Township of Antwerp
Van Buren County, Michigan

FINANCIAL STATEMENTS

Year ended June 30, 2017

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 10
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
Fund financial statements:	
Balance sheet - governmental funds	13
Statement of revenues, expenditures, and changes in fund balances - governmental funds	14 - 15
Statement of fiduciary assets and liabilities - Agency Fund	16
Notes to financial statements	17 - 26
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	27
Mattawan Fire Fund	28
Schedule of funding progress for the Postemployment Healthcare Plan	29
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	30
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	31

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Township of Antwerp, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 13 to the financial statements, the Township recorded a prior period adjustment to correct its method of accounting for intangible capital assets of the governmental activities. 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 management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the postemployment healthcare plan, as listed in the contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Antwerp, Michigan's basic financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Siegfried Crandall P.C.

October 9, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Antwerp's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by $190,668 (4 percent) as a result of this year's activities.
- Of the $5,545,285 total net position reported, $2,003,992 is available to be used at the Board's discretion without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was $3,539,941, which represents 331 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
    - Governmental funds statements explain how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
    - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2017 and 2016 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present governmental activities. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and state grants generally fund these services.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Township has two types of funds:

- *Governmental funds*. All of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.

- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was $5,545,285, an increase of 4 percent compared to the prior year. Of this total, $1,878,874 is invested in capital assets and $1,662,419 is restricted. Consequently, unrestricted net position was $2,003,992, or 36 percent of the total.

Condensed financial information
Net position

	Governmental activities	
	2017	*2016*
Current and other assets	**$ 5,319,578**	$ 4,992,228
Capital assets	**1,878,874**	1,874,564
Total assets	**7,198,452**	6,866,792
Current and other liabilities	**1,653,167**	1,512,175
Net position:		
Investment in capital assets	**1,878,874**	1,874,564
Restricted	**1,662,419**	1,547,721
Unrestricted	**2,003,992**	1,932,332
Total net position	**$ 5,545,285**	$ 5,354,617

The 2016 columns present restated amounts for capital assets and the related net position, net investment in capital assets, as a result of a prior period adjustment recorded in fiscal year 2017. Both amounts were reduced by $1,574,809 in the governmental activities, for the effect of correcting the method of accounting used for intangible capital assets.

Changes in net position

The Township's total revenues were $1,967,628. Nearly 37 percent of the revenues comes from charges for services. Approximately 34 percent of the total revenues comes from state shared revenue and nearly 21 percent comes from property taxes.

The total cost of the Township's programs, covering a wide range of services, totaled $1,776,960. Nearly 44 percent of the Township's costs relates to general government services. Public safety accounts for approximately 37 percent and public works accounts for nearly 12 percent of the Township's total costs.

Condensed financial information
Changes in net position

	Governmental activities	
	2017	*2016*
Program revenues:		
Charges for services	**$ 722,908**	$ 690,984
Operating grants and contributions	**102,563**	91,909
General revenues:		
Property taxes	**420,255**	416,701
State shared revenue	**677,636**	637,845
Interest income	**26,345**	13,168
Other	**17,921**	17,555
Total revenues	**1,967,628**	1,868,162
Expenses:		
General government	**780,819**	762,331
Public safety	**651,490**	619,318
Public works	**206,665**	553,851
Health and welfare	**65,384**	84,389
Community and economic development	**72,602**	65,417
Total expenses	**1,776,960**	2,085,306
Changes in net position	**$ 190,668**	$ (217,144)
Net position, end of year	**$ 5,545,285**	$ 5,354,617

The 2016 columns reflect restated amounts as a result of prior period adjustments recorded in fiscal year 2017. Public works expenses, in the governmental activities, were increased by $326,407 related to the restatement of 2016 balances for the effect of correcting the method of accounting used for intangible capital assets. Public works costs previously capitalized, in the amount of $500,511, were expensed, and depreciation expense was reduced by $174,104.

Total revenues increased $99,466, primarily due to an increase in property taxes due to a slight increase in taxable values of property and increased state grants for personal property tax reimbursement. Expenses decreased $308,346, primarily due to a decrease in public works cost due to fewer road projects in 2017.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

At June 30, 2017, the Township's governmental funds reported combined ending fund balances of $5,265,636, an increase of $357,659 from the previous year.

The General Fund is the primary operating fund of the Township. At June 30, 2017, its fund balance was $3,573,884, an increase of $244,951 during the fiscal year, as revenues of $1,313,126 exceeded expenditures of $1,068,175.

