required contribution (recommended)	<u>\$ 66,095</u>
Annual OPEB cost	\$ 66,095
Amounts contributed:	
Payments of current premiums	<u>23,027</u>
Increase in net OPEB liability	43,068
Net OPEB liability, beginning of year	<u>413,110</u>
Net OPEB liability, end of year	<u>\$ 456,178</u>

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

Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	1,026,964
Unfunded AAL (UAAL)	1,026,964
Funded ratio	0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2015

decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2015 actuarial valuation, the entry age cost method was used. This actuarial valuation was performed under the alternate calculation provisions of GASB Statements No. 43 and 45. The actuarial assumptions include: (a) discount rate of 2.610%; (b) mortality rates, with specific life expectancy; (c) turnover rates ranging from 0% to 95% based on age categories; (d) normal retirement age under the plan of 65; (e) actual employees will elect coverage at retirement consistent with current coverage percentages; (f) established monthly medical premium rates. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over 24 years.

Note 9 - Change in Accounting Principle

As indicated in Note 1, the Township has adopted Governmental Accounting Standards Board Statements 68 and 71. These statements require the Government to record their net pension liability and pension expense. Previously these amounts were not recorded on the Government's statements. The standards require this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of December 31, 2015, by \$1,336,219, restating it from \$5,133,020 to \$3,796,801. The impact also reduced the sewer fund net position by \$753,142

restating it from \$6,909,230 to \$6,156,088, reduced the water fund net position by \$340,129, restating it from \$8,460,533 to \$8,120,404 and reduced the internal service fund net position by \$145,769, restating it from \$307,995 to \$162,226.

Bridgeport Charter Township
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Amended</u>		<u>Final Budget</u>
Revenues				
Taxes				
Property taxes	\$ 927,500	\$ 902,500	\$ 902,953	\$ 453
Other taxes	2,100	5,300	4,987	(313)
Administration fee	91,000	91,000	89,406	(1,594)
Licenses and permits	54,160	82,264	78,588	(3,676)
Federal grants	6,500	6,710	6,151	(559)
State revenue sharing	819,183	819,183	790,022	(29,161)
State grants	76,946	95,218	95,204	(14)
Local contributions	63,750	74,363	70,971	(3,392)
Charges for services	171,670	193,488	201,619	8,131
Fines and forfeitures	15,025	17,637	17,318	(319)
Interest income	3,400	3,775	1,146	(2,629)
Rental income	41,599	41,599	41,600	1
Other revenue	240,965	305,514	345,634	40,120
Sale of fixed assets	-	6,000	1,815	(4,185)
	<u>2,513,798</u>	<u>2,644,551</u>	<u>2,647,414</u>	<u>2,863</u>
Total revenues				

