

# **Charter Township of Flint**

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**Financial Report  
with Supplemental Information  
December 31, 2014**

# Charter Township of Flint

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# Charter Township of Flint

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Flint

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint (the "Township") as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Charter Township of Flint's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

To the Board of Trustees  
Charter Township of Flint

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint as of December 31, 2014 and the respective changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 16 to the basic financial statements, in 2014, the Township adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. As a result, this statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplemental information. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system and OPEB schedules, and the major fund budgetary comparison schedules as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 Information***

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

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees  
Charter Township of Flint

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2015 on our consideration of the Charter Township of Flint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Flint's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

May 4, 2015

# Charter Township of Flint

## Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Flint's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Township's financial statements.

### Using this Annual Report

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

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

### Governmental and Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Cash and investments	\$ 6,057,096	\$ 6,699,718	\$ 6,577,807	\$ 5,906,768	\$ 12,634,903	\$ 12,606,486
Current receivables	9,377,409	6,610,110	3,893,798	3,627,319	13,271,207	10,237,429
Prepaid items	63,568	232,790	2,323	6,909	65,891	239,699
Net pension asset	1,351,226	1,414,796	-	-	1,351,226	1,414,796
Capital assets	13,412,515	14,975,737	2,534,041	2,695,130	15,946,556	17,670,867
Total assets	30,261,814	29,933,151	13,007,969	12,236,126	43,269,783	42,169,277
<b>Liabilities</b>						
Current liabilities	855,846	1,270,586	2,230,248	2,021,143	3,086,094	3,291,729
Long-term liabilities	6,791,008	6,420,014	700,711	674,899	7,491,719	7,094,913
Total liabilities	7,646,854	7,690,600	2,930,959	2,696,042	10,577,813	10,386,642
<b>Deferred Inflows of Resources</b>	9,085,269	6,217,570	-	-	9,085,269	6,217,570
<b>Net Position</b>						
Net investment in capital assets	11,052,703	12,273,627	2,124,408	2,265,497	13,177,111	14,539,124
Restricted	2,489,970	2,553,029	-	-	2,489,970	2,553,029
Unrestricted	(12,982)	1,198,325	7,952,602	7,274,587	7,939,620	8,472,912
Total net position	<u>\$ 13,529,691</u>	<u>\$ 16,024,981</u>	<u>\$ 10,077,010</u>	<u>\$ 9,540,084</u>	<u>\$ 23,606,701</u>	<u>\$ 25,565,065</u>

# Charter Township of Flint

## Management's Discussion and Analysis (Continued)

The governmental net position decreased 16 percent from a year ago - decreasing from \$16,024,981 to \$13,529,691. Last year's net position decreased by 14 percent.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3,209,551	\$ 3,184,608	\$ 12,020,019	\$ 10,929,476	\$ 15,229,570	\$ 14,114,084
Operating grants	477,174	497,283	-	-	477,174	497,283
Capital grants	35,951	80,819	30,203	17,573	66,154	98,392
General revenue:						
Property taxes	4,951,594	4,577,145	-	-	4,951,594	4,577,145
State-shared revenue	2,481,730	2,373,589	-	-	2,481,730	2,373,589
Investment earnings	82,716	82,159	6,755	4,825	89,471	86,984
Other revenue	677,441	675,014	-	-	677,441	675,014
Total revenue	<u>11,916,157</u>	<u>11,470,617</u>	<u>12,056,977</u>	<u>10,951,874</u>	<u>23,973,134</u>	<u>22,422,491</u>
<b>Program Expenses</b>						
General government	3,150,723	2,935,649	-	-	3,150,723	2,935,649
Public safety	7,684,028	8,120,603	-	-	7,684,028	8,120,603
Public works	3,322,503	2,779,290	-	-	3,322,503	2,779,290
Recreation and cultural	134,274	87,957	-	-	134,274	87,957
Sewer and water	-	-	11,520,051	10,413,340	11,520,051	10,413,340
Interest on long-term debt	119,919	161,359	-	-	119,919	161,359
Total expenses	<u>14,411,447</u>	<u>14,084,858</u>	<u>11,520,051</u>	<u>10,413,340</u>	<u>25,931,498</u>	<u>24,498,198</u>
<b>Change in Net Position</b>	<b><u>\$ (2,495,290)</u></b>	<b><u>\$ (2,614,241)</u></b>	<b><u>\$ 536,926</u></b>	<b><u>\$ 538,534</u></b>	<b><u>\$ (1,958,364)</u></b>	<b><u>\$ (2,075,707)</u></b>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by \$1,211,307 for governmental activities. The current level of unrestricted net position for our governmental activities stands at (\$12,982). Property tax revenue increased approximately \$374,000 primarily due to a decrease in the liability for uncollectible amounts.

The Township's business-type activities consist of the Sewer and Water Fund. The total net position of business-type activities increased by \$536,926 or 6 percent. Last year's net position also increased by 6 percent. The charges for services and sewer and water expenses increased approximately \$1.1 million due to additional fees and costs related to providing the service to residents.

Unrestricted net position of the business-type activities increased by \$678,015 or approximately 9 percent.



# **Charter Township of Flint**

## **Management's Discussion and Analysis (Continued)**

### **Financial Analysis of the Township's Funds**

As the Township completed the year, its General Fund reported a fund balance of \$3,767,236. This represents a decrease of \$602,116 from the prior year. The Township's General Fund revenues, excluding other financing sources, were approximately \$10.2 million. Property taxes were \$3.9 million or 38 percent of the total revenues. State revenue sharing made up \$2.5 million or 25 percent of total revenue.

The Township Board passed a 2014 General Fund budget anticipating a decrease of approximately \$1,865,000 of fund balance. However, the change in fund balance was a decrease of \$602,000. The Township's actual expenditures were \$755,344 less than the final amended budget.

### **Budgetary Highlights**

Amended to Actual - General Fund revenues totaled \$10,245,750, \$497,112 more than the final amended budget. The largest differences between budget and actual revenue were more than anticipated property tax revenue, (\$375,000), charges for services (\$28,000), licenses and permits (\$13,000), state-shared revenue and grants (\$64,000), and cable franchise fees (\$13,000).

General Fund expenditures totaled \$10,863,263, \$755,344 less than the final amended budget. General government expenditures totaled \$2,714,878, approximately \$192,000 less than the final amended budget.

### **Capital Assets**

At the end of 2014, the Township had invested \$13.2 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board (GASB).

Major capital asset events during the current fiscal year included the following:

- Numerous street paving projects totaling \$95,000
- Equipment purchases of \$104,000
- Public Safety vehicle purchases of \$127,000
- The Township also disposed of approximately \$125,000 of vehicles used in the Police and Fire Departments and other machinery and equipment.

Additional information on the Township's capital assets can be found in Note 5 of this report.

# **Charter Township of Flint**

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## **Management's Discussion and Analysis (Continued)**

### **Long-term Debt**

At year end, the Township had approximately \$7.2 million in governmental long-term debt, including \$870,000 in special assessment debt. Included in long-term debt is the postemployment benefit obligation (OPEB) for retiree healthcare. The business-type activities had approximately \$701,000 in debt including the Fenton Road Watermain debt and the postemployment benefit obligation (OPEB) for retiree healthcare.

At year end, \$4,610,884 and \$291,078 was the balance for OPEB liability for the governmental and business-type activities, respectively.

The Township's current bond rating is Aa3.

Additional information on the Township's long-term debt can be found in Note 7 of this report.

### **Economic Factors**

- The unemployment rate for the Flint Township area was 6 percent for 2014. This compares to an unemployment rate of 9 percent for the previous year.

### **Contacting the Township's Financial Administration**

This financial report is intended to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Charter Township of Flint's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Department, 1490 South Dye Road, Flint, Michigan 48532-4121.