The Mattawan Fire Fund, which is restricted for fire protection expenditures, reported a fund balance of $969,305 at June 30, 2017, an increase of $129,874 during the fiscal year, as revenues of $360,280 exceeded public safety costs of $189,567 and capital outlay expenditures of $40,839.

General Fund budgetary highlights

The Township did not amend the General Fund budget during the year. Expenditures were $234,935 less than the amounts appropriated, due to lower than anticipated costs in public works, as road projects were lower than anticipated. Revenues were $17,575 more than budgeted, as state grants were higher than anticipated. These variances resulted in a $252,510 positive budget variance and a $244,951 increase in fund balance compared to a budget that anticipated a decrease of $7,559.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of June 30, 2017, amounts to $1,878,874 (net of accumulated depreciation). This investment includes a broad range of assets, including buildings, equipment, and vehicles. The increase in the Township's net investment in capital assets for the current fiscal year was $4,310, as additions of $237,890 exceeded depreciation of $233,580.

Major capital asset additions during the current fiscal year consisted of building improvements of $140,929, the purchase of vehicles for $48,944, and fire equipment for $23,696.

More detailed information about the Township's capital assets is presented in Note 4 of the notes to the basic financial statements.

Debt

The Township had no debt at the beginning or end of the fiscal year.

Other long-term obligations of governmental activities include postemployment healthcare benefits of $1,599,225, an increase of $171,301 from the June 30, 2016, balance of $1,427,924.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township remains in a strong financial condition, despite the economic condition of the State. The Township anticipates small increases in property taxes in 2018. The Township plans to maintain all ongoing programs for 2018.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Daniel J. Ruzick, Township Supervisor
Township of Antwerp
24821 Front Avenue
Mattawan, MI 49071-9598

Phone: (269) 668-2615

BASIC FINANCIAL STATEMENTS

Township of Antwerp

STATEMENT OF NET POSITION

June 30, 2017

	Governmental activities
ASSETS	
Current assets:	
Cash	$ 5,018,742
Receivables	237,560
Prepaid expenses	63,276
Total current assets	5,319,578
Noncurrent assets:	
Capital assets not being depreciated - land	104,385
Capital assets, net of accumulated depreciation	1,774,489
Total noncurrent assets	1,878,874
Total assets	7,198,452
LIABILITIES	
Current liabilities - payables	53,942
Noncurrent liabilities - long-term obligations	1,599,225
Total liabilities	1,653,167
NET POSITION	
Investment in capital assets	1,878,874
Restricted for:	
Public safety	1,520,455
Health and welfare	127,687
Public works	14,277
Unrestricted	2,003,992
Total net position	$ 5,545,285

See notes to financial statements

Township of Antwerp

STATEMENT OF ACTIVITIES

Year ended June 30, 2017

Functions/Programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Net (expenses) revenues and change in net position: Governmental activities
Governmental activities:				
General government	$ 780,819	$ 130,773	$ 16,899	$ (633,147)
Public safety	651,490	572,533	70,090	(8,867)
Public works	206,665	10,760	7,227	(188,678)
Health and welfare	65,384	-	8,347	(57,037)
Community and economic development	72,602	8,842	-	(63,760)
Totals	$ 1,776,960	$ 722,908	$ 102,563	(951,489)
General revenues:				
Taxes				420,255
State grants				677,636
Franchise fees				17,921
Investment income				26,345
Total general revenues				1,142,157
Change in net position				190,668
Net position - beginning				5,354,617
Net position - ending				$ 5,545,285

See notes to financial statements

Township of Antwerp

BALANCE SHEET - *governmental funds*

June 30, 2017

	General	*Mattawan Fire*	*Nonmajor funds*	*Total governmental funds*
ASSETS				
Cash	$ 3,384,548	$ 932,915	$ 701,279	$ 5,018,742
Due from other governmental units	219,436	18,124	-	237,560
Prepaid items	19,666	20,808	22,802	63,276
Total assets	$ 3,623,650	$ 971,847	$ 724,081	$ 5,319,578
LIABILITIES AND FUND BALANCES				
Payables	$ 49,766	$ 2,542	$ 1,634	$ 53,942
Fund balances:				
Nonspendable - prepaid items	19,666	20,808	22,802	63,276
Restricted for:				
Public safety	-	948,497	571,958	1,520,455
Public works	14,277	-	-	14,277
Health and welfare	-	-	127,687	127,687
Unassigned	3,539,941	-	-	3,539,941
Total fund balances	3,573,884	969,305	722,447	5,265,636
Total liabilities and fund balances	$ 3,623,650	$ 971,847	$ 724,081	$ 5,319,578

