

Charter Township of Flushing

Financial Statements

March 31, 2021

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Charter Township of Flushing
List of Elected and Appointed Officials
March 31, 2021

Township Board

Frederick Thorsby, Supervisor

Wendy Meinburg, Clerk

Terry Peck, Treasurer

Bill Bain, Trustee

Sharilynn Willette, Trustee

Linda Minarik, Trustee

William Westenbarger, Trustee



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Independent Auditors' Report

Township Board
Charter Township of Flushing
Flushing, Michigan

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing, as of March 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, municipal employees' retirement system schedules and other post-employment benefit 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

The other supplementary information, as identified in the table of contents, 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. The other supplementary 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 supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, MI
August 2, 2021

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2021

Our discussion and analysis of the Charter Township of Flushing's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2021. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2021.

The Township's total net position is approximately \$12 million, with unrestricted net position of approximately \$5.5 million.

During the year, the Township's governmental expenditures were about \$204,000 more than the approximately \$3,416,000 generated in taxes, state-shared revenue, and other revenue for governmental funds.

The General Fund fund balance decreased by \$39,897.

For the next fiscal year (2021-2022), the board will continue the use of a line item budget to assist in controlling the amount of spending and to better understand where the real costs are being incurred.

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 Township as a whole and present a longer-term of the Township'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 governmental services.

The fund financial statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2021

The Charter Township of Flushing as a Whole

The following table shows, in a condensed format, the net position as of the current date and compared to the prior year:

	Governmental Activities 2021	Business-type Activities 2021	Total 2021	Total 2020
Assets				
Current assets	\$ 4,654,606	\$ 6,069,455	\$ 10,724,061	\$ 9,528,011
Capital assets	2,416,268	4,655,538	7,071,806	6,894,291
Total assets	<u>7,070,874</u>	<u>10,724,993</u>	<u>17,795,867</u>	<u>16,422,302</u>
Deferred Outflows of Resources	<u>197,295</u>	<u>-</u>	<u>197,295</u>	<u>313,066</u>
Liabilities				
Current liabilities	267,011	792,717	1,059,728	978,362
Long term liabilities	4,791,026	-	4,791,026	3,545,438
Total liabilities	<u>5,058,037</u>	<u>792,717</u>	<u>5,850,754</u>	<u>4,523,800</u>
Deferred Outflows of Resources	<u>122,969</u>	<u>-</u>	<u>122,969</u>	<u>-</u>
Net Position				
Net investment in capital assets	1,806,863	4,655,538	6,462,401	6,877,671
Restricted	18,659	-	18,659	1,205,743
Unrestricted	<u>261,641</u>	<u>5,276,738</u>	<u>5,538,379</u>	<u>4,128,154</u>
Total net position	<u>\$ 2,087,163</u>	<u>\$ 9,932,276</u>	<u>\$ 12,019,439</u>	<u>\$ 12,211,568</u>

The Township's net position of governmental activities are \$2,087,163 and \$9,932,276 for business type activities; of these amounts \$261,641 (governmental) and \$5,276,738 (business-type) are unrestricted.

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2021

The following table shows, in a condensed format, the change in net position as of the current date and compared to the prior year:

Revenue	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total 2021</u>	<u>Total 2020</u>
Program revenue				
Charges for services	\$ 286,471	\$ 2,959,094	\$ 3,245,565	\$ 3,077,103
Operating grants and contributions	128,757	-	128,757	175,387
Capital grants and contributions	-	13,500	13,500	21,500
General revenue				
Property taxes	1,876,947	-	1,876,947	1,120,350
State-shared revenue	953,423	-	953,423	986,030
Unrestricted investment earnings	30,557	47,431	77,988	136,119
Cable franchise fees	-	-	-	158,845
Miscellaneous	139,711	401	140,112	66,749
Total revenue	<u>3,415,866</u>	<u>3,020,426</u>	<u>6,436,292</u>	<u>5,742,083</u>
Expenses				
Program expenses				
General government	1,231,368	-	1,231,368	971,151
Public safety	1,546,858	-	1,546,858	1,546,023
Public works	120,291	-	120,291	402,455
Recreation and culture	715,634	-	715,634	110,319
Interest on long-term debt	5,306	-	5,306	-
Water and sewer fund	-	2,515,700	2,515,700	2,366,915
Solid waste fund	-	493,264	493,264	443,952
Total expenses	<u>3,619,457</u>	<u>3,008,964</u>	<u>6,628,421</u>	<u>5,840,815</u>
Change in net position	<u>\$ (203,591)</u>	<u>\$ 11,462</u>	<u>\$ (192,129)</u>	<u>\$ (98,732)</u>

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2021

Governmental Activities

The Township's total governmental activity revenues were \$3,415,866. This was a \$595,167 increase in revenues compared to the prior year.

Governmental activity expenditures of \$3,619,457 were recorded for the year.

Business Type Activities

The Township also provides municipal water and sewer and solid waste services to its residents.

Charter Township of Flushing Funds

The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board of Trustees creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township governmental major funds include General Fund and Law Enforcement Fund.

a) **General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues from fees charged for various municipal activities and services are recorded in the General Fund. The General Fund reported a fund balance of \$2,086,113. This was a decrease of \$39,897 from the prior year. This represents approximately 118 percent of General Fund total expenditures. Revenue increased by \$185,664, which was primarily related to increased license and permit revenue and property tax revenue. Expenditures increased by \$137,195 mainly due to capital outlay expenditures and public safety expenditures.

b) **Law Enforcement Fund**

The Law Enforcement special revenue fund realized an increase in its fund balance of \$94,387 to \$1,208,425 at year end. The revenue in the fund decreased by \$325 primarily due to decreased in state shared revenue. The expenditures increased by \$114,876 primarily due to an increase in public safety expenditures.

General Fund Budgetary Highlights

Over the course of the year, the Township Board and Township administration monitor and amend the budget to account for unanticipated events during the year. The Township, through its use of assessments, General Fund monies, along with the weekly review of the operating budget has been able to maintain service levels for the residents of the Township.