# Charter Township of Flint

## Statement of Net Position December 31, 2014

	Primary Government			Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 3,630,912	\$ 6,077,807	\$ 9,708,719	\$ 575
Investments	2,426,184	500,000	2,926,184	-
Receivables:				
Property taxes receivable	7,208,359	-	7,208,359	-
Receivables from sales to customers on account	167,964	3,920,734	4,088,698	-
Accrued interest receivable	698	2,834	3,532	-
Other receivables	2,784	-	2,784	-
Due from other governmental units	500,910	-	500,910	-
Special assessments receivable	1,466,924	-	1,466,924	-
Internal balances	29,770	(29,770)	-	-
Prepaid expenses and other assets	63,568	2,323	65,891	-
Capital assets (Note 5):				
Assets not subject to depreciation	2,836,802	-	2,836,802	-
Assets subject to depreciation	10,575,713	2,534,041	13,109,754	-
Net pension asset	1,351,226	-	1,351,226	-
<b>Total assets</b>	<b>30,261,814</b>	<b>13,007,969</b>	<b>43,269,783</b>	<b>575</b>
<b>Liabilities</b>				
Accounts payable	322,270	102,336	424,606	-
Due to other governmental units	14,665	2,101,547	2,116,212	-
Refundable deposits, bonds, etc.	16,674	24,471	41,145	-
Accrued liabilities and other	118,666	1,894	120,560	-
Noncurrent liabilities (Note 7):				
Due within one year	383,571	20,000	403,571	-
Due in more than one year	6,791,008	680,711	7,471,719	-
<b>Total liabilities</b>	<b>7,646,854</b>	<b>2,930,959</b>	<b>10,577,813</b>	<b>-</b>
<b>Deferred Inflows of Resources (Note 4)</b>				
Property taxes levied for the following year	8,050,089	-	8,050,089	-
Special assessments levied for the following year	1,035,180	-	1,035,180	-
<b>Total deferred inflows of resources</b>	<b>9,085,269</b>	<b>-</b>	<b>9,085,269</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	11,052,703	2,124,408	13,177,111	-
Restricted for:				
Police	276,008	-	276,008	-
ROW	31,765	-	31,765	-
Fire	692,709	-	692,709	-
Roads	100,748	-	100,748	-
Debt service	740,745	-	740,745	-
Public access programming	17,544	-	17,544	-
Grants	630,451	-	630,451	-
Unrestricted	(12,982)	7,952,602	7,939,620	575
<b>Total net position</b>	<b>\$ 13,529,691</b>	<b>\$ 10,077,010</b>	<b>\$ 23,606,701</b>	<b>\$ 575</b>

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

# Charter Township of Flint

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,148,205	\$ 828,127	\$ -	\$ -
Public safety	7,684,028	736,021	458,063	-
Public works	3,322,843	1,647,263	40,034	-
Recreation and culture	108,540	-	-	1,000
Interest on long-term debt	87,919	-	-	-
Total governmental activities	14,351,535	3,211,411	498,097	1,000
Business-type activities	11,520,051	12,020,019	-	30,203
Total primary government	<b>\$ 25,871,586</b>	<b>\$ 15,231,430</b>	<b>\$ 498,097</b>	<b>\$ 31,203</b>
Component units	<b>\$ 284</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				

## Change in Net Position

**Net Position** - Beginning of year

**Net Position** - End of year

**Statement of Activities**  
**Year Ended December 31, 2014**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$ (2,320,078)	\$ -	\$ (2,320,078)	\$ -
(6,489,944)	-	(6,489,944)	-
(1,635,546)	-	(1,635,546)	-
(107,540)	-	(107,540)	-
(87,919)	-	(87,919)	-
(10,641,027)	-	(10,641,027)	-
-	530,171	530,171	-
(10,641,027)	530,171	(10,110,856)	-
-	-	-	(284)
4,951,594	-	4,951,594	-
2,481,730	-	2,481,730	-
82,716	6,755	89,471	-
527,761	-	527,761	-
101,936	-	101,936	-
8,145,737	6,755	8,152,492	-
(2,495,290)	536,926	(1,958,364)	(284)
16,024,981	9,540,084	25,565,065	859
<b>\$ 13,529,691</b>	<b>\$ 10,077,010</b>	<b>\$ 23,606,701</b>	<b>\$ 575</b>

# Charter Township of Flint

## Governmental Funds Balance Sheet December 31, 2014

	General Fund	Police and Fire Millage Fund	Nonmajor Funds	Total
<b>Assets</b>				
Cash and investments	\$ 3,628,164	\$ 374,400	\$ 2,054,532	\$ 6,057,096
Receivables:				
Property taxes receivable	3,732,979	2,623,457	851,923	7,208,359
Special assessments receivable	1,035,180	-	431,744	1,466,924
Receivables from sales to customers on account	167,964	-	-	167,964
Accrued interest receivable	698	-	-	698
Other receivables	2,246	-	538	2,784
Due from other governmental units	482,692	-	18,218	500,910
Due from other funds	48,079	-	17,227	65,306
Prepaid expenses and other assets	63,517	51	-	63,568
Total assets	<u>\$ 9,161,519</u>	<u>\$ 2,997,908</u>	<u>\$ 3,374,182</u>	<u>\$15,533,609</u>
<b>Liabilities</b>				
Accounts payable	\$ 163,666	\$ -	\$ 158,604	\$ 322,270
Due to other governmental units	-	-	14,665	14,665
Due to other funds	17,227	-	18,309	35,536
Refundable deposits, bonds, etc.	16,674	-	-	16,674
Accrued liabilities and other	104,125	-	-	104,125
Total liabilities	301,692	-	191,578	493,270
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	446,772	446,772
Property taxes levied for the following year	4,057,411	2,997,906	994,772	8,050,089
Special assessments levied for the following year	1,035,180	-	-	1,035,180
Total deferred inflows of resources	5,092,591	2,997,906	1,441,544	9,532,041
<b>Fund Balances</b>				
Nonspendable - Prepaids	63,517	51	-	63,568
Restricted:				
Roads	-	-	25,752	25,752
Police	236,800	2	39,206	276,008
Fire	-	-	692,709	692,709
Debt service	-	-	383,997	383,997
Grants	1,000	-	611,862	612,862
ROW	31,765	-	-	31,765
Public access programming	17,544	-	-	17,544
Unassigned	3,416,610	(51)	(12,466)	3,404,093
Total fund balances	3,767,236	2	1,741,060	5,508,298
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,161,519</u>	<u>\$ 2,997,908</u>	<u>\$ 3,374,182</u>	<u>\$15,533,609</u>

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

# Charter Township of Flint

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2014

<b>Fund Balance Reported in Governmental Funds</b>	\$	5,508,298
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		13,412,515
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds		446,772
Accrued interest is not due and payable in the current period and is not reported in the funds		(14,541)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities		(203,883)
Bonds payable are not due and payable in the current period and are not reported in the funds		(2,359,812)
Other long-term assets, such as net pension assets, are not available for current financial resources and are not reported as fund assets		1,351,226
Other long-term liabilities, such as net other postemployment benefit obligations, do not present a claim on current financial resources and are not reported as fund liabilities		(4,610,884)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>13,529,691</u></b>

# Charter Township of Flint

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2014

	General Fund	Police & Fire Millage Fund	Nonmajor Funds	Total
<b>Revenue</b>				
Property taxes	\$ 3,948,131	\$ -	\$ 1,003,463	\$ 4,951,594
Licenses and permits	334,947	-	-	334,947
Federal grants	38,311	-	420,719	459,030
State-shared revenue and grants	2,520,797	-	-	2,520,797
Charges for services	1,301,361	-	-	1,301,361
Fines and forfeitures	176,393	-	-	176,393
Investment income	45,419	2	37,295	82,716
Rental income	15,800	-	134,611	150,411
Other revenue:				
Special assessments	1,246,779	-	147,455	1,394,234
Cable franchise fees	527,761	-	-	527,761
Other miscellaneous income	90,051	-	14,405	104,456
Total revenue	10,245,750	2	1,757,948	12,003,700
<b>Expenditures</b>				
Current:				
General government	2,714,878	-	150	2,715,028
Public safety	6,420,069	-	836,112	7,256,181
Public works	1,659,365	-	425,055	2,084,420
Recreation and culture	63,353	-	16,735	80,088
Debt service:				
Principal	5,598	-	342,298	347,896
Interest on long-term debt	-	-	82,321	82,321
Total expenditures	10,863,263	-	1,702,671	12,565,934
<b>Excess of Expenditures Over Revenue</b>	(617,513)	2	55,277	(562,234)
<b>Other Financing Sources (Use)</b>				
Proceeds from sale of capital assets	15,397	-	-	15,397
Transfers in	-	-	32,000	32,000
Transfers out	-	-	(32,000)	(32,000)
Total other financing sources	15,397	-	-	15,397
<b>Net Change in Fund Balances</b>	(602,116)	2	55,277	(546,837)
<b>Fund Balances - Beginning of year</b>	4,369,352	-	1,685,783	6,055,135
<b>Fund Balances - End of year</b>	<b>\$ 3,767,236</b>	<b>\$ 2</b>	<b>\$ 1,741,060</b>	<b>\$ 5,508,298</b>



