
Charter Township of Flushing

Genesee County, Michigan

Financial Report
with Supplemental Information
March 31, 2019

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Flushing

Report on the 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 (the "Township") as of and for the year ended March 31, 2019 and the related notes to the financial statements, which collectively comprise the Charter Township of Flushing'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing as of March 31, 2019 and the respective changes in its financial position and, where applicable, 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 11 to the basic financial statements, during the year ended March 31, 2019, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Charter Township of Flushing

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 an opinion on the financial statements that collectively comprise the Charter Township of Flushing'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.

Plante & Moran, PLLC

August 12, 2019

Our discussion and analysis of the Charter Township of Flushing's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2019. 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, 2019:

- The Township's total net position is approximately \$12 million, with unrestricted net position of approximately \$4.5 million.
- During the year, the Township's governmental expenditures were about \$487,000 less than the approximately \$2,691,000 generated in taxes and other revenue for governmental funds.
- The General Fund fund balance increased by \$294,559.

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 view 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 government services.

The fund financial statements present a short-term view; they tell the reader 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 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 (Continued)

The Township's Net Position

The following tables show, in a condensed format, the current year's net position compared to the prior year:

	Governmental Activities			
	2018	2019	Change	Percent Change
Assets				
Current and other assets	\$ 3,050,229	\$ 3,525,137	\$ 474,908	15.6
Capital assets	1,860,921	1,852,919	(8,002)	(0.4)
Total assets	4,911,150	5,378,056	466,906	9.5
Deferred Outflows of Resources	47,902	311,746	263,844	550.8
Liabilities				
Current liabilities	114,206	121,983	7,777	6.8
Noncurrent liabilities	2,522,738	3,064,208	541,470	21.5
Total liabilities	2,636,944	3,186,191	549,247	20.8
Deferred Inflows of Resources	83,048	3,608	(79,440)	(95.7)
Net Position				
Net investment in capital assets	1,851,741	1,829,649	(22,092)	(1.2)
Restricted:				
Law enforcement	760,275	955,639	195,364	25.7
Drug law enforcement	577	2,647	2,070	358.8
Cable TV	20,261	22,399	2,138	10.6
Unrestricted	(393,794)	(310,331)	83,463	(21.2)
Total net position	<u>\$ 2,239,060</u>	<u>\$ 2,500,003</u>	<u>\$ 260,943</u>	11.7

	Business-type Activities			
	2018	2019	Change	Percent Change
Assets				
Current and other assets	\$ 5,291,044	\$ 5,578,520	\$ 287,476	5.4
Capital assets	5,135,302	4,974,914	(160,388)	(3.1)
Total assets	10,426,346	10,553,434	127,088	1.2
Liabilities - Current liabilities	738,064	743,137	5,073	0.7
Net Position				
Net investment in capital assets	5,135,302	4,974,914	(160,388)	(3.1)
Unrestricted	4,552,980	4,835,383	282,403	6.2
Total net position	<u>\$ 9,688,282</u>	<u>\$ 9,810,297</u>	<u>\$ 122,015</u>	1.3

*The Township implemented GASB Statement No. 75 during the year ended March 31, 2019. The amounts shown for the year ended March 31, 2018 have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the 2019 beginning net position.

Charter Township of Flushing

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

The following tables show, in a condensed format, the current year's changes in net position compared to the prior year:

	Governmental Activities			
	2018	2019	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 125,358	\$ 263,668	\$ 138,310	110.3
Operating grants	157,194	124,139	(33,055)	(21.0)
Capital grants	3,205	-	(3,205)	(100.0)
General revenue:				
Taxes - Property taxes	1,051,119	1,083,688	32,569	3.1
Revenue - State-shared revenue and grants	905,711	946,938	41,227	4.6
Investment earnings	16,845	38,083	21,238	126.1
Other revenue	236,122	214,379	(21,743)	(9.2)
Total revenue	2,495,554	2,670,895	175,341	7.0
Expenses				
General government	514,075	832,422	318,347	61.9
Public safety	593,931	1,173,873	579,942	97.6
Public works	189,516	187,267	(2,249)	(1.2)
Recreation and culture	69,889	91,378	21,489	30.7
Total expenses	1,367,411	2,284,940	917,529	67.1
Change in Net Position	1,128,143	385,955	(742,188)	(65.8)
Net Position - As restated - Beginning of year	1,110,917	2,114,048	1,003,131	90.3
Net Position - End of year	\$ 2,239,060	\$ 2,500,003	\$ 260,943	11.7
Business-type Activities				
	2018	2019	Change	Percent Change
Revenue	\$ 2,842,812	\$ 2,971,862	\$ 129,050	4.5
Expenses - Business-type activities	2,782,073	2,849,847	67,774	2.4
Change in Net Position	60,739	122,015	61,276	100.9
Net Position - Beginning of year	9,627,543	9,688,282	60,739	0.6
Net Position - End of year	\$ 9,688,282	\$ 9,810,297	\$ 122,015	1.3