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds	$ 5,265,636
Amounts reported for *governmental activities* in the statement of net position (page 11) are different because:	
Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.	1,878,874
Long-term obligations - other postemployment benefits other than pensions	(1,599,225)
Net position of *governmental activities*	$ 5,545,285

See notes to financial statements

Township of Antwerp

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *governmental funds*

Year ended June 30, 2017

	General	*Mattawan Fire*	*Nonmajor funds*	*Total governmental funds*
REVENUES				
Taxes	$ 442,843	$ -	$ 81,149	$ 523,992
State grants	703,479	-	-	703,479
Licenses and permits	95,503	-	-	95,503
Intergovernmental	-	68,373	-	68,373
Charges for services	20,950	-	-	20,950
Interest and rentals	24,963	737	645	26,345
Other:				
Assessments	10,760	289,162	204,081	504,003
Miscellaneous	14,628	2,008	8,347	24,983
Total revenues	1,313,126	360,280	294,222	1,967,628
EXPENDITURES				
Current:				
General government	550,796	-	-	550,796
Public safety	86,317	189,567	185,060	460,944
Public works	204,214	-	-	204,214
Health and welfare	-	-	65,384	65,384
Community and economic development	72,602	-	-	72,602
Capital outlay	154,246	40,839	60,944	256,029
Total expenditures	1,068,175	230,406	311,388	1,609,969
NET CHANGES IN FUND BALANCES	244,951	129,874	(17,166)	357,659
FUND BALANCES - BEGINNING	3,328,933	839,431	739,613	4,907,977
FUND BALANCES - ENDING	$ 3,573,884	$ 969,305	$ 722,447	$ 5,265,636

See notes to financial statements

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *governmental funds* (Continued)

Year ended June 30, 2017

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:		
Net change in fund balance - total governmental funds (page 14)	$	357,659
Amounts reported for *governmental activities* in the statement of activities (page 12) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Add - capital asset acquisitions		237,890
Deduct - provision for depreciation		(233,580)
Increase in obligation for other postemployment benefits other than pensions		(171,301)
Change in net position of *governmental activities*	$	190,668

See notes to financial statements

Township of Antwerp

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - *Agency Fund*

June 30, 2017

ASSETS	
Cash	$ 12,769
LIABILITIES	
Due to other governmental units	$ 12,769

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Antwerp, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:
As required by generally accepted accounting principles, these financial statements present only the Township (located in Van Buren County), as there are no other entities for which the Township is considered to be financially accountable.

Government-wide and fund financial statements:
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental 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. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):
The Township reports the following major governmental funds:

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

The Mattawan Fire Fund accounts for specific fire protection expenditures, with funding coming from an extra-voted tax millage.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports a single fiduciary fund (Agency Fund). Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Assets, liabilities, and net position or equity:

Bank deposits - 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.

Receivables and payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." All receivables are considered to be fully collectible.

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

Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., trails and parks), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than $1,000 ($10,000 for infrastructure assets) 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. Donated capital assets are recorded at acquisition value as of the date received. The Township has elected to use the prospective method of accounting for infrastructure assets, whereby it will capitalize its infrastructure assets beginning July 1, 2003, as permitted by GASB Statement No. 34.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 7 years
Vehicles	5 - 15 years
Infrastructure	5 - 20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, and net position or equity:

Net position - Net position represents the difference between assets and liabilities. The Township reports three categories of net position, as follows: (1) *Investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or donors. Restricted net position is reduced by liabilities related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

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

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balance as to purpose. Unassigned fund balance is the amount that does not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the function level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of expenditures over appropriations - The following schedule sets forth reportable budget variances:

Fund	*Function*	*Final budget*	*Actual*	*Variance*
General	Capital outlay	$ 104,000	$ 154,246	$ 50,246
Lawton Fire	Public safety	115,810	122,203	6,393
Quick Response	Capital outlay	2,000	60,944	58,944

NOTE 3 - DEPOSITS

The Township's cash, as shown in the government-wide statement of net position, consists of the following:

	Governmental activities	*Fiduciary activity*	*Totals*
Deposits	$ 5,018,322	$ 12,769	$ 5,031,091
Cash on hand	420	-	420
Totals	$ 5,018,742	$ 12,769	$ 5,031,511

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. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At June 30, 2017, $963,422 of the Township's bank balances of $5,080,357 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning balance	*Increases*	*Decreases*	*Ending balance*
Governmental activities:				
Capital assets not being depreciated - land	$ 104,385	$ -	$ -	$ 104,385
Capital assets being depreciated:				
Buildings and improvements	2,007,477	140,929	-	2,148,406
Land improvements	521,610	-	-	521,610
Equipment	952,053	36,017	-	988,070
Vehicles	2,162,851	60,944	-	2,223,795
Subtotal	5,643,991	237,890	-	5,881,881
Less accumulated depreciation for:				
Buildings and improvements	(1,562,437)	(27,343)	-	(1,589,780)
Land improvements	(159,921)	(25,534)	-	(185,455)
Equipment	(634,923)	(58,521)	-	(693,444)
Vehicles	(1,516,531)	(122,182)	-	(1,638,713)
Subtotal	(3,873,812)	(233,580)	-	(4,107,392)
Total capital assets being depreciated, net	1,770,179	4,310	-	1,774,489
Governmental activities capital assets, net	$ 1,874,564	$ 4,310	$ -	$ 1,878,874

The beginning balance column reflects restated amounts as discussed in Note 13 to the financial statements.

Depreciation expense was charged to programs of the governmental activities as follows:

Governmental activities:	
General government	$ 57,726
Public safety	173,403
Public works	2,451
Total governmental activities	$ 233,580

NOTE 5 - PAYABLES

Payables as of June 30, 2017, for the Township's individual major and nonmajor funds, in the aggregate, were as follows:

Fund	*Accounts*	*Accrued payroll*	*Deposits*	*Totals*
Governmental:				
General	$ 11,154	$ 21,991	$ 16,621	$ 49,766
Mattawan Fire	2,542	-	-	2,542
Nonmajor funds	1,634	-	-	1,634
Total governmental	$ 15,330	$ 21,991	$ 16,621	$ 53,942

NOTE 6 - JOINT VENTURES

Lawton Fire Department Board of Commissioners:
The Township is a member of the Lawton Fire Department Board of Commissioners (the Fire Board), which is a joint venture of the Townships of Antwerp and Porter, and the Village of Lawton. The Administrative Board of the Fire Board consists of six members, which consists of two members appointed by each participating unit. The Fire Board was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2017, the Township of Antwerp contributed $121,703 as its proportionate share of the Fire Board's budgeted costs. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future. Complete audited financial statements for the Fire Board can be obtained from the Village of Lawton.

Paw Paw Fire Department Board:
The Township is a member of the Paw Paw Fire Department Board (the Department), which is a joint venture of the Townships of Antwerp, Almena, Paw Paw and Waverly, and the Village of Paw Paw. The Administrative Board of the Department consists of members appointed by each participating unit. The Department was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2017, the Township of Antwerp contributed $35,676 as its proportionate share of the Department's budgeted costs. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future. Complete audited financial statements for the Department can be obtained from the Treasurer of the Department.

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN

The Township and its employees contribute to the Antwerp Township Group Pension Plan, a defined contribution pension plan. The plan covers all elected officials and all full-time employees, who work 20 hours or more per week, and is administered by a third-party administrator.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate if they are elected officials or full-time employees, as described above. The Plan states that the Township will contribute 15% of the employees total compensation earned and employees must make an after-tax contribution of 5% of their compensation. For the year ended June 30, 2017, the Township and eligible employees made contributions of $36,168 and $12,056, respectively.

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN (Continued)

The Township's contributions for each employee (and interest allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan.

At June 30, 2017, the Township reported no accrued liability as part of the contributions to the plan.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended June 30, 2017, is as follows:

Cumulative excess revenues, beginning of year	$ -
Current year activity:	
Revenues	$ 77,282
Expenses	(82,779)
Deficiency of revenues over expenses	$ (5,497)
Cumulative excess revenues, end of year	$ -

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan description. The Township provides postemployment health benefits through a single-employer defined benefit healthcare plan administered by the Township. All non-disability retirees of the Plan are eligible for this benefit. The Township purchases commercial health insurance to provide this benefit, which is provided for the life of the retiree and his/her spouse. The insurance policy provides coverage of medical expenses and costs for all pre-Medicare age retirees similar to the benefit available to active employees. A reduced coverage policy, or Medicare supplement, is provided for each retiree eligible for Medicare.