# Charter Township of Flint

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2014

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (546,837)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	326,395
Depreciation expense	(1,652,419)
Net book value of assets disposals and adjustments	(237,198)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(132,767)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	342,298
Decrease in net pension asset is shown on the statement of net position which reduces pension expense in the statement of activities	(63,570)
Increase in net other postemployment benefit obligation	(550,681)
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	19,489
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (2,495,290)</b>

# Charter Township of Flint

## Proprietary Funds Statement of Net Position December 31, 2014

	Enterprise Funds <u>Sewer and Water</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 6,077,807
Investments	500,000
Receivables:	
Receivables from sales to customers on account	3,920,734
Accrued interest receivable	2,834
Prepaid expenses and other assets	<u>2,323</u>
Total current assets	10,503,698
Noncurrent assets - Capital assets	<u>2,534,041</u>
Total assets	13,037,739
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	102,336
Due to other governmental units	2,101,547
Due to other funds	29,770
Refundable deposits, bonds, etc.	24,471
Accrued liabilities and other	1,894
Current portion of long-term debt (Note 7)	<u>20,000</u>
Total current liabilities	2,280,018
Noncurrent liabilities:	
Net OPEB obligation (Note 14)	291,078
Long-term debt (Note 7)	<u>389,633</u>
Total noncurrent liabilities	<u>680,711</u>
Total liabilities	<u>2,960,729</u>
<b>Net Position</b>	
Net investment in capital assets	2,124,408
Unrestricted	<u>7,952,602</u>
Total net position	<u><u>\$ 10,077,010</u></u>

# Charter Township of Flint

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2014

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water</u>
<b>Operating Revenue</b>	
Charges for service	\$ 11,753,702
Fines and penalties	259,984
Miscellaneous	<u>6,333</u>
Total operating revenue	12,020,019
<b>Operating Expenses</b>	
Cost of water	6,141,455
Cost of sewage treatment	3,901,203
Supplies	3,629
Repairs	533,095
Personnel services	569,534
Contractual	58,242
Insurance	73,628
Other postemployment benefit expense	46,012
Professional services	12,261
Miscellaneous	4,686
Depreciation	<u>165,715</u>
Total operating expenses	<u>11,509,460</u>
<b>Operating Income</b>	510,559
<b>Nonoperating Revenue (Expense)</b>	
Investment income	6,755
Interest expense	<u>(10,591)</u>
Total nonoperating expense	<u>(3,836)</u>
<b>Income - Before contributions</b>	506,723
<b>Capital Contributions</b>	<u>30,203</u>
<b>Change in Net Position</b>	536,926
<b>Net Position - Beginning of year</b>	<u>9,540,084</u>
<b>Net Position - End of year</b>	<u><u>\$ 10,077,010</u></u>

# Charter Township of Flint

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2014

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 11,749,102
Receipts from interfund services and reimbursements	381
Payments to suppliers	(10,793,760)
Payments to employees	(290,482)
Internal activity - Payments to other funds	3,795
	<u>669,036</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Special assessment collections	33,004
Purchase of capital assets	(4,626)
Principal and interest paid on capital debt	(30,591)
	<u>(2,213)</u>
<b>Cash Flows from Investing Activities</b> - Interest received on investments	<u>4,216</u>
<b>Net Increase in Cash and Cash Equivalents</b>	671,039
<b>Cash and Cash Equivalents</b> - Beginning of year	<u>5,406,768</u>
<b>Cash and Cash Equivalents</b> - End of year	<u><b>\$ 6,077,807</b></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 510,559
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	165,715
Changes in assets and liabilities:	
Receivables	(270,917)
Due from others	381
Prepaid and other assets	4,586
Accounts payable	212,727
Due to others	3,795
Accrued and other liabilities	42,190
	<u>669,036</u>
Net cash provided by operating activities	<u><b>\$ 669,036</b></u>

# Charter Township of Flint

## Fiduciary Funds Statement of Fiduciary Net Position December 31, 2014

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 59,548	\$ 687,071
Investments - Mutual funds	5,965,549	-
Receivables	1	296,603
	<u>6,025,098</u>	<u>\$ 983,674</u>
<b>Liabilities</b>		
Due to other governmental units	-	\$ 208,977
Undistributed taxes	-	536,313
Refundable deposits, bonds, etc.	-	174,173
Accrued liabilities and other	-	64,211
	<u>-</u>	<u>\$ 983,674</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 6,025,098</u>	

# Charter Township of Flint

## Fiduciary Funds Statement of Changes in Fiduciary Net Position - Trust Funds Year Ended December 31, 2014

	<u>Trust Funds</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 356,658
Net increase in fair value of investments	<u>167,426</u>
Net investment income	524,084
Contributions:	
Employer	964,720
Employee	<u>63,415</u>
Total contributions	<u>1,028,135</u>
Total additions	1,552,219
<b>Deductions</b>	
Benefit payments	1,130,512
Administrative expenses	<u>7,640</u>
Total deductions	<u>1,138,152</u>
<b>Net Increase in Net Position Held in Trust</b>	414,067
<b>Net Position Held in Trust for Pension and Other Employee Benefits -     Beginning of year</b>	<u>5,611,031</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits -     End of year</b>	<u><u>\$ 6,025,098</u></u>

# Charter Township of Flint

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## Notes to Financial Statements December 31, 2014

### Note I - Nature of Business and Significant Accounting Policies

#### Reporting Entity

The Charter Township of Flint (the "Township") was incorporated on July 17, 1978 under the provisions of Act 90, P.A. 1976, as amended. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

#### **Blended Component Units**

**The Charter Township of Flint Firefighters' Trust Fund** - The Charter Township of Flint Firefighters' Trust Fund (the "Trust Fund") is made up of Township employees and elected officials. The Pension Board approves investment policies. The Pension Board provides services exclusively to Township employees (current and retired).

**Charter Township of Flint Building Authority** - The Charter Township of Flint Building Authority (the "Authority") governing board is made up of Township employees and Township residents. The Authority Board provides services exclusively to the Township for the purpose of overseeing future construction projects.

#### **Discretely Presented Component Units**

**Charter Township of Flint Economic Development Corporation** - The Charter Township of Flint Economic Development Corporation (the "Corporation") board is appointed by the Township. The Township approves the annual budget and provides employees and facilities to the Corporation.

All financial information of this component unit has been included in these financial statements. There are no separately issued financial statements.

#### Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

#### **Fund Accounting**

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



### Note I - Nature of Business and Significant Accounting Policies (Continued)

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Police and Fire Millage Fund accounts for revenue and expenditures for the police and fire departments including a special property tax millage that directly benefits and is solely designated for police and fire activities.

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

- The Water and Sewer Fund is maintained for the operations of the water distribution system and sewage pumping and collection systems.

**Fiduciary funds** include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Pension Trust Fund accounts for the activities of the Fire Fighters' Trust Fund utilized to pay for Township fire fighter retirees. The Fund accumulates resources for pension benefits financed by both employer and employee contributions.
- The Postemployment Benefit Trust Fund accumulates resources for post-employment benefit payments for Township retired employees.
- The Agency Fund accounts for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

#### **Basis of Accounting**

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

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

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

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

#### **Specific Balances and Transactions**

**Cash, Cash Equivalents, and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances 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.

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

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

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

<u>Capital Asset Class</u>	<u>Lives - Years</u>
Infrastructure	10-20
Water and sewer systems	40
Building improvements	7-20
Buildings and building improvements	30
Vehicles	2-15
Equipment and furniture	3-18
Computer equipment	5-10

**Compensated Absences** - It is the Township's policy to pay firefighters one-half of their unused sick days at the time of retirement. All other Township employees are paid for unused sick days on an annual basis. Employees lose any unused vacation time at the end of the year. The liability for sick time is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only for firefighter terminations as of the year end. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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

**Pension and Other Postemployment Benefit Costs** - The Township offers both pension and retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. The net pension obligation and net OPEB obligation have generally been liquidated from the funds that the individual employee's salaries are paid, which are generally the General Fund and Sewer and Water Fund.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no deferred outflows of resources

# Charter Township of Flint

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## Notes to Financial Statements December 31, 2014

### Note I - Nature of Business and Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are deferred inflows in the governmental funds and in the government-wide statements related to property taxes and special assessments that have been collected by the Township prior to year end but are used to fund 2015 operations. The governmental funds also report unavailable revenues from grants and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### Net Position Flow Assumption

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

#### Fund Balance Flow Assumption

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

#### Fund Balance Policies

In the fund financial statements, governmental funds report the following components of fund balance.