*The Township implemented GASB Statement No. 75 during the year ended March 31, 2019. The amounts shown for the year ended March 31, 2018 have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the 2019 beginning net position.

The Township's governmental revenue was approximately \$2.7 million this year. Property taxes were about \$1,100,000, or 41 percent of total revenue. The increase was primarily related to a slight increase in taxable values and the change in chargeback from Genesee County, Michigan (the "County") for uncollectible amounts. State revenue sharing made up about \$1,067,000, or 40 percent of total revenue. This revenue increase primarily related to the increase in state-shared revenue. The remaining 19 percent of governmental activities revenue is composed mostly of charges for services, grants and contributions, and franchise fees.

Charter Township of Flushing

Management's Discussion and Analysis (Continued)

The Township's Funds

As the Township completed the year, its General Fund reported a fund balance of \$2,221,026. This was an increase of \$294,559 from the prior year. This represents approximately 166 percent of General Fund total expenditures. Revenue increased by \$104,147, which was primarily related to increased state-shared revenue and building department permit revenue. Expenditures increased by \$218,687 mainly due to public safety expenditures related to running the building department.

The Law Enforcement Special Revenue Fund realized an increase in its fund balance of \$190,200 to stand at \$904,450. The revenue in the fund increased by \$54,203 primarily due to increased property tax revenue. The expenditures decreased by \$269,758 primarily due to a decrease in capital outlay.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. Overall, the Township stayed below budget in all departments. The fund balance represents almost a year of operating expenditures and transfers.

Capital Assets and Debt Administration

At the end of 2019, the Township had invested approximately \$7 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, do 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.

At year end, the Township had capital lease obligations of \$23,270 outstanding for equipment purchased for governmental activities and compensated absences due employees of \$93,299. 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 debt obligations outstanding at March 31, 2019.

Limitations on Debt

The State limits the amount of general obligation debt the Township can issue to 10 percent of the assessed value of all taxable property within the Township's corporate limits. The Township does not have any debt outstanding that is subject to the state limitation, as the capital lease obligation is specifically excluded.

Requests for Further Information

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Charter Township of Flushing clerk's department.

Charter Township of Flushing

Statement of Net Position

March 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 2,976,039	\$ 4,798,772	\$ 7,774,811
Receivables:			
Property taxes receivable	69,338	-	69,338
Special assessments receivable	130,983	27,552	158,535
Customer receivables	-	654,961	654,961
Accrued interest receivable	4,627	16,226	20,853
Other receivables	24,892	4,114	29,006
Due from other governments	222,960	45,061	268,021
Tap-in contracts	-	10,680	10,680
Internal balances	1,036	(1,036)	-
Prepaid expenses and other assets	88,262	1,671	89,933
Land held for resale	7,000	-	7,000
Capital assets:			
Assets not subject to depreciation	193,200	-	193,200
Assets subject to depreciation - Net	1,659,719	4,974,914	6,634,633
Tap-in contracts receivable - Long-term portion	-	20,519	20,519
Total assets	5,378,056	10,553,434	15,931,490
Deferred Outflows of Resources - Deferred outflows related to pensions	311,746	-	311,746
Liabilities			
Accounts payable	70,773	393,734	464,507
Accrued liabilities and other:			
Accrued salaries and wages	19,318	-	19,318
Payroll taxes and withholdings	31,892	-	31,892
Unearned revenue	-	349,403	349,403
Noncurrent liabilities:			
Due within one year:			
Compensated absences	63,827	-	63,827
Current portion of long-term debt	6,650	-	6,650
Due in more than one year:			
Compensated absences	29,472	-	29,472
Net pension liability	2,384,825	-	2,384,825
Net OPEB obligation	562,814	-	562,814
Long-term debt	16,620	-	16,620
Total liabilities	3,186,191	743,137	3,929,328
Deferred Inflows of Resources - Deferred inflows related to pensions	3,608	-	3,608
Net Position			
Net investment in capital assets	1,829,649	4,974,914	6,804,563
Restricted:			
Law enforcement	955,639	-	955,639
Drug law enforcement	2,647	-	2,647
Cable TV	22,399	-	22,399
Unrestricted	(310,331)	4,835,383	4,525,052
Total net position	<u>\$ 2,500,003</u>	<u>\$ 9,810,297</u>	<u>\$ 12,310,300</u>