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2021

Capital Assets and Debt Administration

At the end of 2021, the Township had invested approximately \$6.5 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board for the implementation of GASB Statement No. 34. Capital assets, as stated in this annual financial report, does not include some prior year infrastructure items, such as sidewalks and streets. Financial reporting in years before 2005 did not require some infrastructure items to be included with capital assets. Recognizing the problem of having local units gather together all of the required information, the GASB has allowed smaller units of government, like the Township, to report infrastructure assets on a prospective basis only after adopting the new reporting standard.

The Township had a special assessment bond outstanding relating to the Brentwood paving of \$860,000 at March 31, 2021.

At year end, the Township had capital lease obligations of \$9,970 outstanding for equipment purchased for governmental activities and compensated absences due to employees of \$93,187. Annual debt service requirements for the capital lease are approximately \$6,650 per year, with final payment due in 2024.

Business-type activities (water and sewer services) did not have any long-term obligations outstanding at March 31, 2021.

Economic Factors and Next Year's Budgets and Rates

As this budget year closes there are a number of factors that will influence next year's budget, including the negative growth rate in the state and township, along with State Shared Revenues.

Contacting the Charter Township of Flushing Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Charter Township of Flushing finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Charter Township of Flushing clerk's department.

Charter Township of Flushing
Statement of Net Position
March 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,463,513	\$ 5,354,743	\$ 8,818,256
Receivables			
Taxes	114,558	-	114,558
Customers	23,145	615,315	638,460
Special assessments	670,141	33,154	703,295
Accrued interest and other	21,131	17,409	38,540
Tap-in contracts	-	18,819	18,819
Due from other units of government	267,708	30,036	297,744
Internal balances	1,748	(1,748)	-
Prepaid items	92,662	1,727	94,389
Capital assets not being depreciated	193,200	-	193,200
Capital assets, net of accumulated depreciation	2,223,068	4,655,538	6,878,606
Total assets	<u>7,070,874</u>	<u>10,724,993</u>	<u>17,795,867</u>
Deferred Outflows of Resources			
Deferred amount relating to net pension liability	<u>197,295</u>	<u>-</u>	<u>197,295</u>

Charter Township of Flushing
Statement of Net Position
March 31, 2021

	Governmental Activities	Business-type Activities	Total
Liabilities			
Checks written in excess of deposits	\$ 51,354	\$ -	\$ 51,354
Accounts payable	134,108	399,531	533,639
Accrued and other liabilities	81,488	-	81,488
Due to other units of government	61	-	61
Unearned revenue	-	393,186	393,186
Noncurrent liabilities			
Debt due within one year	140,510	-	140,510
Debt due in more than one year	822,647	-	822,647
Net pension liability	3,099,988	-	3,099,988
Total OPEB liability	727,881	-	727,881
Total liabilities	<u>5,058,037</u>	<u>792,717</u>	<u>5,850,754</u>
Deferred Inflows of Resources			
Deferred amount relating to net pension liability	<u>122,969</u>	<u>-</u>	<u>122,969</u>
Net Position			
Net investment in capital assets	1,806,863	4,655,538	6,462,401
Restricted for			
Drug law enforcement	3,099	-	3,099
Cable TV	15,560	-	15,560
Unrestricted	<u>261,641</u>	<u>5,276,738</u>	<u>5,538,379</u>
Total net position	<u>\$ 2,087,163</u>	<u>\$ 9,932,276</u>	<u>\$ 12,019,439</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Statement of Activities
For the Year Ended March 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	\$ 1,231,368	\$ 280,575	\$ 27,518	\$ -	\$ (923,275)	\$ -	\$ (923,275)
Public safety	1,546,858	5,896	101,239	-	(1,439,723)	-	(1,439,723)
Public works	120,291	-	-	-	(120,291)	-	(120,291)
Recreation and culture	715,634	-	-	-	(715,634)	-	(715,634)
Interest and fiscal charges on long-term debt	5,306	-	-	-	(5,306)	-	(5,306)
Total governmental activities	3,619,457	286,471	128,757	-	(3,204,229)	-	(3,204,229)
Business-type activities							
Water and sewer	2,515,700	2,436,490	-	13,500	-	(65,710)	(65,710)
Solid waste	493,264	522,604	-	-	-	29,340	29,340
Total business-type activities	3,008,964	2,959,094	-	13,500	-	(36,370)	(36,370)
Total	\$ 6,628,421	\$ 3,245,565	\$ 128,757	\$ 13,500	(3,204,229)	(36,370)	(3,240,599)
General revenues							
Property taxes					1,876,947	-	1,876,947
State-shared revenue					953,423	-	953,423
Unrestricted investment earnings					30,557	47,431	77,988
Miscellaneous					139,711	401	140,112
Total general revenues					3,000,638	47,832	3,048,470
Change in net position					(203,591)	11,462	(192,129)
Net position - beginning of year					2,290,754	9,920,814	12,211,568
Net position - end of year					<u>\$ 2,087,163</u>	<u>\$ 9,932,276</u>	<u>\$ 12,019,439</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Balance Sheet
March 31, 2021

	<u>General</u>	<u>Special Revenue Fund Law Enforcement Fund</u>	<u>Capital Project Fund Brentwood Paving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 1,925,778	\$ 1,214,822	\$ 319,814	\$ 3,099	\$ 3,463,513
Receivables					
Taxes	43,400	71,158	-	-	114,558
Customers	1,969	21,176	-	-	23,145
Special assessments	80,474	-	589,667	-	670,141
Accrued interest and other	21,131	-	-	-	21,131
Due from other units of government	216,354	-	-	51,354	267,708
Due from other funds	1,748	-	-	-	1,748
Prepaid items	81,591	11,071	-	-	92,662
Total assets	<u>\$ 2,372,445</u>	<u>\$ 1,318,227</u>	<u>\$ 909,481</u>	<u>\$ 54,453</u>	<u>\$ 4,654,606</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Balance Sheet
March 31, 2021