*Nonspendable* - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

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

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note I - Nature of Business and Significant Accounting Policies (Continued)

*Committed* - Amounts that have been formally set aside by the Township for use for specific purposes. Commitments are made and can be rescinded only via resolutions of the Township Board.

*Assigned* - Intent to spend resources on specific purposes expressed by the Township Board. Assignments must be authorized by resolution and approved by the Township Board.

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

#### Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Unpaid property taxes become a lien on the property on March 1 of the second year following the year of the levy.

The Township's 2013 tax is levied and collectible on December 1, 2013 and is recognized as revenue in the year ended December 31, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 taxable valuation of the Township totaled \$818.8 million. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	4.6423	\$ 3,801,117
Police operating (10 years 2007-2016)	.500	409,400
Roads (10 years 2006-2015)	.500	409,400
Fire equipment (5 years 2011-2015)	.250	204,700
Total	<u>5.8900</u>	<u>\$ 4,824,617</u>

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Proprietary Funds Operating Classification** - 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 Fund and internal service funds are charges to customers for sales and services. The Sewer and Water Fund 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 enterprise funds and 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.

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

### Note 2 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at January 1, 2014	\$ (771,059)
Current year permit revenue	141,146
Related expenses - Professional services	<u>(169,583)</u>
Current year shortfall	<u>(28,437)</u>
Cumulative shortfall at December 31, 2014	<u>\$ (799,496)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$13,346,107 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. At year end, all of the bank deposits of the EDC were insured. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.



# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 3 - Deposits and Investments (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
<b>Fiduciary Funds</b> - Mutual fund - Fixed income	<u>\$ 2,198,524</u>	4 - 12 years

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
Mutual fund - Fixed income	\$ 2,198,524	Not rated	N/A
Money market	<u>106,932</u>	Not rated	N/A
Total	<u>\$ 2,305,456</u>		

### Note 4 - Deferred Inflows of Resources

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

	Governmental Funds	Governmental Activities
Property taxes levied for the following year	\$ 8,050,089	\$ 8,050,089
Special assessments - Unavailable	431,744	-
Rubbish fee levied for the following year	1,035,180	1,035,180
Grant revenue - Unavailable	<u>17,589</u>	<u>-</u>
Total deferred inflows	<u>\$ 9,534,602</u>	<u>\$ 9,085,269</u>

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 5 - Capital Assets

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

Governmental Activities	Balance	Adjustments	Additions	Disposals	Balance
	January 1, 2014				December 31, 2014
Capital assets not being depreciated -					
Land	\$ 2,836,802	\$ -	\$ -	\$ -	\$ 2,836,802
Capital assets being depreciated:					
Infrastructure	24,717,438	(232,455)	95,167	-	24,580,150
Buildings and improvements	7,152,428	-	-	-	7,152,428
Machinery and equipment	3,437,424	(2,570)	104,404	(52,882)	3,486,376
Vehicles	2,418,254	-	126,824	(72,718)	2,472,360
Office furnishings	180,203	-	-	-	180,203
Subtotal	37,905,747	(235,025)	326,395	(125,600)	37,871,517
Accumulated depreciation:					
Infrastructure	17,952,184	-	976,817	-	18,929,001
Buildings and improvements	2,643,494	-	183,488	-	2,826,982
Machinery and equipment	3,498,702	-	284,041	(52,882)	3,729,861
Vehicles	1,524,059	-	204,038	(70,545)	1,657,552
Office furnishings	148,373	-	4,035	-	152,408
Subtotal	25,766,812	-	1,652,419	(123,427)	27,295,804
Net capital assets being depreciated	12,138,935	(235,025)	(1,326,024)	(2,173)	10,575,713
Net capital assets	\$ 14,975,737	\$ (235,025)	\$ (1,326,024)	\$ (2,173)	\$ 13,412,515
<b>Business-type Activities</b>					
Capital assets being depreciated:					
Water and sewer lines	\$ 40,656,461	\$ -	\$ -	\$ -	\$ 40,656,461
Office furnishings	111,151	4,626	-	-	115,777
Subtotal	40,767,612	4,626	-	-	40,772,238
Accumulated depreciation:					
Water and sewer lines	37,997,771	161,579	-	-	38,159,350
Office furnishings	74,711	4,136	-	-	78,847
Subtotal	38,072,482	165,715	-	-	38,238,197
Net capital assets being depreciated	2,695,130	(161,089)	-	-	2,534,041
Net capital assets	\$ 2,695,130	\$ (161,089)	\$ -	\$ -	\$ 2,534,041

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

#### Governmental activities:

General government	\$ 233,437
Public safety	299,081
Public works	1,112,972
Recreation and culture	6,929
Total governmental activities	\$ 1,652,419
Business-type activities - Water and sewer	\$ 165,715

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from Other Funds</b>		
General Fund	Sewer and Water Fund	\$ 29,770
	Other governmental funds	18,309
	Total General Fund	48,079
Other governmental funds	General Fund	17,227
	Total	<u>\$ 65,306</u>

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Municipal Street Fund	Other governmental funds	<u>\$ 32,000</u>

The transfer from the Municipal Street Fund to the Road Debt Service Fund is related to the debt payment, which is paid out of the Road Debt Service Fund.

### Note 7 - Long-term Debt

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

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
Building Authority Bonds - Series 2013 Refunded	2.490%	2024	\$ 1,390,000	\$ -	\$ 100,000	\$ 1,290,000	\$ 100,000
Road assessment	n/a	2018	297,110	-	97,298	199,812	95,436
Special assessment - Capital Road Bonds	2% - 4.25%	2020	1,015,000	-	145,000	870,000	145,000
Total bonds payable			2,702,110	-	342,298	2,359,812	340,436
Accumulated compensated absences	n/a	n/a	223,372	32,454	51,943	203,883	43,135
Net OPEB liability	n/a	n/a	4,060,203	550,681	-	4,610,884	-
Total governmental activities			\$ 6,985,685	\$ 583,135	\$ 394,241	\$ 7,174,579	\$ 383,571
<b>Business-type Activities</b>							
Fenton Road Watermain Debt	2.50%	April 1, 2031	\$ 429,633	\$ -	\$ 20,000	\$ 409,633	\$ 20,000
Net OPEB liability	n/a	n/a	245,266	45,812	-	291,078	-
Total business-type activities			\$ 674,899	\$ 45,812	\$ 20,000	\$ 700,711	\$ 20,000

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

Year Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 340,436	\$ 70,887	\$ 411,323	\$ 20,000	\$ 9,990	\$ 29,990
2016	332,076	59,361	391,437	20,000	9,490	29,490
2017	282,300	47,867	330,167	20,000	8,990	28,990
2018	270,000	38,834	308,834	22,500	8,459	30,959
2019	275,000	30,103	305,103	22,500	7,897	30,397
2020-2024	860,000	57,563	917,563	117,500	30,923	148,423
2025-2029	-	-	-	130,000	15,458	145,458
2030-2034	-	-	-	57,133	1,454	58,587
Total	\$ 2,359,812	\$ 304,615	\$ 2,664,427	\$ 409,633	\$ 92,661	\$ 502,294

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 7 - Long-term Debt (Continued)

**Advance and Current Refundings** - During 2013, the Township issued \$1,425,000 in general obligation (revenue) bonds with an average interest rate of 3.9 percent. The proceeds of these bonds were used to advance refund \$1,435,000 of outstanding Building Authority Bonds - Series 2002 with an average interest rate of 4.75 percent. The net proceeds of \$1,423,605 (after payment of \$1,395 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the governmental activities debt. The advance refunding reduced total debt service payments over the next 16 years by \$534,191, which represents an economic gain of \$312,406.

### Note 8 - No Commitment Debt

The Economic Development Corporation of the Charter Township of Flint (the "Corporation") has issued limited obligation economic development revenue bonds. Since the bonds are payable solely from the net revenues derived from the project and the bonds are not a general obligation of the Corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of December 31, 2014, there is approximately \$2,500,000 no commitment debt outstanding.

### Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, boiler claims, and health care. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 10 - Defined Benefit Pension Plan - Firefighters'

**Plan Administration** - The Firefighters' Pension Board administers the Charter Township of Flint Firefighters' Pension Plan - a single employer defined benefit pension plan that provides pensions for all full-time firefighters of the Township. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process.