Charter Township of Flushing

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 832,422	\$ 118,264	\$ 10,558	\$ -
Public safety	1,173,873	144,327	109,161	-
Public works	187,267	-	-	-
Recreation and culture	91,378	1,077	4,420	-
Total governmental activities	2,284,940	263,668	124,139	-
Business-type activities:				
Water and Sewer Fund	2,415,815	2,404,746	-	36,500
Solid Waste Fund	434,032	465,009	-	-
Total business-type activities	2,849,847	2,869,755	-	36,500
Total primary government	\$ 5,134,787	\$ 3,133,423	\$ 124,139	\$ 36,500

General revenue:

- Taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - As restated - Beginning of year (Note 11)

Net Position - End of year

Statement of Activities

Year Ended March 31, 2019

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (703,600)	\$ -	\$ (703,600)
(920,385)	-	(920,385)
(187,267)	-	(187,267)
(85,881)	-	(85,881)
(1,897,133)	-	(1,897,133)
-	25,431	25,431
-	30,977	30,977
-	56,408	56,408
(1,897,133)	56,408	(1,840,725)
1,083,688	-	1,083,688
946,938	-	946,938
38,083	64,189	102,272
160,244	-	160,244
54,135	1,418	55,553
2,283,088	65,607	2,348,695
385,955	122,015	507,970
2,114,048	9,688,282	11,802,330
\$ 2,500,003	\$ 9,810,297	\$ 12,310,300

Charter Township of Flushing

Governmental Funds Balance Sheet

March 31, 2019

	General Fund	Law Enforcement	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 2,075,177	\$ 898,215	\$ 2,647	\$ 2,976,039
Receivables:				
Property taxes receivable	18,149	51,189	-	69,338
Special assessments receivable	130,983	-	-	130,983
Accrued interest receivable	4,627	-	-	4,627
Other receivables	1,980	22,912	-	24,892
Due from other governments	221,471	-	1,489	222,960
Due from other funds	2,525	-	-	2,525
Prepaid expenses and other assets	75,344	12,918	-	88,262
Land held for resale	7,000	-	-	7,000
	\$ 2,537,256	\$ 985,234	\$ 4,136	\$ 3,526,626
Total assets				
Liabilities				
Accounts payable	\$ 63,312	\$ 7,461	\$ -	\$ 70,773
Due to other funds	-	-	1,489	1,489
Accrued liabilities and other	29,076	22,134	-	51,210
	92,388	29,595	1,489	123,472
Total liabilities				
Deferred Inflows of Resources - Unavailable revenue				
	223,842	51,189	-	275,031
	316,230	80,784	1,489	398,503
Total liabilities and deferred inflows of resources				
Fund Balances				
Nonspendable:				
Land held for resale	7,000	-	-	7,000
Prepays	75,344	12,918	-	88,262
Restricted:				
Law enforcement	-	891,532	-	891,532
Cable TV	22,399	-	-	22,399
Drug law enforcement	-	-	2,647	2,647
Assigned:				
Subsequent year's budget	236,378	-	-	236,378
Capital improvements	400,000	-	-	400,000
Unassigned	1,479,905	-	-	1,479,905
	2,221,026	904,450	2,647	3,128,123
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,537,256	\$ 985,234	\$ 4,136	\$ 3,526,626

Charter Township of Flushing

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

March 31, 2019

Fund Balances Reported in Governmental Funds	\$ 3,128,123
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	1,852,919
Delinquent property taxes and special assessments are expected to be collected over several years and are not available to pay for current year expenditures	200,321
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	74,710
Deferred outflows of resources - Pension contributions made to the plan after the measurement date and difference between projected and actual investment earnings	311,746
Capital lease obligations are not due and payable in the current period and are not reported in the funds	(23,270)
Deferred inflows of resources - Pension difference between expected and actual experience	(3,608)
Some employee fringe benefits 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:	
Employee compensated absences	(93,299)
Pension benefits	(2,384,825)
Retiree healthcare benefits	(562,814)
Net Position of Governmental Activities	<u>\$ 2,500,003</u>