	General	Special Revenue Fund Law Enforcement Fund	Capital Project Fund Brentwood Paving	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities					
Checks written in excess of deposits	\$ -	\$ -	\$ -	\$ 51,354	\$ 51,354
Accounts payable	70,110	4,749	59,249	-	134,108
Accrued and other liabilities	42,287	33,895	-	-	76,182
Due to other units of government	61	-	-	-	61
Total liabilities	<u>112,458</u>	<u>38,644</u>	<u>59,249</u>	<u>51,354</u>	<u>261,705</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>173,874</u>	<u>71,158</u>	<u>589,667</u>	<u>-</u>	<u>834,699</u>
Fund Balances					
Non-spendable					
Prepaid items	81,591	11,071	-	-	92,662
Restricted for					
Law enforcement	-	1,197,354	-	-	1,197,354
Drug law enforcement	-	-	-	3,099	3,099
Brentwood paving	-	-	260,565	-	260,565
Cable TV	15,560	-	-	-	15,560
Unassigned	<u>1,988,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,988,962</u>
Total fund balances	<u>2,086,113</u>	<u>1,208,425</u>	<u>260,565</u>	<u>3,099</u>	<u>3,558,202</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,372,445</u>	<u>\$ 1,318,227</u>	<u>\$ 909,481</u>	<u>\$ 54,453</u>	<u>\$ 4,654,606</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
March 31, 2021

Total fund balances for governmental funds	\$ 3,558,202
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	2,223,068
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	193,200
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	834,699
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(5,306)
Compensated absences	(93,187)
Capital lease obligations	(9,970)
Deferred outflows (inflows) of resources.	
Deferred inflows of resources resulting from net pension liability	(122,969)
Deferred outflows of resources resulting from net pension liability	197,295
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(860,000)
Total OPEB liability	(3,099,988)
	<u>(727,881)</u>
Net position of governmental activities	<u>\$ 2,087,163</u>

Charter Township of Flushing
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2021

	<u>General</u>	<u>Special Revenue Fund Law Enforcement Fund</u>	<u>Capital Project Fund Brentwood Paving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 280,742	\$ 996,066	\$ -	\$ -	\$ 1,276,808
Licenses and permits	280,575	-	-	-	280,575
State-shared revenue	1,000,887	95,944	-	4,145	1,100,976
Fines and forfeitures	-	5,896	-	-	5,896
Interest income	30,557	-	-	-	30,557
Other revenue	<u>135,135</u>	<u>5,938</u>	<u>-</u>	<u>-</u>	<u>141,073</u>
 Total revenues	 <u>1,727,896</u>	 <u>1,103,844</u>	 <u>-</u>	 <u>4,145</u>	 <u>2,835,885</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2021

	<u>General</u>	<u>Special Revenue Fund Law Enforcement Fund</u>	<u>Capital Project Fund Brentwood Paving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Expenditures					
Current					
General government	\$ 666,771	\$ -	\$ -	\$ -	\$ 666,771
Public safety	284,140	920,044	-	-	1,204,184
Public works	114,241	-	-	-	114,241
Recreation and culture	47,938	-	599,435	4,145	651,518
Capital outlay	<u>654,703</u>	<u>89,413</u>	<u>-</u>	<u>900</u>	<u>745,016</u>
Total expenditures	<u>1,767,793</u>	<u>1,009,457</u>	<u>599,435</u>	<u>5,045</u>	<u>3,381,730</u>
Excess (deficiency) of revenues over expenditures	(39,897)	94,387	(599,435)	(900)	(545,845)
Other financing sources					
Issuance of debt	<u>-</u>	<u>-</u>	<u>860,000</u>	<u>-</u>	<u>860,000</u>
Net change in fund balances	(39,897)	94,387	260,565	(900)	314,155
Fund balances - beginning of year	<u>2,126,010</u>	<u>1,114,038</u>	<u>-</u>	<u>3,999</u>	<u>3,244,047</u>
Fund balances - end of year	<u>\$ 2,086,113</u>	<u>\$ 1,208,425</u>	<u>\$ 260,565</u>	<u>\$ 3,099</u>	<u>\$ 3,558,202</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2021

Net change in fund balances - total governmental funds	\$ 314,155
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(280,322)
Capital outlay	617,036
Sale of capital assets (net book value)	(212)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State-shared revenue	(19,946)
Property taxes and special assessments	600,139
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(5,306)
Compensated absences	(14,183)
Capital lease payments	6,650
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(197,398)
Net change in the deferred inflow of resources related to the net pension liability	(122,969)
Net change in the deferred outflow of resources related to the net pension liability	(115,771)
The statement of net position reports the total OPEB liability and deferred outflows of resources and deferred inflows related to the total OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in total OPEB liability	(125,464)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt issued	(860,000)
Change in net position of governmental activities	\$ (203,591)

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Proprietary Funds
Statement of Net Position
March 31, 2021

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 4,652,520	\$ 702,223	\$ 5,354,743
Receivables			
Customers	615,315	-	615,315
Special assessments, current	-	33,154	33,154
Accrued interest and other	17,409	-	17,409
Tap-in contracts	18,819	-	18,819
Due from other units of government	30,036	-	30,036
Prepaid items	-	1,727	1,727
Total current assets	<u>5,334,099</u>	<u>737,104</u>	<u>6,071,203</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>4,655,538</u>	<u>-</u>	<u>4,655,538</u>
Total assets	<u>9,989,637</u>	<u>737,104</u>	<u>10,726,741</u>
Liabilities			
Current liabilities			
Accounts payable	399,531	-	399,531
Due to other funds	1,748	-	1,748
Unearned revenue	-	393,186	393,186
Total liabilities	<u>401,279</u>	<u>393,186</u>	<u>794,465</u>
Net Position			
Net investment in capital assets	4,655,538	-	4,655,538
Unrestricted	<u>4,932,820</u>	<u>343,918</u>	<u>5,276,738</u>
Total net position	<u>\$ 9,588,358</u>	<u>\$ 343,918</u>	<u>\$ 9,932,276</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2021