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Amended</u>		<u>Final Budget</u>
Expenditures				
General government				
Township board	\$ 32,042	\$ 27,167	\$ 25,859	\$ (1,308)
Supervisor	12,582	13,274	13,036	(238)
Manager	78,831	84,327	79,926	(4,401)
Accounting	40,679	24,138	20,940	(3,198)
Clerk	19,233	16,635	14,612	(2,023)
Audit	6,850	6,850	6,200	(650)
Board of review	1,467	1,067	582	(485)
Treasurer	62,300	64,119	65,658	1,539
Assessor	72,405	62,330	59,145	(3,185)
Elections	18,971	18,971	15,097	(3,874)
Buildings and grounds	141,440	162,885	155,082	(7,803)
Attorney	20,000	14,500	9,884	(4,616)
Building inspections	103,410	117,527	109,341	(8,186)
Cemetery	24,780	35,780	19,066	(16,714)
Total general government	<u>634,990</u>	<u>649,570</u>	<u>594,428</u>	<u>(55,142)</u>
Public safety				
Police	922,170	917,216	839,822	(77,394)
Fire department	477,458	490,553	473,700	(16,853)
Total public safety	<u>1,399,628</u>	<u>1,407,769</u>	<u>1,313,522</u>	<u>(94,247)</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Amended</u>		<u>Final Budget</u>
Public works				
Department of public works	\$ 89,236	\$ 105,255	\$ 91,581	\$ (13,674)
Drains	25,852	19,852	18,670	(1,182)
Highways, streets and bridges	55,000	55,000	74,574	19,574
Street lighting	<u>124,500</u>	<u>124,500</u>	<u>121,505</u>	<u>(2,995)</u>
Total public works	<u>294,588</u>	<u>304,607</u>	<u>306,330</u>	<u>1,723</u>
Community and economic development				
Planning	40,065	56,581	53,602	(2,979)
Zoning	<u>355</u>	<u>355</u>	<u>460</u>	<u>105</u>
Total community and economic development	<u>40,420</u>	<u>56,936</u>	<u>54,062</u>	<u>(2,874)</u>
Recreation and culture				
Parks and recreation	<u>143,172</u>	<u>151,381</u>	<u>143,225</u>	<u>(8,156)</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Amended</u>		<u>Final Budget</u>
Other functions				
Tax tribunal refunds	\$ 1,000	\$ 1,000	\$ 4,614	\$ 3,614
Transfers out	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>
Total expenditures	<u>2,513,798</u>	<u>2,571,263</u>	<u>2,419,681</u>	<u>(151,582)</u>
Excess (deficiency) of revenues over expenditures	-	73,288	227,733	154,445
Fund balance - beginning of year	<u>1,976,085</u>	<u>1,976,085</u>	<u>1,976,085</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,976,085</u>	<u>\$ 2,049,373</u>	<u>\$ 2,203,818</u>	<u>\$ 154,445</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Budgetary Comparison Schedule
Refuse Collection Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 499,875	\$ 499,875	\$ 504,591	\$ 4,716
Interest income	200	200	258	58
Other revenue	400	400	113	(287)
	<u>500,475</u>	<u>500,475</u>	<u>504,962</u>	<u>4,487</u>
Expenditures				
Current				
Public works	<u>574,498</u>	<u>577,498</u>	<u>538,068</u>	<u>(39,430)</u>
Excess (deficiency) of revenues over expenditures	(74,023)	(77,023)	(33,106)	43,917
Fund balance - beginning of year	<u>592,196</u>	<u>592,196</u>	<u>592,196</u>	<u>-</u>
Fund balance - end of year	<u>\$ 518,173</u>	<u>\$ 515,173</u>	<u>\$ 559,090</u>	<u>\$ 43,917</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Taxes	\$ 173,157	\$ 173,157	\$ 191,393	\$ 18,236
Federal grants	-	117,078	118,920	1,842
	<u>173,157</u>	<u>290,235</u>	<u>310,313</u>	<u>20,078</u>
Expenditures				
Current				
Public safety	153,157	153,157	97,714	(55,443)
Capital outlay	<u>20,000</u>	<u>127,175</u>	<u>127,175</u>	-
	<u>173,157</u>	<u>280,332</u>	<u>224,889</u>	<u>(55,443)</u>
Excess of revenues (deficiency) over expenditures	-	9,903	85,424	75,521
Fund balance - beginning of year	<u>159,232</u>	<u>159,232</u>	<u>159,232</u>	-
Fund balance - end of year	<u>\$ 159,232</u>	<u>\$ 169,135</u>	<u>\$ 244,656</u>	<u>\$ 75,521</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Schedule of Funding Progress - Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (Percent) (a / b)
12/31/09	\$ -	\$ 811,100	\$ 811,100	0%
12/31/12	-	1,051,568	1,051,568	0%
12/31/15	-	1,026,964	1,026,964	0%

Note: Valuation is performed every three years, so the next valuation report will be December 31, 2018.

Bridgeport Charter Township
Required Supplementary Information
Schedule of Employer Contributions - Other Post Employment Benefits

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2009	\$ 82,500	\$ 58,332	71%
2010	87,649	21,417	24%
2011	93,458	18,071	19%
2012	102,581	19,336	19%
2013	102,860	20,496	20%
2014	103,234	21,521	21%
2015	66,095	23,027	35%

The information presented above was determined as part of the actuarial valuations at the date indicated. Additional information as of December 31, 2015, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period (perpetual)	24 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected rate increases	5.0% - 9.0%
Includes inflation at	2.610%

**Bridgeport Charter Township
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
December 31, 2015**

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2005	\$ 188,620	\$ 188,620	\$ -	\$ 1,570,722	12.01%
12/31/2006	202,992	202,992	-	1,595,321	12.72%
12/31/2007	213,003	213,003	-	1,560,330	13.65%
12/31/2008	223,947	223,947	-	1,646,884	13.60%
12/31/2009	219,101	219,101	-	1,547,432	14.16%
12/31/2010	238,539	238,539	-	1,283,781	18.58%
12/31/2011	219,019	219,019	-	1,261,572	17.36%
12/31/2012	226,274	226,274	-	1,404,851	16.11%
12/31/2013	256,509	256,509	-	1,336,852	19.19%
12/31/2014	281,787	281,787	-	1,440,621	19.56%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18
Asset valuation method	10-year smoothed value of assets
Inflation	3-4%
Salary increases	4.50%
Investment rate of return	8.00%
Retirement age	60
Mortality	1994 Group annuity mortality table of 50% male and 50% female blend