Charter Township of Flushing

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2019

	General Fund	Law Enforcement	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 142,080	\$ 932,803	\$ -	\$ 1,074,883
Special assessments	32,271	-	-	32,271
Revenue - State-shared revenue and grants	953,728	106,541	7,040	1,067,309
Charges for services	109,904	-	-	109,904
Fines and forfeitures	-	12,576	-	12,576
Licenses and permits:				
Cable franchise fees	160,244	-	-	160,244
Other licenses and permits	132,604	-	-	132,604
Interest and rentals:				
Investment earnings	35,288	2,795	-	38,083
Rental income	32,169	-	-	32,169
Other revenue	26,339	4,211	-	30,550
	<u>1,624,627</u>	<u>1,058,926</u>	<u>7,040</u>	<u>2,690,593</u>
Total revenue				
Expenditures				
Current services:				
General government	629,228	-	-	629,228
Public safety	266,498	848,563	550	1,115,611
Public works	112,858	-	-	112,858
Recreation and culture	45,841	-	4,420	50,261
Capital outlay	282,558	24,512	-	307,070
	<u>1,336,983</u>	<u>873,075</u>	<u>4,970</u>	<u>2,215,028</u>
Total expenditures				
Excess of Revenue Over Expenditures	287,644	185,851	2,070	475,565
Other Financing Sources (Uses)				
New debt issued	12,240	8,160	-	20,400
Debt premium	(5,880)	(3,920)	-	(9,800)
Sale of capital assets	555	109	-	664
	<u>6,915</u>	<u>4,349</u>	<u>-</u>	<u>11,264</u>
Total other financing sources				
Net Change in Fund Balances	294,559	190,200	2,070	486,829
Fund Balances - Beginning of year	1,926,467	714,250	577	2,641,294
Fund Balances - End of year	<u><u>\$ 2,221,026</u></u>	<u><u>\$ 904,450</u></u>	<u><u>\$ 2,647</u></u>	<u><u>\$ 3,128,123</u></u>

Charter Township of Flushing

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended March 31, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$ 486,829
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	253,368
Depreciation expense	(258,038)
Net book value of assets disposed of	(3,332)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(19,698)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(20,400)
Repayment of lease principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	6,310
Increase 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	(175)
The change in the net pension liability and related deferred inflows and outflows are recorded when incurred in the statement of activities	(117,980)
Increase in net other postemployment benefit obligations	59,071
Change in Net Position of Governmental Activities	\$ 385,955

Charter Township of Flushing

Proprietary Funds Statement of Net Position

March 31, 2019

	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds
Assets			
Current assets:			
Cash and investments	\$ 4,199,842	\$ 598,930	\$ 4,798,772
Receivables:			
Special assessments receivable - Due within one year	-	27,552	27,552
Customer receivables	654,961	-	654,961
Accrued interest receivable	16,226	-	16,226
Other receivables	4,114	-	4,114
Due from other governments	45,061	-	45,061
Tap-in contracts	10,680	-	10,680
Prepaid expenses and other assets	-	1,671	1,671
Total current assets	4,930,884	628,153	5,559,037
Noncurrent assets:			
Capital assets - Net	4,974,914	-	4,974,914
Tap-in contracts receivable - Long-term portion	20,519	-	20,519
Total noncurrent assets	4,995,433	-	4,995,433
Total assets	9,926,317	628,153	10,554,470
Liabilities			
Current liabilities:			
Accounts payable	393,734	-	393,734
Due to other funds	1,036	-	1,036
Unearned revenue - Special assessments	-	349,403	349,403
Total liabilities	394,770	349,403	744,173
Net Position			
Net investment in capital assets	4,974,914	-	4,974,914
Unrestricted	4,556,633	278,750	4,835,383
Total net position	\$ 9,531,547	\$ 278,750	\$ 9,810,297