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Operating revenue			
Customer fees	\$ 2,436,490	\$ 522,604	\$ 2,959,094
Connection fees	13,500	-	13,500
Other revenue	401	-	401
	<u>2,450,391</u>	<u>522,604</u>	<u>2,972,995</u>
Total operating revenue			
Operating expenses			
Water usage cost	1,910,054	-	1,910,054
Sewer treatment costs	184,855	-	184,855
Solid waste contract	-	493,264	493,264
Supplies	443	-	443
Contractual services	48,149	-	48,149
Utilities	810	-	810
Administration	187,000	-	187,000
Other expenses	25,402	-	25,402
Depreciation	158,987	-	158,987
	<u>2,515,700</u>	<u>493,264</u>	<u>3,008,964</u>
Total operating expenses			
Operating income (loss)	(65,309)	29,340	(35,969)
Nonoperating revenue			
Interest income	47,431	-	47,431
Change in net position	(17,878)	29,340	11,462
Net position - beginning of year	<u>9,606,236</u>	<u>314,578</u>	<u>9,920,814</u>
Net position - end of year	<u>\$ 9,588,358</u>	<u>\$ 343,918</u>	<u>\$ 9,932,276</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2021

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,489,610	\$ 524,248	\$ 3,013,858
Receipts from other funds	838	-	838
Payments to suppliers	<u>(2,359,288)</u>	<u>(493,347)</u>	<u>(2,852,635)</u>
Net cash provided by operating activities	<u>131,160</u>	<u>30,901</u>	<u>162,061</u>
Cash flows from financing activities			
Proceeds from special assessments	-	3,425	3,425
Tap-in contracts	<u>1,700</u>	<u>-</u>	<u>1,700</u>
Net cash provided by financing activities	<u>1,700</u>	<u>3,425</u>	<u>5,125</u>
Cash flows from investing activities			
Interest received	<u>71,042</u>	<u>-</u>	<u>71,042</u>
Net increase in cash and cash equivalents	203,902	34,326	238,228
Cash and cash equivalents - beginning of year	<u>4,448,618</u>	<u>667,897</u>	<u>5,116,515</u>
Cash and cash equivalents - end of year	<u>\$ 4,652,520</u>	<u>\$ 702,223</u>	<u>\$ 5,354,743</u>

Charter Township of Flushing
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2021

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (65,309)	\$ 29,340	\$ (35,969)
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	158,987	-	158,987
Changes in assets and liabilities			
Receivables	34,893	-	34,893
Due from other units of government	4,326	-	4,326
Prepaid items	-	(83)	(83)
Accounts payable	(2,575)	-	(2,575)
Due to other funds	838	-	838
Unearned revenue	-	1,644	1,644
Net cash provided by operating activities	<u>\$ 131,160</u>	<u>\$ 30,901</u>	<u>\$ 162,061</u>

Charter Township of Flushing
Fiduciary Funds
Statement of Fiduciary Net Position
March 31, 2021

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 1,427
Liabilities	
Due to other units of government	<u>1,427</u>
Net Position	<u><u>\$ -</u></u>

Charter Township of Flushing
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended March 31, 2021

	Custodial Funds
Additions	
Property tax collections for other governments	\$ 8,928,079
Deductions	
Payments of property tax to other governments	8,928,079
Change in net position	-
Net position - beginning of year	-
Net position - end of year	\$ -

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The Charter Township of Flushing (the "Township") is governed by an elected seven-member Board.

Jointly Governed Organization

The Township has entered into a joint agreement with the City of Flushing, Michigan (the "City") to share in the operating costs of a library and senior citizens center for the Township and City residents. The facility's operations are overseen by a joint operating committee made up of two appointees from each municipality and one appointee selected by the members of the Township and the City. The joint committee prepares an annual operating budget, which is approved by each municipality. All operating regulations, policies, and rules for the center are determined by the committee and approved by the City and the Township. Operating expenses will be divided between the City and the Township based on resident usage records. The City of Flushing, Michigan acts as the fiduciary agent for the library and senior center. During the current year, the Township's share of the operating costs of the library and senior center was \$9,660 and \$657, respectively. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Separate financial statements for the library and the senior citizens center are not available as of the report date.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

The Law Enforcement Fund accounts for police services provided to township residents.

The Brentwood Paving Fund accounts for special assessments that are restricted for paving projects.

The Township reports the following major proprietary funds:

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

The Solid Waste Fund accounts for sanitation services provided to township residents.

Additionally, the Township reports the following:

The Nonmajor Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

Custodial Funds account for property tax and other deposits collected on behalf of other units and individuals.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds are charges to customers for sales and services. The Township also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds 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.

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Assets, liabilities, and net position or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement 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. The Township considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2020 taxable valuation of the township totaled \$304,647,531, on which ad valorem taxes consisted of 0.50 mills for operating purposes and 3.2907 mills for police. This resulted in \$1,154,827 for operating and police expenditures, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Township follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the Township values these capital assets at the estimated fair value of the item at the date of its donation.

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

Infrastructure	5 to 20 years
Buildings and improvements	20 to 50 years
Maintenance equipment	6 to 12 years
Vehicles	5 years
Office equipment	5 to 12 years
Computer equipment	5 years
Land improvements	12 to 60 years
Vehicle equipment	5 years
Water and sewer systems and waterlines	60 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the Township that is applicable to a future reporting period. The Township reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Township also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Compensated absences – It is the Township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated and unpaid vacation and sick days are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The General Fund reports each employee’s compensation and is used to liquidate the obligation.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Township’s OPEB plan and additions to/deductions from OPEB plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the Township that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The Township reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

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

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

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

Assigned – amounts intended to be used for specific purposes, as determined by the Township Board. Residual amounts in

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

governmental funds other than the general fund are automatically assigned by their nature.

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

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

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

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, deferred outflows, liabilities, deferred inflows 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.

Adoption of New Accounting Standards

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other

postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending March 31, 2023.