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year Ended December 31

Fiscal year ended December 31,	<u>2015</u>
Total Pension Liability	
Service cost	\$ 148,505
Interest on the total pension liability	624,238
Benefit payments and refunds	<u>(472,908)</u>
Net change in total pension liability	299,835
Total pension liability - beginning	<u>7,728,737</u>
Total pension liability - ending (a)	<u><u>\$ 8,028,572</u></u>
Plan Fiduciary Net Position	
Employer contributions	\$ 281,787
Employee contributions	29,772
Pension plan net investment income	314,640
Benefit payments and refunds	(472,908)
Pension plan administrative expense	<u>(11,538)</u>
Net change in plan fiduciary net position	141,753
Plan fiduciary net position - beginning	<u>5,017,460</u>
Plan fiduciary net position - ending (b)	<u><u>5,159,213</u></u>
Net pension liability (a-b)	<u><u>\$ 2,869,359</u></u>
Plan fiduciary net position as a percentage of total pension liability	64.26%
Covered employee payroll	1,440,621
Net pension liability as a percentage of covered employee payroll	199.18%

*GASB Statement No. 68 was implemented for the fiscal year ended December 31, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
Fiscal Year Ended December 31

Fiscal year ending December 31,	Total pension liability	Plan net position	Net pension liability	Plan net position as a % of total pension liability	Covered payroll	Net pension liability as a % of covered payroll
2015	\$ 8,028,572	\$ 5,159,213	\$ 2,869,359	64.26%	\$ 1,440,621	199.18%

*GASB Statement No. 68 was implemented for the fiscal year ended December 31, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