Funding policy. The Township pays 100% of the cost of coverage of these benefits for retirees and their spouses on a pay-as-you-go basis. The Township obtains health care coverage through private insurers. The Township has the authority to establish the funding policy for the Plan and to amend the obligations of both the Township and its members. Active members are not obligated to make contributions to the Plan at this time. For the year ended June 30, 2017, the Township contributed $21,649 to the Plan.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB cost and net OPEB obligation. The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC).* The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the Township's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the Plan, and changes in the Township's net OPEB obligation:

Annual required contribution (ARC)	$ 204,517
Interest on net OPEB obligation	55,625
Adjustment to annual required contribution	(67,192)
Annual OPEB cost (expense)	192,950
Contributions made	(21,649)
Increase in net OPEB obligation	171,301
Net OPEB obligation - beginning of year	1,427,924
Net OPEB obligation - end of year	$ 1,599,225

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years 2015 through 2017, were as follows:

Year	*Annual OPEB cost*	*Percentage of annual OPEB cost contributed*	*Net OPEB obligation*
2017	$ 192,950	12.07%	$ 1,599,225
2016	193,544	13.55%	1,427,924
2015	199,748	13.56%	1,254,131

Funded status and funding progress. As of June 30, 2017, the most recent valuation date, the Plan had not been funded, resulting in an unfunded actuarial accrued liability (UAAL) of $2,310,639. The covered payroll (annual payroll of active employees covered by the Plan) was $235,071 and the ratio of the UAAL to the covered payroll was 1004%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Vital Statistics Reports, Vol. 53, No. 6. The Life Tables for U.S. Males and Females, 2007 version, were used.

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

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the National Institute of Health Expenditure Projections, Table 3, 2005 - 2020. A rate of 7.0% initially, reduced to an ultimate rate of 6.9% after six years, was used.

Health insurance premium - 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Inflation rate - The expected long-term inflation assumption of 3.3% was based on an average of the previous five years of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as displayed in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

NOTE 11 - PROPERTY TAX

The 2016 taxable valuation of the Township approximated $344,615,000, on which ad valorem taxes levied consisted of 0.8847 mills for operating purposes and 0.2488 mills for senior services, raising approximately $317,000 for operating purposes and $81,000 for senior services. These amounts are recognized in the respective fund financial statements as property tax revenue.

NOTE 12 - TAX ABATEMENTS

The Township enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Township. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. The abatements may be granted to local businesses located within the Township or promising to relocate within the Township. Depending on the statute referenced for a particular abatement, the Township may grant abatements of up to 50% of annual property taxes through a direct reduction of the entity's property tax bill or not tax the entity on improvements to a property for a period of time, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Township has not made any commitments as part of the agreements other than to reduce taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended June 30, 2017, the Township abated property taxes totaling $51,362 under these programs, summarized as follows:

Purpose	*State statute*	*Percentage of taxes abated*	*Township taxes abated*
Investment in real and personal property	PA 198 of 1974	50%	$ 51,362

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been recorded in fiscal year 2017 that resulted in restatements of opening net position. The adjustments correct the method of accounting used for intangible capital assets. Net position, as of July 1, 2016, included in the government-wide financial statements, represents restated balances as presented below.

	Net position
	Governmental activities
Beginning of year, as previously reported	$ 6,929,426
Prior period adjustment:	
Overstatement of intangible capital assets	(1,574,809)
Beginning of year, as restated	$ 5,354,617

REQUIRED SUPPLEMENTARY INFORMATION

Township of Antwerp

BUDGETARY COMPARISON SCHEDULE - *General Fund*

Year ended June 30, 2017

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Taxes	$ 477,300	$ 477,300	$ 442,843	$ (34,457)
State grants	667,301	667,301	703,479	36,178
Licenses and permits	76,000	76,000	95,503	19,503
Charges for services	26,200	26,200	20,950	(5,250)
Interest and rentals	23,000	23,000	24,963	1,963
Other	25,750	25,750	25,388	(362)
Total revenues	1,295,551	1,295,551	1,313,126	17,575
EXPENDITURES				
General government	561,625	561,625	550,796	10,829
Public safety	103,085	103,085	86,317	16,768
Public works	442,100	442,100	204,214	237,886
Community and economic development	92,300	92,300	72,602	19,698
Capital outlay	104,000	104,000	154,246	(50,246)
Total expenditures	1,303,110	1,303,110	1,068,175	234,935
NET CHANGES IN FUND BALANCES	(7,559)	(7,559)	244,951	252,510
FUND BALANCES - BEGINNING	3,328,933	3,328,933	3,328,933	-
FUND BALANCES - ENDING	$ 3,321,374	$ 3,321,374	$ 3,573,884	$ 252,510