Charter Township of Flushing

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended March 31, 2019

	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds
Operating Revenue			
Water usage fees	\$ 2,054,825	\$ -	\$ 2,054,825
Sewer treatment fees	294,110	-	294,110
User charges	-	465,009	465,009
Late charges	55,811	-	55,811
Total operating revenue	2,404,746	465,009	2,869,755
Operating Expenses			
Water usage cost	1,841,363	-	1,841,363
Sewer treatment costs	180,294	-	180,294
Solid waste contract	-	434,032	434,032
Pumping station maintenance	39,760	-	39,760
Pumping station utilities	4,316	-	4,316
Computer billing charges	12,776	-	12,776
Administration	169,300	-	169,300
Miscellaneous	355	-	355
Professional fees	7,263	-	7,263
Depreciation	160,388	-	160,388
Total operating expenses	2,415,815	434,032	2,849,847
Operating (Loss) Income	(11,069)	30,977	19,908
Nonoperating Revenue			
Investment income	64,189	-	64,189
Interest on tap-in contracts and assessments	1,418	-	1,418
Total nonoperating revenue	65,607	-	65,607
Income - Before capital contributions	54,538	30,977	85,515
Capital Contributions	36,500	-	36,500
Change in Net Position	91,038	30,977	122,015
Net Position - Beginning of year	9,440,509	247,773	9,688,282
Net Position - End of year	\$ 9,531,547	\$ 278,750	\$ 9,810,297

Charter Township of Flushing

Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2019

	Water and Sewer Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,376,704	\$ 463,165	\$ 2,839,869
Payments for interfund services and reimbursements	(4,342)	-	(4,342)
Payments to suppliers	(2,251,892)	(433,767)	(2,685,659)
Net cash and cash equivalents provided by operating activities	120,470	29,398	149,868
Cash Flows Provided by Financing Activities - Tap-in fees			
	46,868	-	46,868
Cash Flows from Investing Activities			
Interest received on investments	71,328	-	71,328
Purchases of investment securities	(2,747,000)	-	(2,747,000)
Proceeds from sale and maturities of investment securities	2,464,880	-	2,464,880
Net cash and cash equivalents used in investing activities	(210,792)	-	(210,792)
Net (Decrease) Increase in Cash and Cash Equivalents	(43,454)	29,398	(14,056)
Cash and Cash Equivalents - Beginning of year	1,235,176	569,532	1,804,708
Cash and Cash Equivalents - End of year	\$ 1,191,722	\$ 598,930	\$ 1,790,652
Classification of Cash and Cash Equivalents			
Cash and investments	\$ 4,199,842	\$ 598,930	\$ 4,798,772
Less amounts classified as investments	(3,008,120)	-	(3,008,120)
Total cash and cash equivalents	\$ 1,191,722	\$ 598,930	\$ 1,790,652
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (11,069)	\$ 30,977	\$ 19,908
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation	160,388	-	160,388
Changes in assets and liabilities:			
Receivables	(28,841)	(1,844)	(30,685)
Due to and from other funds	(4,342)	-	(4,342)
Prepaid and other assets	-	265	265
Accounts payable	4,334	-	4,334
Net cash and cash equivalents provided by operating activities	\$ 120,470	\$ 29,398	\$ 149,868

March 31, 2019

Note 1 - Significant Accounting Policies

Reporting Entity

The Charter Township of Flushing (the "Township") was formed in 1838. The Township provides the following services, as authorized by law: public safety (police, fire, and inspections); highways and streets; sanitation; public improvements; recreation; planning; and general administrative services.

The accompanying financial statements present the Charter Township of Flushing. The Township currently does not have any component units.

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 township and city residents. The facility renovation and operation are overseen by a joint building 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 building 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 \$10,628 and \$2,614, 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 senior citizens center are not available as of the report date.

Accounting and Reporting Principles

The Charter Township of Flushing 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 Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township:

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 revenue 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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 revenue 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 revenue reported for the various functions concerned.

March 31, 2019

Note 1 - Significant Accounting Policies (Continued)

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 for which specific revenue was used. The various funds are aggregated into two broad fund types:

Governmental Funds

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 government services other than those specifically assigned to another fund.
- The Law Enforcement Fund accounts for police services provided to township residents.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following funds as "major" enterprise funds:

- The Water and Sewer Fund - One fund is maintained for the operations of the water distribution system and the sewage pumping and collection system that transports the sewage to Genesee County's treatment plant.
- The Solid Waste Fund accounts for sanitation services provided to township residents.

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between 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.

Furthermore, 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.