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

The Township is evaluating the impact that the above GASB statements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

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

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

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Supervisor is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the township board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

The Township had no expenditures in excess of budget.

Note 3 - Deposits and Investments

At year end the Township's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents
Governmental activities	\$ 3,463,513
Business-type activities	5,354,743
Total	8,818,256
Fiduciary funds	1,427
Total	\$ 8,819,683

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 8,817,906	\$ 1,227	\$ 8,819,133
Petty cash and cash on hand	350	200	550
	\$ 8,818,256	\$ 1,427	\$ 8,819,683

Interest rate risk – In accordance with its investment policy, the government manages its exposure to interest rate risk. The Township's investment policy does not restrict investment maturities.

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The Township has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the Township’s deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of year end, \$6,371,548 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Unearned Revenue

Unearned revenue is reported in connection with resources that have been received but not yet earned. At the end of the current fiscal year unearned revenue is as follows:

Business-type activities	
Special assessments	<u>\$ 393,186</u>

Note 5 - Deferred Inflows of Resources

At year end the various components of deferred inflows of resources reported in the fund statements are as follows:

Governmental funds

Earned but unavailable revenues	
State-shared revenue	\$ 50,000
Property taxes and special assessments	<u>784,699</u>
	<u>\$ 834,699</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Note 6 - Capital Assets

Capital assets activity for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 193,200	\$ -	\$ -	\$ 193,200
Capital assets being depreciated				
Infrastructure	1,951,191	482,358	-	2,433,549
Buildings, additions, and improvements	1,442,888	16,498	-	1,459,386
Maintenance equipment	57,085	1,046	-	58,131
Vehicles	247,182	71,487	-	318,669
Office equipment	142,536	12,603	12,651	142,488
Computer equipment	183,743	23,249	10,321	196,671
Land improvements	599,352	-	-	599,352
Vehicle equipment	56,651	9,795	-	66,446
Total capital assets being depreciated	<u>4,680,628</u>	<u>617,036</u>	<u>22,972</u>	<u>5,274,692</u>
Less accumulated depreciation for				
Infrastructure	1,157,307	145,713	-	1,303,020
Buildings, additions, and improvements	631,251	40,842	-	672,093
Maintenance equipment	48,469	1,472	-	49,941
Vehicles	171,760	36,432	-	208,192
Office equipment	79,140	14,253	12,439	80,954
Computer equipment	148,050	13,994	10,321	151,723
Land improvements	506,641	23,184	-	529,825
Vehicle equipment	51,444	4,432	-	55,876
Total accumulated depreciation	<u>2,794,062</u>	<u>280,322</u>	<u>22,760</u>	<u>3,051,624</u>
Net capital assets being depreciated	<u>1,886,566</u>	<u>336,714</u>	<u>212</u>	<u>2,223,068</u>
Governmental activities capital assets, net	<u>\$ 2,079,766</u>	<u>\$ 336,714</u>	<u>\$ 212</u>	<u>\$ 2,416,268</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 7,333,999	\$ -	\$ -	\$ 7,333,999
Infrastructure	1,589,545	-	-	1,589,545
Buildings, additions and improvements	601,459	-	-	601,459
Machinery and equipment	34,364	-	-	34,364
Total capital assets being depreciated	<u>9,559,367</u>	<u>-</u>	<u>-</u>	<u>9,559,367</u>
Less accumulated depreciation for				
Land improvements	3,640,913	122,233	-	3,763,146
Infrastructure	668,831	26,493	-	695,324
Buildings, additions and improvements	400,971	10,024	-	410,995
Machinery and equipment	34,127	237	-	34,364
Total accumulated depreciation	<u>4,744,842</u>	<u>158,987</u>	<u>-</u>	<u>4,903,829</u>
Business-type capital assets, net	<u>\$ 4,814,525</u>	<u>\$ (158,987)</u>	<u>\$ -</u>	<u>\$ 4,655,538</u>

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

Governmental activities	
General government	\$ 189,884
Public safety	60,828
Recreation and culture	29,610
Total governmental activities	<u>280,322</u>
Business-type activities	
Water and Sewer	<u>158,987</u>
Total primary government	<u>\$ 439,309</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Water and sewer fund	\$ <u>1,748</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Note 8 - Leases

Capital leases

The Township has a capital lease for the purchase of a copier and phones. The future minimum lease payments are as follows:

<u>Year ending March 31,</u>		
2022		\$ 5,550
2023		4,080
2024		<u>340</u>
Total minimum lease payments		9,970
Less amount representing unamortized lease premium		<u>4,083</u>
Present value of minimum lease payments		<u>\$ 5,887</u>
Asset		
Office equipment		\$ 23,450
Less accumulated depreciation		<u>14,780</u>
Total		<u>\$ 8,670</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Note 9 - Long-Term Debt

The Township issued bonds to provide funds for the Brentwood Paving project. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Other long-term obligations include compensated absences and capital leases. Compensated absences are typically liquidated with funds from the general fund, and water and sewer fund.

Long-term obligation activity is summarized as follows:

	<u>Amount of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities									
Bonds and notes payable									
Special assessment obligations									
Brentwood paving	\$ 860,000	5/1/2030	1.53%	\$65,000 - \$90,000	\$ -	\$ 860,000	\$ -	\$ 860,000	\$ 65,000
Capital leases					10,577	-	4,690	5,887	5,550
Unamortized lease premium					6,043	-	1,960	4,083	1,960
Compensated absences					<u>79,004</u>	<u>82,652</u>	<u>68,469</u>	<u>93,187</u>	<u>68,000</u>
Total governmental activities					<u>\$ 95,624</u>	<u>\$ 942,652</u>	<u>\$ 75,119</u>	<u>\$ 963,157</u>	<u>\$ 140,510</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

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

Year Ending March 31,	Governmental Activities	
	Bonds	
	Principal	Interest
2022	\$ 65,000	\$ 12,515
2023	85,000	11,514
2024	85,000	10,213
2025	85,000	8,912
2026	90,000	7,574
2027-2031	450,000	17,212
	<u>\$ 860,000</u>	<u>\$ 67,940</u>

Note 10 - 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 all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays dental and vision claims on a reimbursement basis and has set aside employee and employer contributions to pay these claims in the General Fund. The liability for unpaid claims was immaterial at March 31, 2021.