Management of the Plan is vested in the Pension Board, which consists of a five-member board of trustees - comprised of two members of the Township's administration and three other Township employees.

**Plan Membership** - At December 31, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>10</u>
Total	<u><u>27</u></u>

**Benefits Provided** - The Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 2.5 percent of the member's final three-year average final compensation (AFC) times the member's first 25 years of service plus 1 percent of average final compensation times years of service in excess of 25 years. All plan members are eligible for non-duty disability benefits after five years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined at 50 percent of the average final compensation from the time of disability to age 55 and in the same manner as retirement benefits at age 55 but are payable immediately without an actuarial reduction. Death benefits same as duty disability paid to survivor of member. A plan member who leaves the Township service may withdraw his or her contributions, plus any accumulated interest.

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the Township Charter, union contracts and plan provisions. For the year ended December 31, 2014, the average active member contribution rate was 8.0 percent of annual pay, and the Township's average contribution rate was 39.32 percent of annual payroll.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 10 - Defined Benefit Pension Plan - Firefighters' (Continued)

#### Pension Plan Investments - Policy and Rate of Return

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The Board has not adopted an asset allocation policy.

**Rate of Return** - For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.53 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net Pension Liability of the Township

The Township reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the Township will adopt GASB 68 which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the Township has been measured as of December 31, 2014 and is composed of the following:

Total pension liability	\$	8,354,705
Plan fiduciary net position		<u>(5,918,165)</u>
Township's net position liability	\$	<u>2,436,540</u>
Plan fiduciary net position as a percentage of the total pension liability		70.8 %

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.5 %
Salary increases	5 to 7.5 % average, including inflation
Investment rate of return	7.5 % net of pension plan investment expense, including inflation

Mortality rates were based on the 1971 Group Annuity Mortality Table projected to 2000 (male), set back six years for females.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 10 - Defined Benefit Pension Plan - Firefighters' (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was not available.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Township, calculated using the discount rate of 8.0 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability of the Township	3,301,383	2,436,540	1,688,053

#### Pension Cost

The pension plan does not issue a separate financial report.

#### Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 308,336
Interest on net pension asset	(32,709)
Adjustment to annual required contribution	<u>73,547</u>
Annual pension cost (APC)	349,174
Contributions made	<u>(314,986)</u>
Decrease in net pension asset	(34,188)
Net pension asset - Beginning of year	<u>817,729</u>
Net pension asset - End of year	<u>\$ 783,541</u>



# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 10 - Defined Benefit Pension Plan - Firefighters' (Continued)

**Annual Pension Cost** - For the year ended December 31, 2014, the Township's annual pension cost of \$349,174 for the plan was more than the Township's required contribution of \$308,336 and actual contribution of \$314,986. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ 349,174	\$ 338,306	\$ 361,916
Percentage of APC contributed	90.2 %	90.4 %	89.6 %
Net pension asset	\$ 783,541	\$ 817,729	\$ 850,135

**Funding Status and Funding Progress** - As of December 31, 2014, the most recent actuarial valuation date, the plan was 66.2 percent funded. The actuarial accrued liability for benefits was \$8,354,705, and the actuarial value of assets was \$5,532,101, resulting in an unfunded actuarial accrued liability of \$2,822,604. The covered payroll (annual payroll to active employees covered by the plan) was \$770,313 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 366.4 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2013, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 to 7.5 percent per year, and (c) 0 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 16 years.

# Charter Township of Flint

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## Notes to Financial Statements December 31, 2014

### Note 11 - Defined Benefit Pension Plan - Police Officers

**Plan Description** - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all police officers of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2013, the date of the most recent actuarial report, membership consisted of 28 retirees and beneficiaries, three inactive vested members, and 34 current active employees. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy** - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 7 percent for the Chief of Police, 10 percent for the patrol officers, 10 percent for police officers, and 10 percent for the police command officers of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates; the current rate is 15.68 for the police chief, 31.61 percent for police command officers, and 2.77 percent for police patrol officers. As per the collective bargaining agreement, the Township contributed those percentages respectively.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 11 - Defined Benefit Pension Plan - Police Officers (Continued)

#### Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 610,700
Interest on net pension obligation	(21,950)
Adjustment to annual required contribution	<u>49,452</u>
Annual pension cost (APC)	638,202
Contributions made	<u>610,700</u>
Decrease in net pension asset	(27,502)
Net pension asset - Beginning of year	<u>548,851</u>
Net pension asset - End of year	<u>\$ 521,349</u>

For the year ended December 31, 2014, the Township's annual pension cost of \$638,202 for the plan was more than the Township's required and actual contribution of \$610,700. The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 to 17.5 percent per year, depending on age, and (c) 4.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is seven years.

#### Three-year Trend Information

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ 638,202	\$ 545,477	\$ 457,787
Percentage of APC contributed	95.7 %	95.2 %	95.6 %
Net pension asset	\$ 521,349	\$ 548,851	\$ 575,105

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 11 - Defined Benefit Pension Plan - Police Officers (Continued)

	Actuarial Valuation as of December 31		
	2013	2012	2011
Actuarial value of assets	\$ 15,873,191	\$ 15,367,120	\$ 15,115,647
Actuarial accrued liability (AAL) (entry age)	\$ 23,897,934	\$ 22,842,742	\$ 21,761,609
Unfunded AAL (UAAL)	\$ 8,024,743	\$ 7,475,622	\$ 6,645,962
Funded ratio	66.4 %	67.3 %	69.5 %
Covered payroll	\$ 2,278,405	\$ 2,262,412	\$ 2,121,973
UAAL as a percentage of covered payroll	352.2 %	330.4 %	313.2 %

### Note 12 - Defined Benefit Pension Plan - Full-time Clerical/Non-Union

**Plan Description** - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers clerical/full-time and some nonunion employees of the Township. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2013, the date of the most recent actuarial report, membership consisted of four retirees and beneficiaries, three inactive vested members, and 19 current active employees. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy** - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 6.06 percent. The funding policy provides for periodic employer contributions at actuarially determined rates; the current rate is 6.06 percent. As per the collective bargaining agreement, the Township contributed 6.06 percent.

#### Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 41,793
Interest on net pension asset	(1,929)
Adjustment to annual required contribution	3,809
Annual pension cost (APC)	43,673
Contributions made	41,793
Decrease in net pension asset	(1,880)
Net pension asset - Beginning of year	48,216
Net pension asset - End of year	\$ 46,336

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 12 - Defined Benefit Pension Plan - Full-time Clerical/Non-Union (Continued)

**Annual Pension Cost** - For the year ended December 31, 2014, the Township's annual pension cost of \$43,673 for the plan was more than the Township's required and actual contribution of \$41,793.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 to 17.5 percent per year, and (c) 4.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 23 years.

#### Three-year Trend Information

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ 43,673	\$ 45,701	\$ 38,688
Percentage of APC contributed	95.7 %	96.0 %	95.5 %
Net pension asset	\$ 46,336	\$ 48,216	\$ 50,023
	Actuarial Valuation as of December 31		
	2013	2012	2011
Actuarial value of assets	\$ 3,090,359	\$ 2,902,881	\$ 2,797,623
Actuarial accrued liability (AAL) (entry age)	\$ 3,096,564	\$ 2,945,518	\$ 2,810,357
Unfunded AAL (UAAL)	\$ 6,205	\$ 42,637	\$ 12,734
Funded ratio	99.8 %	98.6 %	98.6 %
Covered payroll	\$ 692,328	\$ 760,372	\$ 717,252
UAAL as a percentage of covered payroll	0.9 %	5.6 %	5.6 %

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 13 - Defined Contribution Pension Plan

All other employees not described in a previous plan changed to a defined contribution plan administered through the Michigan Municipal Employees' Retirement System (MERS). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

	Elected Officials and Non-Union Employees	Police Communication Operators
Employer contribution percentage	10 %	5 %
Employee contribution percentage	5	-
Vesting	Immediate	20% per year over 5 years
Employee contributions for December 31, 2014	\$ 26,926	\$ -
Employer contributions for December 31, 2014	38,351	7,181
Covered payroll	383,511	143,626
Total payroll	4,453,802	4,453,802

### Note 14 - Other Postemployment Benefits

**Plan Description** - The Township provides retiree healthcare benefits to eligible employees and their spouses. Currently, the plan has 117 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

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

**Funding Policy** - Retiree health care costs are recognized when paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Township paid postemployment health care premiums of \$644,534, plus it contributed \$5,200 into a prefunded Retiree Health Care Fund.