Note 1 - Significant Accounting Policies (Continued)

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 healthcare-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.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is 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 and interest associated with the current fiscal period. Conversely, delinquent property taxes, special assessments, and intergovernmental receivables 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

Bank Deposits

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

Investments are reported at fair value or estimated 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 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."

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 \$100 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 acquisition value at the date of donation.

Note 1 - Significant Accounting Policies (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

Capital Asset Class	Depreciable Life - Years
Infrastructure	5 to 20
Buildings and improvements	20 to 50
Maintenance equipment	6 to 12
Vehicles	5
Office equipment	5 to 12
Computer equipment	5
Land improvements	12 to 60
Vehicle equipment	5
Water and sewer systems and waterlines	60

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. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund is generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Due to GASB Statement No. 68, the Township has deferred outflows of resources at the government-wide level related to the defined benefit pension plan that are made up of employer contributions made subsequent to the measurement date and the difference between projected and actual investment earnings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent property taxes, state-shared revenue, and special assessment revenue. These amounts are recognized as an inflow of resources in the period that the amounts become available. The Township also reports deferred inflows related to pensions at the government-wide level for the difference between the plan's expected and actual experience.

Note 1 - Significant Accounting Policies (Continued)

Net Position

Net position of the Township is classified in three components. Net investment in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and is held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Township will sometimes 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 government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Township will sometimes 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. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

Property Tax Revenue

Property taxes attach as an enforceable lien on property as of December 1. Taxes are also levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are due on February 28 and are considered delinquent on March 1, at which time penalties and interest are assessed. Revenue generated by the levy of a 1 percent property tax administrative fee is recognized on a cash basis.

The Township's 2019 tax is levied and collectible on December 31, 2018 and is recognized as revenue in the year ended March 31, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

March 31, 2019

Note 1 - Significant Accounting Policies (Continued)

The 2018 taxable valuation of the Township totaled \$281,549,900, on which taxes levied consisted of 0.50 mills for operating purposes and 3.3441 mills for police. This resulted in \$139,366 for operating and \$932,803 for police. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

Pension

The Township offers a defined benefit pension plan to its employees through the Municipal Employees' Retirement System of Michigan (MERS). The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 of the Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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. The General and Law Enforcement funds will be used to liquidate the net pension liability based on whichever fund an employee or retiree is assigned and to which fund the employee's pension costs are charged.

Other Postemployment Benefit Costs

The Township offers retiree healthcare benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the Township's OPEB plan and additions to/deductions from the 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. The General and Law Enforcement funds are used to liquidate these liabilities.

Compensated Absences (Vacation and Sick Leave)

All full-time township employees are paid for sick days on an as-needed basis up to a reasonable limit, as determined by management.

General township employees are allowed to carry over up to half of their annual vacation time up to two years. All accumulated and unpaid vacation 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.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water and Sewer Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

March 31, 2019

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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 the Township's financial statements for the year ending March 31, 2020.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. 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 the Township's financial statements for the year ending March 31, 2022.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The Township is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending March 31, 2020.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the supervisor submits to the township board a proposed operating budget for the fiscal year commencing on the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and special revenue funds. Informational summaries of projected revenue and expenses are provided for the Water and Sewer Fund.
2. Public hearings are conducted at the township hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental level for all budgetary funds through passage of a resolution in accordance with Public Act 621 of the State of Michigan.
4. The supervisor 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.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. All budgets are adopted on a basis consistent with generally accepted accounting principles except as indicated in item 8 below.
6. Budget appropriations lapse at year end except for approved contracts and certain federal grants, which are appropriated on a contract- (grant-) length basis.
7. The original budget was amended during the year in compliance with the township charter and applicable state laws. The budget amounts reported in the financial statements represent the original and final budgeted expenditures, as amended by the Township.

March 31, 2019

Note 2 - Stewardship, Compliance, and Accountability (Continued)

8. The Community Development Special Revenue Fund is budgeted on a project-length basis.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures in the General Fund, which were in excess of the amounts budgeted, as follows:

	Amended Budget	Actual	Variance with Amended Budget
General Fund - Public safety	\$ 143,000	\$ 266,498	\$ (123,498)
General Fund - Recreation and culture	20,800	45,841	(25,041)
General Fund - Capital outlay	276,000	282,558	(6,558)

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 April 1, 2000 is as follows:

Shortfall at April 1, 2018	\$ (257,356)
Construction permit revenue	131,751
Related expenses - Professional services	140,617
Current year shortfall	<u>(8,866)</u>
Cumulative shortfall March 31, 2019	<u>\$ (266,222)</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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 Township has designated seven 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.