Bridgeport Charter Township
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sidewalks	Police	Parks and Recreation	Drug Enforcement	Williamson Debt Service	Construction	
Assets							
Cash and cash equivalents	\$ -	\$ 185,261	\$ 41,423	\$ 5,158	\$ 13,034	\$ 5,627	\$ 250,503
Receivables							
Taxes	1,735	-	-	-	-	-	1,735
Special assessments	69,248	87,566	-	-	10,488	-	167,302
Prepaid items	-	450	-	-	-	-	450
Total assets	<u>\$ 70,983</u>	<u>\$ 273,277</u>	<u>\$ 41,423</u>	<u>\$ 5,158</u>	<u>\$ 23,522</u>	<u>\$ 5,627</u>	<u>\$ 419,990</u>
Liabilities							
Accrued and other liabilities	\$ -	\$ 2,826	\$ -	\$ -	\$ -	\$ -	\$ 2,826
Due to other funds	63,891	-	-	-	-	-	63,891
Total liabilities	<u>63,891</u>	<u>2,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,717</u>
Deferred inflows of resources							
Special assessments	61,129	23,787	-	-	4,195	-	89,111
Fund balances							
Non-spendable for:							
Prepaid items	-	450	-	-	-	-	450
Restricted for:							
Police safety	-	246,214	-	-	-	-	246,214
Drug enforcement	-	-	-	5,158	-	-	5,158
Debt service	-	-	-	-	19,327	-	19,327
Capital projects	-	-	-	-	-	5,627	5,627
Committed for:							
Parks and recreation	-	-	41,423	-	-	-	41,423
Unassigned (deficit)	(54,037)	-	-	-	-	-	(54,037)
Total fund balances	<u>(54,037)</u>	<u>246,664</u>	<u>41,423</u>	<u>5,158</u>	<u>19,327</u>	<u>5,627</u>	<u>264,162</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,983</u>	<u>\$ 273,277</u>	<u>\$ 41,423</u>	<u>\$ 5,158</u>	<u>\$ 23,522</u>	<u>\$ 5,627</u>	<u>\$ 419,990</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Sidewalks	Police	Parks and Recreation	Drug Enforcement	Williamson Debt Service	Construction	
Revenues							
Taxes	\$ -	\$ 160,770	\$ -	\$ -	\$ -	\$ -	\$ 160,770
Local contributions	-	-	30,000	-	-	-	30,000
Fines and forfeitures	-	-	-	3,017	-	-	3,017
Interest income	-	-	-	-	-	-	-
Other revenue	46,802	-	-	-	22,504	-	69,306
Total revenues	<u>46,802</u>	<u>160,770</u>	<u>30,000</u>	<u>3,017</u>	<u>22,504</u>	<u>-</u>	<u>263,093</u>
Expenditures							
Current							
Public safety	-	47,862	-	75	-	8,650	56,587
Recreation and culture	-	-	18,371	-	-	-	18,371
Capital outlay	38,465	-	-	-	-	-	38,465
Debt service							
Principal retirement	-	-	-	-	42,182	-	42,182
Interest and fiscal charges	-	-	-	-	6,724	-	6,724
Total expenditures	<u>38,465</u>	<u>47,862</u>	<u>18,371</u>	<u>75</u>	<u>48,906</u>	<u>8,650</u>	<u>162,329</u>
Excess (deficiency) of revenues over expenditures	<u>8,337</u>	<u>112,908</u>	<u>11,629</u>	<u>2,942</u>	<u>(26,402)</u>	<u>(8,650)</u>	<u>100,764</u>
Other financing sources							
Transfers in	-	-	-	-	3,500	-	3,500
Net change in fund balance	8,337	112,908	11,629	2,942	(22,902)	(8,650)	104,264
Fund balance (deficit) - beginning of year	<u>(62,374)</u>	<u>133,756</u>	<u>29,794</u>	<u>2,216</u>	<u>42,229</u>	<u>14,277</u>	<u>159,898</u>
Fund balance (deficit) - end of year	<u>\$ (54,037)</u>	<u>\$ 246,664</u>	<u>\$ 41,423</u>	<u>\$ 5,158</u>	<u>\$ 19,327</u>	<u>\$ 5,627</u>	<u>\$ 264,162</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Other Supplementary Information
Component Unit - Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 349,264	\$ 354,874	\$ 351,766	\$ (3,108)
Interest income	-	-	3	3
Other revenue	-	48,887	79,109	30,222
	<u>349,264</u>	<u>403,761</u>	<u>430,878</u>	<u>27,117</u>
Total revenues				
Expenditures				
Current				
Public safety	52,500	52,500	52,500	-
Community and economic development	145,489	173,167	153,219	(19,948)
Capital outlay	42,000	69,200	62,179	(7,021)
Debt service				
Principal retirement	70,000	100,000	100,000	-
Interest and fiscal charges	39,275	28,516	26,510	(2,006)
	<u>349,264</u>	<u>423,383</u>	<u>394,408</u>	<u>(28,975)</u>
Total expenditures				
Net change in fund balance	-	(19,622)	36,470	56,092
Fund balance - beginning of year	<u>584,971</u>	<u>584,971</u>	<u>584,971</u>	<u>-</u>
Fund balance - end of year	<u>\$ 584,971</u>	<u>\$ 565,349</u>	<u>\$ 621,441</u>	<u>\$ 56,092</u>

See Accompanying Notes to the Financial Statements

Bridgeport Charter Township
Component Unit - Downtown Development Authority
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances - Total component unit funds	\$ 36,470
<p>Total change in net position reported for component unit activities in the statement of activities is different because:</p>	
<p>Component unit funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	(3,267)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Property taxes	(2,713)
<p>Expenses are recorded when incurred in the statement of activities</p>	
Accrued interest	500
Compensated absences	(2,100)
<p>Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit funds but reduces the liability in the statement of net position.</p>	
Repayments of long-term debt	<u>100,000</u>
Change in net position of component unit activities	<u>\$ 128,890</u>

Bridgeport Charter Township
Other Supplementary Information
Schedule of Indebtedness
December 31, 2015

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest		Total
				Payment 1	Payment 2	
Governmental Activities						
General Obligation Bonds	6.000%	2016	\$ 42,182	\$ 3,164	\$ 2,109	\$ 47,455
1998 Drain Bonds	6.000%	2017	42,182	2,109	1,055	45,346
Amount of issue - \$ 825,000	6.000%	2018	<u>39,543</u>	<u>1,055</u>	<u>-</u>	<u>40,598</u>
			<u>\$ 123,907</u>	<u>\$ 6,328</u>	<u>\$ 3,164</u>	<u>\$ 133,399</u>
Component Unit						
Downtown Development Bonds	4.200%	2016	\$ 75,000	\$ 12,293	\$ 10,543	\$ 97,836
Series 2002	4.250%	2017	80,000	10,543	8,630	99,173
Amount of issue - \$ 1,365,000	4.375%	2018	85,000	8,630	6,560	100,190
	4.500%	2019	90,000	6,560	4,328	100,888
	4.600%	2020	95,000	4,328	1,834	101,162
	4.700%	2021	<u>90,000</u>	<u>1,834</u>	<u>240</u>	<u>92,074</u>
			<u>\$ 515,000</u>	<u>\$ 44,428</u>	<u>\$ 32,135</u>	<u>\$ 591,563</u>