**Funding Progress** - For the year ended December 31, 2014, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 24 years. This valuation's computed contribution and actual funding are summarized as follows:

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 14 - Other Postemployment Benefits (Continued)

#### Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 1,332,392
Interest on the prior year's net OPEB obligation	172,219
Less adjustment to the annual required contribution	<u>(258,384)</u>
Annual OPEB cost	1,246,227
Payments of current premiums	(644,534)
Advance funding	<u>(5,200)</u>
Increase in net OPEB obligation	596,493
Net OPEB obligation - Beginning of year	<u>4,305,469</u>
Net OPEB obligation - End of year	<u>\$ 4,901,962</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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 January 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3 percent initially. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 24 years.

# Charter Township of Flint

## Notes to Financial Statements December 31, 2014

### Note 15 - Commitment

Flint Township currently has a contract with Emterra Environmental for waste management services that expires on December 31, 2019. Flint Township pays the vendor a monthly rate for each residential and mobile home. The 2014 monthly rate per residential home was \$9.71 and per mobile home was \$4.75. The monthly residential home rate decreased for 2015 to \$9.45 per home. The home counts are adjusted annually. Additionally, the Township pays the vendor a monthly landfill fee of \$214. Also, per the contract a fuel surcharge will be billed to the Township when fuel prices exceed \$3.50 per gallon, as was the case for several months in 2014. The following amounts are to be paid to the vendor based on the current home count of 9,333 and the current mobile home count of 1,742:

2015	\$ 1,194,249
2016	1,211,588
2017	1,228,927
2018	1,246,266
2019	<u>1,263,606</u>
Total	<u>\$ 6,144,636</u>

### Note 16 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplemental information.

### Note 17 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.



# Charter Township of Flint

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## Notes to Financial Statements December 31, 2014

### **Note 17 - Upcoming Accounting Pronouncements (Continued)**

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's December 31, 2016 year end.

## **Required Supplemental Information**

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# Charter Township of Flint

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,573,150	\$ 3,573,150	\$ 3,948,131	\$ 374,981
Licenses and permits	321,350	321,350	334,947	13,597
Federal grants	51,650	51,650	38,311	(13,339)
State-shared revenue and grants	2,456,435	2,456,435	2,520,797	64,362
Charges for services	1,273,146	1,273,146	1,301,361	28,215
Fines and forfeitures	132,000	132,000	176,393	44,393
Investment income	45,000	45,000	45,419	419
Rental income	20,400	20,400	15,800	(4,600)
Other revenue:				
Special assessments	1,250,000	1,250,000	1,246,779	(3,221)
Cable franchise fees	515,000	515,000	527,761	12,761
Other miscellaneous income	110,507	110,507	90,051	(20,456)
Total revenue	<u>9,748,638</u>	<u>9,748,638</u>	<u>10,245,750</u>	<u>497,112</u>
<b>Expenditures - Current</b>				
General government:				
Township Board	37,582	56,547	54,575	1,972
Supervisor's office	129,773	129,773	128,201	1,572
Controller's office	217,792	217,792	212,243	5,549
Treasurer	332,671	332,671	310,591	22,080
Assessing	366,009	366,009	327,539	38,470
Board of Review	8,185	8,185	4,842	3,343
Clerk	167,808	167,808	150,108	17,700
Elections	136,274	136,274	112,281	23,993
Buildings and grounds	75,919	93,532	87,381	6,151
Insurance and other functions	1,349,600	1,387,400	1,318,186	69,214
Planning Commission	8,749	8,749	8,019	730
Civil service	2,392	2,392	912	1,480
Total general government	<u>2,832,754</u>	<u>2,907,132</u>	<u>2,714,878</u>	<u>192,254</u>
Public safety:				
Police	4,820,264	4,820,264	4,514,974	305,290
Fire	1,786,773	1,786,773	1,579,491	207,282
Building department and trade inspections	338,476	348,986	325,604	23,382
Total public safety	<u>6,945,513</u>	<u>6,956,023</u>	<u>6,420,069</u>	<u>535,954</u>
Public works	1,674,142	1,674,142	1,659,365	14,777
Recreation and culture	71,739	76,510	63,353	13,157
Debt service:				
Principal	4,800	4,800	5,598	(798)
Total expenditures	<u>11,528,948</u>	<u>11,618,607</u>	<u>10,863,263</u>	<u>755,344</u>
<b>Excess of Expenditures Over Revenue</b>	(1,780,310)	(1,869,969)	(617,513)	(258,232)
<b>Other Financing Sources - Proceeds from sale of capital assets</b>	<u>5,000</u>	<u>5,000</u>	<u>15,397</u>	<u>10,397</u>
<b>Net Change in Fund Balance</b>	(1,775,310)	(1,864,969)	(602,116)	(247,835)
<b>Fund Balance - Beginning of year</b>	<u>4,369,352</u>	<u>4,369,352</u>	<u>4,369,352</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ 2,594,042</u>	<u>\$ 2,504,383</u>	<u>\$ 3,767,236</u>	<u>\$ (247,835)</u>

# Charter Township of Flint

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Police and Fire Millage Fund Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ -	\$ -	\$ 2	\$ 2
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	2	2
<b>Fund Balance</b> - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

# Charter Township of Flint

## Required Supplemental Information Pension System Schedule of Funding Progress Fire Fighters' Pension Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 4,355,646	\$ 7,995,528	\$ 3,639,882	54.5	\$ 893,306	407.5
12/31/12	4,704,198	8,239,231	3,535,033	57.1	881,598	401.0
12/31/13	5,104,043	8,157,183	3,053,140	62.6	813,227	375.4

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2014, the latest actuarial valuation, follows:

Amortization method	Entry age, closed
Amortization period	17 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5% - 7.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

# Charter Township of Flint

## Required Supplemental Information Pension System Schedule of Funding Progress - Police Officers' Pension Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 15,115,647	\$ 21,761,609	\$ 6,645,962	69.5	\$ 2,121,973	313.2
12/31/12	15,367,120	22,842,742	7,475,622	67.3	2,262,412	330.4
12/31/13	15,873,191	23,897,934	8,024,743	66.4	2,278,405	352.2

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2014, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period on a closed basis	7 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5% - 8.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

# Charter Township of Flint

## Required Supplemental Information Pension System Schedule of Funding Progress - Full-time Clerical/Non-Union Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 2,797,623	\$ 2,810,357	\$ 12,734	99.5	\$ 717,252	1.8
12/31/12	2,902,881	2,945,518	42,637	98.6	760,372	5.6
12/31/13	3,090,359	3,096,564	6,205	99.8	692,328	0.9

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2014, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period on a closed basis	23 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5% - 8.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

# Charter Township of Flint

## Required Supplemental Information Schedule of Funding Progress - OPEB Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual OPEB Costs	Percentage of OPEB Costs Contributed
1/1/14	\$ 97,322	\$ 15,912,562	\$ 15,815,240	0.6	\$ 1,246,227	1,269.0
1/1/11	60,209	13,876,220	13,816,011	0.4	1,150,486	1,200.9
1/1/08	25,000	13,806,492	13,781,492	0.2	1,139,164	1,209.8

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/14	1/1/14	\$ 1,332,392	48.8
12/31/13	1/1/11	1,231,465	46.7
12/31/12	1/1/11	1,203,350	43.2

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2014, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period	24 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
*Includes inflation at	4.5%
Cost of living adjustments	None



# Charter Township of Flint

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total pension liability</b>										
Service cost	\$ 132,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	638,436	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(87,442)	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(485,978)	-	-	-	-	-	-	-	-	-
Net change in total pension liability	197,522	-	-	-	-	-	-	-	-	-
Total pension liability - beginning of year	8,157,183	-	-	-	-	-	-	-	-	-
Total pension liability - end of year	<u>\$ 8,354,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 314,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	63,415	-	-	-	-	-	-	-	-	-
Net investment income	519,178	-	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(485,978)	-	-	-	-	-	-	-	-	-
Other	(7,145)	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	404,456	-	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning of year	5,513,709	-	-	-	-	-	-	-	-	-
Plan fiduciary net position - end of year	<u>\$ 5,918,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Township's net pension liability - ending</b>	<u>\$ 2,436,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan fiduciary net position as a % of total pension liability</b>	70.84 %	- %	- %	- %	- %	- %	- %	- %	- %	- %
<b>Covered employee payroll</b>	\$ 770,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Township's net pension liability as a % of covered employee payroll</b>	316.3 %	- %	- %	- %	- %	- %	- %	- %	- %	- %