Note 11 - Employee Retirement and Benefit Systems

Defined benefit pension plan

Plan description – The Township participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all

employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include certain retirement, deferred allowances, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all union and nonunion full-time employees segregated by the groups, as outlined below.

The pension plan provides pension benefits, deferred allowances, and death and disability benefits for township employees. Benefits are vested after eight years of service for Teamsters union employees and after 10 years for police offices and command. Retirement is based on the following requirements:

- Age 60 with 10 or more years of credited service
- Age 50 with 25 or more years of credited service for police officers and command
- Age 55 with 15 or more years of credited services for Teamsters union employees

Employees who retire after reaching their requirements are entitled to 3.0 percent of the member's three-year final average compensation (FAC) times the number of years and months of credited service for that member. The annual benefit shall not exceed 80 percent of the FAC.

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Pension provisions include deferred allowances where an employee may terminate employment with the Township after accumulating 10 years of service for police officers and command 8 years of service for Teamsters union employees, but before reaching the age of 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching retirement age, as discussed above.

Pension provisions include death and disability benefits. A disabled employee is entitled to full benefits after acquiring 10 or more years of credited service, whereas a surviving spouse is entitled to receive an amount equal to 85 percent of the employee's final three-year average salary. Benefits are determined by state statutes.

Employees covered by benefit terms – At the December 31, 2020 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving benefits	4
Active employees	<u>8</u>
	<u>26</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For general employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 58.71 percent of annual covered payroll.

For police patrol employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current flat rate is \$3,943 per month.

For command employees, the plan provides that the employer and employees contribute necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 7.47 percent of annual covered payroll.

Net pension liability – The employer's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the March 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3%; 2) Salary increases 3% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

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

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend.

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

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

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

Asset Class	Target Allocation	Target Allocation Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	8.65%	5.19%	2.50%	3.70%
Global fixed income	20.00%	3.76%	0.75%	2.50%	0.30%
Private investments	20.00%	9.06%	1.81%	2.50%	1.25%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.25%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 63,003
Interest on the total pension liability	489,317
Differences between expected and actual experience	99,970
Changes in assumptions	206,665
Benefit payments and refunds	<u>(430,049)</u>
Net change in total pension liability	428,906
Total pension liability - beginning	<u>6,621,870</u>
Total pension liability - ending (a)	<u>\$ 7,050,776</u>

Plan Fiduciary Net Position

Employer contributions	\$ 188,555
Employee contributions	37,949
Pension plan net investment income (loss)	472,287
Benefit payments and refunds	<u>(430,049)</u>
Pension plan administrative expense	(7,644)
Net change in plan fiduciary net position	261,098
Plan fiduciary net position - beginning	<u>3,877,618</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,138,716</u>

Net pension liability (a-b) \$ 2,912,060

Plan fiduciary net position as a percentage
of total pension liability 58.70%

Covered employee payroll \$ 474,360

Net pension liability as a percentage of
covered employee payroll 613.89%

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.6%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (6.6%) or 1% higher (8.6%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 3,690,251	\$ 2,912,060	\$ 2,254,488

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended March 31, 2021 the employer recognized pension expense of \$481,336. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ 49,985	\$ -	\$ 49,985
Differences in assumptions	103,332	-	103,332
Net difference between projected and actual earning on plan investments	-	122,969	(122,969)
Contributions subsequent to the measurement date*	<u>43,978</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 197,295</u>	<u>\$ 122,969</u>	<u>\$ 30,348</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2022.

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

<u>Year ended March 31,</u>	
2022	\$ 130,950
2023	13,681
2024	(77,162)
2025	<u>(37,121)</u>
	<u>\$ 30,348</u>

Cash-out Stipend Liability – Special Funding Situation

The Township also offers a cash-out stipend benefit to retired patrol and command employees hired prior to April 1, 2017 in lieu of retiree health care coverage provided by the Township. The benefits received by each retiree who has opted out of health coverage may be used for non-health care-related expenses. The cash-out stipend liability at March 31, 2021 was determined using an actuarial valuation with a March 31, 2021 measurement date. The discount rate used in calculating the liability was 2.4%. For the year ended March 31, 2021, the Township recognized a liability and pension expense of \$187,928.

The net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense from pensions for the MERS defined benefit plan and the cash-out stipend liability at the December 31, 2020 and March 31, 2021 measurement date, respectively, were as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows from Pensions</u>	<u>Deferred Inflows from Pensions</u>	<u>Pension Expense</u>
MERS defined benefit pension plan	\$ 2,912,060	\$ 197,295	\$ 122,969	\$ 481,336
Cash-out stipend liability	<u>187,928</u>	<u>-</u>	<u>-</u>	<u>187,928</u>
Total	<u>\$ 3,099,988</u>	<u>\$ 197,295</u>	<u>\$ 122,969</u>	<u>\$ 669,264</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Note 12 - Other Post-employment Benefits

Plan description – The Township administers – a single employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB) for certain retirees and their beneficiaries.

Benefits provided – The Plan provides healthcare benefits for retirees and their dependents. Employees who meet certain point requirements (based on age and years of service) are eligible to receive post-employment benefits upon retirement in the form of health care, vision, and dental insurance benefits.

Employees covered by benefit terms – At March 31, 2021, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	2
Active employees	<u>13</u>
	<u>15</u>

Contributions – Retiree health care costs are 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. For the fiscal year ended March 31, 2021, the Township made payments for the post-employment health benefit premiums of \$38,708.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of March 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	8% for 2021, decreasing .5% per year to a rate of 4.5% for 2029

Mortality rates were based on the Pub-2010 mortality table with Scale MP-2019 generational mortality improvement.

The actuarial assumptions used in the March 31, 2021 valuation was determined by utilizing the alternative measurement method as of March 31, 2021.