See Accompanying Notes to the Financial Statements



3023 Davenport Ave
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June 13, 2016

Management and the Township Board
Bridgeport Charter Township
Bridgeport, MI

We have completed our audit of the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of and for the year ended December 31, 2015, and have issued our report dated June 13, 2016. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The following appendices to this letter sets forth those communications as follows:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Communication of Internal Control Matters Identified During the Audit
- III. Matters for Management's Consideration

We discussed these matters with various personnel in the Township during the audit and have already met with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Township Board, and others within the Township, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.
Saginaw, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated December 1, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 of the financial statements. The Government has adopted Governmental Accounting Standards Board Statements (GASBS) No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Both statements are effective July 1, 2014. Statement No. 68 provides guidance to improve accounting and financial reporting by state and local governments for pensions. Statement No. 71 addresses the application of the transition provisions of Statement No. 68. We noted no transactions entered into by the Township during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Bridgeport Charter Township's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service. We have evaluated management's estimates in these areas and the process used for making the accounting estimates, the risk of material misstatement, and the indication of possible bias and disclosure and uncertainty in the financial statements.
- Net pension liability, and related deferred outflows of resources. The estimate is based on an actuarial report. We noted no bias on the calculation of the estimate.
- The estimates used in the other post-employment benefits calculation are also sensitive in nature and are considered a significant estimate. Some of the factors used in management's estimate of other post-employment benefits calculation include: life expectancy, historical insurance costs, probability of retirement, and the applicable federal interest rates in effect at the time of the calculation.

We feel the estimates have been properly recorded and evaluated by management.

Disclosures in the financial statements are neutral, consistent and clear.

Accounting Standards and Regulatory Updates

Accounting Standards

The Governmental Accounting Standards Board ("The GASB") has issued Statement 72, *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues

related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances 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. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending December 31, 2016, although earlier application is allowed.

Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68. The purpose of this Statement is provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending December 31, 2017. The second objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending December 31, 2016.

Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending December 31, 2017.

Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending December 31, 2018.

The Township is evaluating the impact GASB's 72 through 75 will have on its financial reporting.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

The following material misstatement was detected as a result of our audit procedures and corrected by management:

The internal service fund inventory was not adjusted at year end for inventory that was used during the year. An adjustment of \$9,325 was recorded to remove inventory during the year from the listing.

There were no uncorrected misstatements that were more than trivial.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The Township adopted a new accounting standard, and our report will include the following emphasis of matter paragraph

Adoption of New Accounting Standard

As described in Note 1 to the financial statements, during the year ended December 31, 2015, the Government adopted GASB Statement No. 68 and GASB Statement No. 71, *Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement Date*, respectively. Our opinions are not modified with respect to this matter.

Report on Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, which includes management's discussion and analysis, MERS schedules, OPEB schedules and budgetary comparison information, we 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.

Report on Other Information

With respect to the supplementary information accompanying the financial statements, other than list of the Members of the Township Board, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Appendix II

Communication of Internal Control Matters Identified During the Audit

In planning and performing our audit of the financial statements of Bridgeport Charter Township as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Bridgeport Charter Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in Bridgeport Charter Township's internal control to be a material weakness.

Audit Adjustment Required for Inventory

As a result of audit procedures, a material adjustment, described in Appendix I under Corrected and Uncorrected Misstatements, was required to adjust inventory to its actual balance at yearend.

We recommend the Township implement procedures to ensure that all inventory is properly recorded at year-end.

Appendix III
Matter for Management's Consideration

In planning and performing our audit of the financial statements of Bridgeport Charter Township as of and for the year ended December 31, 2015, we considered Bridgeport Charter Township's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

However, during our audit we became aware of a matter for management's consideration. This letter does not affect our report dated June 13, 2016, on the financial statements of Bridgeport Charter Township. Our comment and recommendation regarding that matter is:

Deficit Fund Balance

The Bridgeport Charter Township accumulated a deficit unassigned fund balance in the Sidewalks fund of \$54,037 during the current year, which is a decrease from the prior year balance of \$62,374. The Fire fund also reported a deficit unassigned fund balance at December 31, 2015 of \$226,677.

We recommend that the Township develops a plan to eliminate the deficit through prudent budgeting and future operations.