# Charter Township of Flint

## Required Supplemental Information Pension System Schedule Schedule of Township Contributions Last 10 Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 313,011	\$ 346,644	\$ 358,930	\$ 355,973	\$ 340,620	\$ 309,324	\$ 293,914	\$ 293,981	\$ 286,795	\$ 272,688
Contributions in relation to the actuarially determined contribution	314,986	305,900	324,461	330,523	320,176	451,600	387,206	390,418	390,373	370,488
<b>Contribution deficiency (excess)</b>	<u>\$ (1,975)</u>	<u>\$ 40,744</u>	<u>\$ 34,469</u>	<u>\$ 25,450</u>	<u>\$ 20,444</u>	<u>\$ (142,276)</u>	<u>\$ (93,292)</u>	<u>\$ (96,437)</u>	<u>\$ (103,578)</u>	<u>\$ (97,800)</u>
<b>Covered employee payroll</b>	\$ 770,313	\$ 813,227	\$ 881,598	\$ 893,306	\$ 964,696	\$ 1,086,506	\$ 996,212	\$ 1,001,071	\$ 1,000,057	\$ 949,968
<b>Contributions as a percentage of covered employee payroll</b>	40.9 %	37.6 %	36.8 %	37.0 %	33.2 %	41.6 %	38.9 %	39.0 %	39.0 %	39.0 %

### Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Actuarially determined contribution rates are calculated as of December 31, the year prior to the end of the fiscal year in which the contributions are reported.

Valuation Date	Covered employee payroll is as of December 31 of the current fiscal year.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	4 years smoothed market
Inflation	4.50%
Salary increases	4.5%-7.5%, including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Mortality	1971 Group Annuity Male Mortality Table projected to 2000, setback 6 years for females

# Charter Township of Flint

## Note to Required Supplemental Information Year Ended December 31, 2014

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds. The supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department 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 once the goods are delivered or the services rendered.

The following is a comparison of budget on a project (grant) length basis and actual expenditures for the Community Development Fund for the year ended December 31, 2014.

	Revised Project (Grant) Length Budget	Project Funds Expended During 2014	Total Project Funds Expended Through December 31, 2014	Unexpended Balance at December 31, 2014
Special Revenue Fund type -				
Community Development Fund:				
Public works projects 2014	\$ 114,626	\$ 12,177	\$ 12,177	\$ 102,449
Public safety projects 2014	99,600	11,138	11,138	17,390
Recreation and cultural projects 2013	13,497	9,777	13,497	-
Recreation and cultural projects 2014	13,497	5,780	5,780	7,717
Total Community Development Fund	<u>\$ 241,220</u>	<u>\$ 38,872</u>	<u>\$ 42,592</u>	<u>\$ 127,556</u>

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Township had the following expenditures over budget:

General Fund:

	Budget	Actual	Variance
Debt service	\$4,800	\$5,598	\$(798)

The budget overage related to unanticipated expenditures.

## **Other Supplemental Information**

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# Charter Township of Flint

	Special Revenue Funds					
	Municipal Street Fund	Community Development	JAG Grant Fund	Police Grants Fund	Fire Safety Equipment	Police Special Millage
<b>Assets</b>						
Cash and investments	\$ 240,932	\$ -	\$ 611,953	\$ -	\$ 721,277	\$ 96,373
Receivables:						
Property taxes receivable	340,807	-	-	-	170,362	340,754
Special assessments receivable	74,996	-	-	-	-	-
Other receivables	538	-	-	-	-	-
Due from other governmental units	-	18,218	-	-	-	-
Due from other funds	-	-	-	17,227	-	-
<b>Total assets</b>	<b>\$ 657,273</b>	<b>\$ 18,218</b>	<b>\$ 611,953</b>	<b>\$ 17,227</b>	<b>\$ 891,639</b>	<b>\$ 437,127</b>
<b>Liabilities</b>						
Accounts payable	\$ 158,604	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	14,665	-	-
Due to other funds	-	18,218	91	-	-	-
<b>Total liabilities</b>	<b>158,604</b>	<b>18,218</b>	<b>91</b>	<b>14,665</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	74,996	-	-	15,028	-	-
Property taxes levied for the following year	397,921	-	-	-	198,930	397,921
<b>Total deferred inflows of resources</b>	<b>472,917</b>	<b>-</b>	<b>-</b>	<b>15,028</b>	<b>198,930</b>	<b>397,921</b>
<b>Fund Balances</b>						
Restricted:						
Roads	25,752	-	-	-	-	-
Police	-	-	-	-	-	39,206
Fire	-	-	-	-	692,709	-
Debt service	-	-	-	-	-	-
Grants	-	-	611,862	-	-	-
Unassigned	-	-	-	(12,466)	-	-
<b>Total fund balances</b>	<b>25,752</b>	<b>-</b>	<b>611,862</b>	<b>(12,466)</b>	<b>692,709</b>	<b>39,206</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 657,273</b>	<b>\$ 18,218</b>	<b>\$ 611,953</b>	<b>\$ 17,227</b>	<b>\$ 891,639</b>	<b>\$ 437,127</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2014**

<u>Debt Service Funds</u>		Total
<u>Road Debt Service</u>	<u>Building Authority Debt</u>	<u>Nonmajor Governmental Funds</u>
\$ 362,823	\$ 21,174	\$ 2,054,532
-	-	851,923
356,748	-	431,744
-	-	538
-	-	18,218
-	-	17,227
<u>\$ 719,571</u>	<u>\$ 21,174</u>	<u>\$ 3,374,182</u>
\$ -	\$ -	\$ 158,604
-	-	14,665
-	-	18,309
-	-	191,578
356,748	-	446,772
-	-	994,772
<u>356,748</u>	<u>-</u>	<u>1,441,544</u>
-	-	25,752
-	-	39,206
-	-	692,709
362,823	21,174	383,997
-	-	611,862
-	-	(12,466)
<u>362,823</u>	<u>21,174</u>	<u>1,741,060</u>
<u>\$ 719,571</u>	<u>\$ 21,174</u>	<u>\$ 3,374,182</u>

# Charter Township of Flint

	Special Revenue Funds					
	Municipal Street Fund	Community Development	JAG Grant Fund	Police Grants Fund	Fire Safety Equipment	Police Special Millage
<b>Revenue</b>						
Property taxes	\$ 401,323	\$ -	\$ -	\$ -	\$ 200,628	\$ 401,512
Federal grants	-	40,034	262,970	117,715	-	-
Investment income	7,557	-	1,726	-	2,059	585
Rental income	-	-	-	-	-	-
Other revenue	41,422	-	-	-	-	-
Total revenue	450,302	40,034	264,696	117,715	202,687	402,097
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	11,122	305,316	130,181	21,399	368,094
Public works	412,878	12,177	-	-	-	-
Recreation and culture	-	16,735	-	-	-	-
Debt service	111,295	-	-	-	-	-
Total expenditures	524,173	40,034	305,316	130,181	21,399	368,094
<b>Excess of Revenue (Under) Over Expenditures</b>	(73,871)	-	(40,620)	(12,466)	181,288	34,003
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(32,000)	-	-	-	-	-
Total other (uses) financing	(32,000)	-	-	-	-	-
<b>Net Change in Fund Balances</b>	(105,871)	-	(40,620)	(12,466)	181,288	34,003
<b>Fund Balances - Beginning of year</b>	131,623	-	652,482	-	511,421	5,203
<b>Fund Balances - End of year</b>	<b>\$ 25,752</b>	<b>\$ -</b>	<b>\$ 611,862</b>	<b>\$ (12,466)</b>	<b>\$ 692,709</b>	<b>\$ 39,206</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2014**

Debt Service Funds			Total Nonmajor Governmental Funds
Road Debt Service	Building Authority Debt	Total	
\$ -	\$ -	\$ -	\$ 1,003,463
-	-	-	420,719
25,311	57	25,368	37,295
-	134,611	134,611	134,611
<u>120,438</u>	<u>-</u>	<u>120,438</u>	<u>161,860</u>
145,749	134,668	280,417	1,757,948
-	150	150	150
-	-	-	836,112
-	-	-	425,055
-	-	-	16,735
<u>178,713</u>	<u>134,611</u>	<u>313,324</u>	<u>424,619</u>
178,713	134,761	313,474	1,702,671
(32,964)	(93)	(33,057)	55,277
32,000	-	32,000	32,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,000)</u>
32,000	-	32,000	-
(964)	(93)	(1,057)	55,277
<u>363,787</u>	<u>21,267</u>	<u>385,054</u>	<u>1,685,783</u>
<b><u>\$ 362,823</u></b>	<b><u>\$ 21,174</u></b>	<b><u>\$ 383,997</u></b>	<b><u>\$ 1,741,060</u></b>



# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Municipal Street Fund Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 368,500	\$ 368,500	\$ 401,323	\$ 32,823
Investment income	6,441	6,441	7,557	1,116
Other revenue	75,129	75,129	41,422	(33,707)
Total revenue	450,070	450,070	450,302	232
<b>Expenditures</b>	-	-	-	-
Public works	427,215	427,215	412,878	14,337
Debt service	111,295	111,295	111,295	-
Total expenditures	538,510	538,510	524,173	14,337
<b>Other Financing Uses - Transfers out</b>	(32,000)	(32,000)	(32,000)	-
<b>Net Change in Fund Balance</b>	(120,440)	(120,440)	(105,871)	14,569
<b>Fund Balance - Beginning of year</b>	131,623	131,623	131,623	-
<b>Fund Balance - End of year</b>	<u>\$ 11,183</u>	<u>\$ 11,183</u>	<u>\$ 25,752</u>	<u>\$ 14,569</u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Community Development Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 201,573	\$ 201,573	\$ 40,034	\$ (161,539)
<b>Expenditures - Current</b>				
Public safety	8,500	8,500	11,122	(2,622)
Public works	175,000	182,000	12,177	169,823
Recreation and culture	11,073	11,073	16,735	(5,662)
Total expenditures	<u>194,573</u>	<u>201,573</u>	<u>40,034</u>	<u>161,539</u>
<b>Net Change in Fund Balance</b>	7,000	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u><u>\$ 7,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - JAG Grant Fund Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 225,000	\$ 225,000	\$ 262,970	\$ 37,970
Investment income	2,250	2,250	1,726	(524)
Total revenue	227,250	227,250	264,696	37,446
<b>Expenditures - Current - Public safety</b>	357,300	357,300	305,316	51,984
<b>Net Change in Fund Balance</b>	(130,050)	(130,050)	(40,620)	89,430
<b>Fund Balance - Beginning of year</b>	652,482	652,482	652,482	-
<b>Fund Balance - End of year</b>	<b>\$ 522,432</b>	<b>\$ 522,432</b>	<b>\$ 611,862</b>	<b>\$ 89,430</b>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Police Grants Fund Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 225,000	\$ 225,000	\$ 117,715	\$ (107,285)
<b>Expenditures - Current - Public safety</b>	225,000	225,000	130,181	94,819
<b>Net Change in Fund Balance</b>	-	-	(12,466)	(12,466)
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,466)</u>	<u>\$ (12,466)</u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Fire Safety Equipment Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 184,250	\$ 184,250	\$ 200,628	\$ 16,378
Investment income	1,500	1,500	2,059	559
Total revenue	185,750	185,750	202,687	16,937
<b>Expenditures - Public safety</b>	60,750	60,750	21,399	39,351
<b>Net Change in Fund Balance</b>	125,000	125,000	181,288	56,288
<b>Fund Balance - Beginning of year</b>	511,421	511,421	511,421	-
<b>Fund Balance - End of year</b>	<b>\$ 636,421</b>	<b>\$ 636,421</b>	<b>\$ 692,709</b>	<b>\$ 56,288</b>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Police Special Millage Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 368,500	\$ 368,500	\$ 401,512	\$ 33,012
Investment income	500	500	585	85
Total revenue	369,000	369,000	402,097	33,097
<b>Expenditures - Public safety</b>	368,997	368,997	368,094	903
<b>Net Change in Fund Balance</b>	3	3	34,003	34,000
<b>Fund Balance - Beginning of year</b>	5,203	5,203	5,203	-
<b>Fund Balance - End of year</b>	<u>\$ 5,206</u>	<u>\$ 5,206</u>	<u>\$ 39,206</u>	<u>\$ 34,000</u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Road Debt Service Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 24,249	\$ 24,249	\$ 25,311	\$ 1,062
Other revenue:				
Special assessments	82,117	82,117	120,438	38,321
Total revenue	106,366	106,366	145,749	39,383
<b>Expenditures - Debt service</b>				
Principal	145,000	145,000	145,000	-
Interest on long-term debt	33,713	33,713	33,713	-
Total expenditures	178,713	178,713	178,713	-
<b>Excess of Revenue Under Expenditures</b>	(72,347)	(72,347)	(32,964)	39,383
<b>Other Financing Sources -</b>				
Transfers in	32,000	32,000	32,000	-
<b>Net Change in Fund Balance</b>	(40,347)	(40,347)	(964)	39,383
<b>Fund Balance - Beginning of year</b>	363,787	363,787	363,787	-
<b>Fund Balance - End of year</b>	<u>\$ 323,440</u>	<u>\$ 323,440</u>	<u>\$ 362,823</u>	<u>\$ 39,383</u>

# Charter Township of Flint

## Other Supplemental Information Nonmajor Governmental Fund - Building Authority Debt Budgetary Comparison Year Ended December 31, 2014

	Original Budget Unaudited	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 25	\$ 25	\$ 57	\$ 32
Rental income	134,611	134,611	134,611	-
Total revenue	134,636	134,636	134,668	32
<b>Expenditures</b>				
Current - General government - Buildings and grounds	150	150	150	-
Debt service:				
Principal	100,000	100,000	100,000	-
Interest on long-term debt	34,611	34,611	34,611	-
Total expenditures	134,761	134,761	134,761	-
<b>Net Change in Fund Balance</b>	(125)	(125)	(93)	32
<b>Fund Balance - Beginning of year</b>	21,267	21,267	21,267	-
<b>Fund Balance - End of year</b>	<u>\$ 21,142</u>	<u>\$ 21,142</u>	<u>\$ 21,174</u>	<u>\$ 32</u>



# Charter Township of Flint

## Other Supplemental Information Combining Statement of Net Position Fiduciary Funds December 31, 2014

	Trust Funds			Agency Funds		
	Firefighters' Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds	General Agency	Tax Collection	Total Agency Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 59,548	\$ -	\$ 59,548	\$ 211,698	\$ 475,373	\$ 687,071
Investments - Mutual funds	5,858,617	106,932	5,965,549	-	-	-
Receivables		-		296,603	-	296,603
Total assets	5,918,166	106,932	6,025,098	<u>\$ 508,301</u>	<u>\$ 475,373</u>	<u>\$ 983,674</u>
<b>Liabilities</b>						
Due to other governmental units	-	-	-	\$ 208,977	-	\$ 208,977
Undistributed taxes	-	-	-	61,993	474,320	536,313
Refundable deposits, bonds, etc.	-	-	-	173,120	1,053	174,173
Accrued liabilities and other	-	-	-	64,211	-	64,211
Total liabilities	-	-	-	<u>\$ 508,301</u>	<u>\$ 475,373</u>	<u>\$ 983,674</u>
<b>Net Position Held in Trust for Pension and Postemployment Benefits</b>	<u>\$ 5,918,166</u>	<u>\$ 106,932</u>	<u>\$ 6,025,098</u>			

# Charter Township of Flint

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2014

	Firefighters' Pension Trust Fund	Retiree Health Care Trust Fund	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 356,658	\$ -	\$ 356,658
Net increase in fair value of investments	<u>162,520</u>	<u>4,906</u>	<u>167,426</u>
Net investment income	519,178	4,906	524,084
Contributions:			
Employer	314,986	649,734	964,720
Employee	<u>63,415</u>	<u>-</u>	<u>63,415</u>
Net contributions	<u>378,401</u>	<u>649,734</u>	<u>1,028,135</u>
Total additions	897,579	654,640	1,552,219
<b>Deductions</b>			
Benefit payments	485,978	644,534	1,130,512
Administrative expenses	<u>7,144</u>	<u>496</u>	<u>7,640</u>
Total deductions	<u>493,122</u>	<u>645,030</u>	<u>1,138,152</u>
<b>Net Increase in Net Position Held in Trust</b>	404,457	9,610	414,067
<b>Net Position Held in Trust for Pension and Postemployment Benefits - Beginning of year</b>	<u>5,513,709</u>	<u>97,322</u>	<u>5,611,031</u>
<b>Net Position Held in Trust for Pension and Postemployment Benefits - End of year</b>	<u><u>\$ 5,918,166</u></u>	<u><u>\$ 106,932</u></u>	<u><u>\$ 6,025,098</u></u>