Discount rate – The discount rate used to measure the total OPEB liability was 2.40%. The discount rate was based on 20-Year Municipal Bond Indices.

Total OPEB Liability

Service cost	\$ 7,993
Interest	17,381
Differences between expected and actual experience	83,834
Changes in assumptions	54,964
Benefit payments	<u>(38,708)</u>
Net change in total OPEB liability	125,464
Total OPEB liability - beginning	<u>602,417</u>
Total OPEB liability - ending	<u>\$ 727,881</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Township, as well as what the Township’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.4%) or 1% higher (3.4%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 849,383</u>	<u>\$ 727,881</u>	<u>\$ 632,213</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2021

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Township, as well as what the Township’s total OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower (7%) or 1% higher (9%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 629,673</u>	<u>\$ 727,881</u>	<u>\$ 851,280</u>

For the year ended March 31, 2021 the Township recognized OPEB expense of \$164,172.

Charter Township of Flushing
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 171,000	\$ 171,000	\$ 172,125	\$ 1,125
Other taxes	2,500	2,500	2,728	228
Penalties and interest	-	-	22	22
Administration fee	109,000	109,000	105,867	(3,133)
Licenses and permits	304,200	304,200	280,575	(23,625)
State-shared revenue	934,500	934,500	1,000,887	66,387
Interest income	21,100	21,100	30,557	9,457
Rental income	7,000	7,000	-	(7,000)
Other revenue	17,000	17,000	135,135	118,135
Transfers in	176,000	176,000	-	(176,000)
Total revenues	<u>1,742,300</u>	<u>1,742,300</u>	<u>1,727,896</u>	<u>(14,404)</u>
Expenditures				
General government				
Township board	208,852	196,452	151,168	(45,284)
Supervisor	44,850	47,200	41,607	(5,593)
Accounting	122,230	125,830	79,777	(46,053)
Clerk	152,950	156,550	72,367	(84,183)
Treasurer	147,130	146,930	72,263	(74,667)
Assessor	136,850	136,850	112,099	(24,751)
Elections	30,000	50,000	46,214	(3,786)
Buildings and grounds	151,550	114,550	91,276	(23,274)
Total general government	<u>994,412</u>	<u>974,362</u>	<u>666,771</u>	<u>(307,591)</u>

Charter Township of Flushing
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Fire contract	\$ 149,100	\$ 230,100	\$ 229,216	\$ (884)
Building inspection department	<u>149,200</u>	<u>123,950</u>	<u>54,924</u>	<u>(69,026)</u>
Total public safety	<u>298,300</u>	<u>354,050</u>	<u>284,140</u>	<u>(69,910)</u>
Public works	<u>145,500</u>	<u>151,500</u>	<u>114,241</u>	<u>(37,259)</u>
Recreation and culture				
Parks and recreation	33,000	31,200	24,303	(6,897)
Library and senior center	<u>44,000</u>	<u>26,000</u>	<u>23,635</u>	<u>(2,365)</u>
Total recreation and culture	<u>77,000</u>	<u>57,200</u>	<u>47,938</u>	<u>(9,262)</u>
Capital outlay	<u>461,400</u>	<u>720,500</u>	<u>654,703</u>	<u>(65,797)</u>
Total expenditures	<u>1,976,612</u>	<u>2,257,612</u>	<u>1,767,793</u>	<u>(489,819)</u>
Excess (deficiency) of revenues over expenditures	(234,312)	(515,312)	(39,897)	475,415
Fund balance - beginning of year	<u>2,126,010</u>	<u>2,126,010</u>	<u>2,126,010</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,891,698</u>	<u>\$ 1,610,698</u>	<u>\$ 2,086,113</u>	<u>\$ 475,415</u>

Charter Township of Flushing
Required Supplementary Information
Budgetary Comparison Schedule
Law Enforcement Fund
For the Year Ended March 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 943,000	\$ 943,000	\$ 996,066	\$ 53,066
State-shared revenue and grants	97,000	97,000	95,944	(1,056)
Fines and forfeitures	11,000	11,000	5,896	(5,104)
Interest income	5,000	5,000	-	(5,000)
Other revenue	5,700	17,700	5,938	(11,762)
Total revenues	<u>1,061,700</u>	<u>1,073,700</u>	<u>1,103,844</u>	<u>30,144</u>
Expenditures				
Current				
Public safety	1,014,200	977,700	920,044	(57,656)
Capital outlay	47,500	96,000	89,413	(6,587)
Total expenditures	<u>1,061,700</u>	<u>1,073,700</u>	<u>1,009,457</u>	<u>(64,243)</u>
Excess of revenues over expenditures	-	-	94,387	94,387
Fund balance - beginning of year	<u>1,114,038</u>	<u>1,114,038</u>	<u>1,114,038</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,114,038</u>	<u>\$ 1,114,038</u>	<u>\$ 1,208,425</u>	<u>\$ 94,387</u>

Charter Township of Flushing
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios

Calendar year ended December 31,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 63,003	\$ 60,737	\$ 69,150	\$ 74,089	\$ 70,183	\$ 70,741
Interest on the total pension liability	489,317	465,076	453,581	439,506	487,063	474,724
Change in benefit terms	-	-	6,219	4,874	(1,852)	-
Differences between expected and actual experience	99,970	286,926	(7,216)	(1,245)	(817,499)	(108,734)
Changes in assumptions	206,665	223,823	-	-	-	275,178
Benefit payments and refunds	(430,049)	(395,557)	(352,116)	(325,509)	(343,130)	(412,006)
Net change in total pension liability	428,906	641,005	169,618	191,715	(605,235)	299,903
Total pension liability - beginning	6,621,870	5,980,865	5,811,247	5,619,532	6,224,767	5,924,864
Total pension liability - ending (a)	<u>\$ 7,050,776</u>	<u>\$ 6,621,870</u>	<u>\$ 5,980,865</u>	<u>\$ 5,811,247</u>	<u>\$ 5,619,532</u>	<u>\$ 6,224,767</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 188,555	\$ 166,216	\$ 173,678	\$ 251,076	\$ 273,846	\$ 270,342
Employee contributions	37,949	39,254	43,163	51,222	37,417	30,456
Pension plan net investment income (loss)	472,287	479,933	(148,900)	455,996	352,923	(47,965)
Benefit payments and refunds	(430,049)	(395,557)	(352,116)	(325,509)	(343,130)	(412,006)
Pension plan administrative expense	(7,644)	(8,268)	(7,471)	(7,215)	(6,971)	(7,097)
Net change in plan fiduciary net position	261,098	281,578	(291,646)	425,570	314,085	(166,270)
Plan fiduciary net position - beginning	3,877,618	3,596,040	3,887,686	3,462,116	3,148,031	3,314,301
Plan fiduciary net position - ending (b)	<u>\$ 4,138,716</u>	<u>\$ 3,877,618</u>	<u>\$ 3,596,040</u>	<u>\$ 3,887,686</u>	<u>\$ 3,462,116</u>	<u>\$ 3,148,031</u>
Net pension liability (a-b)	<u>\$ 2,912,060</u>	<u>\$ 2,744,252</u>	<u>\$ 2,384,825</u>	<u>\$ 1,923,561</u>	<u>\$ 2,157,416</u>	<u>\$ 3,076,736</u>
Plan fiduciary net position as a percentage of total pension liability	58.70%	58.56%	60.13%	66.90%	61.61%	50.57%
Covered payroll	\$ 474,360	\$ 445,001	\$ 516,225	\$ 555,386	\$ 536,137	\$ 538,362
Net pension liability as a percentage of covered employee payroll	613.89%	616.68%	461.97%	346.35%	402.40%	571.50%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

Charter Township of Flushing
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
3/31/2012	\$ 142,428	\$ 292,428	\$ (150,000)	\$ 524,823	55.72%
3/31/2013	179,068	179,068	-	448,957	39.89%
3/31/2014	134,657	184,657	(50,000)	525,522	35.14%
3/31/2015	149,385	229,385	(80,000)	521,292	44.00%
3/31/2016	198,122	278,122	(80,000)	538,362	51.66%
3/31/2017	201,487	276,487	(75,000)	536,137	51.57%
3/31/2018	205,425	255,425	(50,000)	555,386	45.99%
3/31/2019	154,970	164,970	(10,000)	516,225	31.96%
3/31/2020	158,250	168,250	(10,000)	445,001	37.81%
3/31/2021	312,816	184,593	128,223	477,262	38.68%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 3 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7.35%
Retirement age	60
Mortality	2014 Group annuity mortality table of 50% male and 50% female blend

Charter Township of Flushing
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Changes in Total OPEB Liability and Related Ratios

Fiscal year ended March 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ 7,993	\$ 5,884	\$ 33,581
Interest	17,381	21,638	39,850
Changes of benefit terms	-	(17,443)	(107,597)
Differences between expected and actual experience	83,834	69,087	-
Changes in assumptions	54,964	(5,822)	-
Benefit payments	<u>(38,708)</u>	<u>(33,741)</u>	<u>(24,905)</u>
Net change in total OPEB liability	125,464	39,603	(59,071)
Total OPEB liability - beginning	<u>602,417</u>	<u>562,814</u>	<u>621,885</u>
Total OPEB liability - ending (a)	<u>\$ 727,881</u>	<u>\$ 602,417</u>	<u>\$ 562,814</u>
Covered payroll	\$ 657,669	\$ 740,224	\$ 636,087
Total OPEB liability as a percentage of covered employee payroll	110.68%	81.38%	88.48%

Note: GASB Statement No. 75 was implemented for the fiscal year ended March 31, 2019 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

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

Fiscal Year Ending March 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll
2011	\$ 28,105	\$ 31,761	\$ (3,656)	-
2012	68,997	22,888	46,109	-
2013	116,049	23,692	92,357	-
2014	116,049	32,779	83,270	-
2015	62,735	20,892	41,843	-
2016	62,735	3,934	58,801	-
2017	62,735	6,116	56,619	-
2018	35,842	18,663	17,179	-
2019	52,137	42,769	9,368	-
2020	36,214	35,208	1,006	-

Notes to Schedule of Contributions

Valuation date:

March 31, 2021

Notes:

Actuarially determined contribution amounts are calculated as of March 31 each year. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level-dollar amortization with a 7.00% discount rate
Remaining amortization period	28 years
Asset valuation method	Market value
Inflation	3.00%
Healthcare cost trend rates	8.00% initial, decreasing 0.5% per year to an ultimate rate of 4.5%
Salary increases	3.00%
Retirement age	58
Mortality	Pub-2010 mortality table with Scale MP-2020 generational mortality improvement

Charter Township of Flushing
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2021

	Special Revenue Funds		Total
	Drug Law Enforcement	Community Development	Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,099	\$ -	\$ 3,099
Due from other units of government	-	51,354	51,354
	\$ 3,099	\$ 51,354	\$ 54,453
Liabilities			
Checks written in excess of deposits	\$ -	\$ 51,354	\$ 51,354
Fund Balances			
Restricted for			
Drug law enforcement	3,099	-	3,099
	\$ 3,099	\$ 51,354	\$ 54,453
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,099	\$ 51,354	\$ 54,453

Charter Township of Flushing
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2021

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Drug Law Enforcement</u>	<u>Community Development</u>	
Revenues			
State-shared revenue and grants	\$ -	\$ 4,145	\$ 4,145
Expenditures			
Current			
Recreation and culture	-	4,145	4,145
Capital outlay	<u>900</u>	<u>-</u>	<u>900</u>
Total expenditures	<u>900</u>	<u>4,145</u>	<u>5,045</u>
Excess (deficiency) of revenues over expenditures	(900)	-	(900)
Fund balance - beginning of year	<u>3,999</u>	<u>-</u>	<u>3,999</u>
Fund balance - end of year	<u>\$ 3,099</u>	<u>\$ -</u>	<u>\$ 3,099</u>