Township of Antwerp

BUDGETARY COMPARISON SCHEDULE - *Mattawan Fire Fund*

Year ended June 30, 2017

	Original budget	*Final budget*	*Actual*	*Variance with final budget positive (negative)*
REVENUES				
Intergovernmental	$ 64,925	$ 64,925	$ 68,373	$ 3,448
Interest and rentals	539	539	737	198
Other:				
Assessments	274,574	274,574	289,162	14,588
Miscellaneous	-	-	2,008	2,008
Total revenues	340,038	340,038	360,280	20,242
EXPENDITURES				
Public safety	278,500	278,500	189,567	88,933
Capital outlay	128,000	128,000	40,839	87,161
Total expenditures	406,500	406,500	230,406	176,094
NET CHANGES IN FUND BALANCES	(66,462)	(66,462)	129,874	196,336
FUND BALANCES - BEGINNING	839,431	839,431	839,431	-
FUND BALANCES - ENDING	$ 772,969	$ 772,969	$ 969,305	$ 196,336

Township of Antwerp

SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT HEALTHCARE PLAN

Year ended June 30, 2017

Valuation date, June 30,	*Actuarial accrued liability (AAL) (a)*	*Market value of assets (b)*	*Unfunded AAL (UAAL) (a-b)*	*Funded ratio (b/a)*	*Covered payroll (c)*	*UAAL as a percentage of covered payroll ((a-b)/c)*
2015	$ 2,310,639	$ -	$ 2,310,639	0%	$ 225,630	1024%
2012	1,975,586	-	1,975,586	0%	217,270	909%
2009	1,975,586	-	1,975,586	0%	217,270	909%

SUPPLEMENTARY INFORMATION

Township of Antwerp

COMBINING BALANCE SHEET - *nonmajor governmental funds*

June 30, 2017

	Special revenue funds				
	Paw Paw Fire	*Mattawan Quick Response*	*Lawton Fire*	*Senior Services*	*Totals*
ASSETS					
Cash	$ 209,532	$ 6,863	$ 356,114	$ 128,770	$ 701,279
Prepaid item	-	3,476	19,326	-	22,802
	$ 209,532	$ 10,339	$ 375,440	$ 128,770	$ 724,081
LIABILITIES AND FUND BALANCES					
Payables	$ 551	$ -	$ -	$ 1,083	$ 1,634
FUND BALANCES					
Nonspendable - prepaid items	$ -	$ 3,476	$ 19,326	$ -	$ 22,802
Restricted for:					
Public safety	208,981	6,863	356,114	-	571,958
Health and welfare	-	-	-	127,687	127,687
Total fund balances	208,981	10,339	375,440	127,687	722,447
Total liabilities and fund balances	$ 209,532	$ 10,339	$ 375,440	$ 128,770	$ 724,081

Township of Antwerp

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - *nonmajor governmental funds*

Year ended June 30, 2017

	Special revenue funds				
	Paw Paw Fire	*Mattawan Quick Response*	*Lawton Fire*	*Senior Services*	*Totals*
REVENUES					
Taxes	$ -	$ -	$ -	$ 81,149	$ 81,149
Interest	155	18	225	247	645
Other:					
Assessments	57,721	29,937	116,423	-	204,081
Miscellaneous	-	-	-	8,347	8,347
Total revenues	57,876	29,955	116,648	89,743	294,222
EXPENDITURES					
Current:					
Public safety	36,176	26,681	122,203	-	185,060
Health and welfare	-	-	-	65,384	65,384
Capital outlay	-	60,944	-	-	60,944
Total expenditures	36,176	87,625	122,203	65,384	311,388
NET CHANGES IN FUND BALANCES	21,700	(57,670)	(5,555)	24,359	(17,166)
FUND BALANCES - BEGINNING	187,281	68,009	380,995	103,328	739,613
FUND BALANCES - ENDING	$ 208,981	$ 10,339	$ 375,440	$ 127,687	$ 722,447