Note 3 - Deposits and Investments (Continued)

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 \$5,763,197 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. 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.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, \$18,620 of investment securities was uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Township's name.

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 rating of the mutual funds of \$18,620 was not rated.

Pooled Cash

The Township maintains a cash pool that is available for use by all funds except the Water and Sewer Fund. Each fund type's portion of this pool is included on the balance sheet in cash and cash equivalents. A summary of the amount of equity in the pooled cash account or the amount due to the General Fund at March 31, 2019 is as follows:

Fund	Pooled Cash
General Fund	\$ 2,075,177
Law Enforcement Fund	898,215
Solid Waste Fund	598,930
Drug Law Enforcement Fund	2,647
Community Development Fund	(1,489)
Total	<u>\$ 3,573,480</u>

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. As of March 31, 2019, all cash and investments owned by the Township are properly valued at cost with the exception of the following:

- Mutual funds of \$18,620 are valued using quoted market prices (Level 1 inputs).

March 31, 2019

Note 4 - Capital Assets

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

Governmental Activities

	Balance April 1, 2018	Additions	Disposals and Adjustments	Balance March 31, 2019
Capital assets not being depreciated - Land	\$ 193,200	\$ -	\$ -	\$ 193,200
Capital assets being depreciated:				
Infrastructure	1,404,867	189,906	-	1,594,773
Buildings and improvements	1,328,920	32,557	-	1,361,477
Maintenance equipment	56,095	990	-	57,085
Vehicles	210,713	-	-	210,713
Office equipment	124,658	14,983	-	139,641
Computer equipment	171,549	13,625	-	185,174
Land improvements	601,735	1,307	(3,690)	599,352
Vehicle equipment	56,651	-	-	56,651
Subtotal	3,955,188	253,368	(3,690)	4,204,866
Accumulated depreciation:				
Infrastructure	870,719	140,665	-	1,011,384
Buildings and improvements	555,542	36,355	-	591,897
Maintenance equipment	45,424	1,441	-	46,865
Vehicles	113,674	27,614	-	141,288
Office equipment	65,269	11,471	-	76,740
Computer equipment	142,174	7,605	-	149,779
Land improvements	454,169	26,859	(358)	480,670
Vehicle equipment	40,496	6,028	-	46,524
Subtotal	2,287,467	258,038	(358)	2,545,147
Net capital assets being depreciated	1,667,721	(4,670)	(3,332)	1,659,719
Net governmental activities capital assets	\$ 1,860,921	\$ (4,670)	\$ (3,332)	\$ 1,852,919

March 31, 2019

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance April 1, 2018	Additions	Disposals and Adjustments	Balance March 31, 2019
Capital assets being depreciated:				
Water system	\$ 7,333,999	\$ -	\$ -	\$ 7,333,999
Sewer system	1,589,545	-	-	1,589,545
Waterline	601,459	-	-	601,459
Machinery and equipment	34,364	-	-	34,364
Subtotal	9,559,367	-	-	9,559,367
Accumulated depreciation:				
Water system	3,394,806	122,233	-	3,517,039
Sewer system	615,846	26,492	-	642,338
Waterline	380,923	10,024	-	390,947
Machinery and equipment	32,490	1,639	-	34,129
Subtotal	4,424,065	160,388	-	4,584,453
Net capital assets being depreciated	5,135,302	(160,388)	-	4,974,914
Net business-type activities capital assets	<u>\$ 5,135,302</u>	<u>\$ (160,388)</u>	<u>\$ -</u>	<u>\$ 4,974,914</u>

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

Governmental activities:	
General government	\$ 165,087
Public safety	52,296
Public works	7,313
Recreation and culture	33,342
Total governmental activities	<u>\$ 258,038</u>
Business-type activities - Water and sewer	\$ 160,388

Note 5 - Leases

Capital Leases

The Township has entered into lease agreements as lessee for financing the purchase of a copier and phones. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases are secured by the equipment purchased of \$12,850 and \$20,400, for the copier and phones, respectively, for the Township's general office. The leased assets have been recorded in the governmental capital assets. The future minimum lease obligation and the net present value are as follows:

Years Ending	Copier	Phones	Total
2020	\$ 2,570	\$ 4,080	\$ 6,650
2021	2,570	4,080	6,650
2022	1,470	4,080	5,550
2023	-	4,080	4,080
2024	-	340	340
Total	6,610	16,660	23,270
Less amount representing unamortized lease premium	-	(8,003)	(8,003)
Total	\$ 6,610	\$ 8,657	\$ 15,267

Note 6 - Long-term Debt

Long-term debt activity for the year ended March 31, 2019 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Capital leases:					
Capital leases	\$ 9,180	\$ 10,600	\$ (4,513)	\$ 15,267	\$ 4,690
Unamortized lease premium	-	9,800	(1,797)	8,003	1,960
Total capital leases	9,180	20,400	(6,310)	23,270	6,650
Accumulated compensated absences	93,124	68,733	(68,558)	93,299	63,827
Total governmental activities long-term debt	\$ 102,304	\$ 89,133	\$ (74,868)	\$ 116,569	\$ 70,477

Note 7 - 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 except employee dental benefits. 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, 2019.

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 1,036
	Community Development Fund	1,489
	Total	<u>\$ 2,525</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.

Note 9 - Pension Plan

Plan Description

The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides 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 officers 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 service 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.

Pension provisions include deferred allowances whereby an employee may terminate employment with the Township after accumulating 10 years of service for police officers and command and 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.

March 31, 2019

Note 9 - Pension Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Municipal Employees' Retirement System of Michigan
Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>9</u>
Total employees covered by MERS	<u><u>26</u></u>

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, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. 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. 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 8.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 56.74 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 8.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current flat rate is \$3,592 per month.

For command employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 9.84 percent of annual covered payroll.

Net Pension Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The March 31, 2019 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2018 measurement date. The December 31, 2018 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Note 9 - Pension Plan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 5,811,247	\$ 3,887,686	\$ 1,923,561
Changes for the year:			
Service cost	69,150	-	69,150
Interest	453,581	-	453,581
Changes in benefits	6,219	-	6,219
Differences between expected and actual experience	(7,216)	-	(7,216)
Contributions - Employer	-	173,678	(173,678)
Contributions - Employee	-	43,163	(43,163)
Net investment loss	-	(148,900)	148,900
Benefit payments, including refunds	(352,116)	(352,116)	-
Administrative expenses	-	(7,471)	7,471
Net changes	169,618	(291,646)	461,264
Balance at December 31, 2018	<u>\$ 5,980,865</u>	<u>\$ 3,596,040</u>	<u>\$ 2,384,825</u>

The plan net position represents 60.13 of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2019, the Township recognized pension expense of \$279,663.

At March 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (3,608)
Net difference between projected and actual earnings on pension plan investments	275,839	-
Employer contributions to the plan subsequent to the measurement date	35,907	-
Total	<u>\$ 311,746</u>	<u>\$ (3,608)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions of \$35,907 subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending March 31	Amount
2020	\$ 92,332
2021	34,265
2022	54,792
2023	90,842
Total	<u>\$ 272,231</u>

Note 9 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.75 percent, an investment rate of return (net of investment expenses) of 8.0 percent, and the RP-2014 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 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.

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.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 of arithmetic real rates of return as of the December 31, 2018 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

March 31, 2019

Note 9 - Pension Plan (Continued)

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 8.00 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 or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the Township	\$ 2,999,941	\$ 2,384,825	\$ 1,857,095

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position has been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes Since the Measurement Date

Subsequent to the December 31, 2018 measurement date, the investment rate of return assumption was reduced to 7.35 percent, effective with the December 31, 2019 valuation. The assumed rate of wage inflation was also decreased from 3.75 to 3.00 percent with the same effective date.

Note 10 - Other Postemployment Benefit Plan

Plan Description

The Township administers the OPEB Plan (the "Plan"), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for certain retirees and their beneficiaries. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

The Plan provides retiree healthcare benefits to eligible employees and their spouses. Employees who meet certain point requirements (based on age and years of service) are eligible to receive postemployment benefits upon retirement in the form of healthcare, vision, and dental insurance benefits.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Township OPEB Plan
Date of member count	March 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	1
Active plan members	13
Total plan members	14

March 31, 2019

Note 10 - Other Postemployment Benefit Plan (Continued)

Contributions

Retiree healthcare 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, 2019, the Township made payments for postemployment health benefit premiums of \$18,663.

Total OPEB Liability

The Township's total OPEB liability measured as of March 31, 2019 was determined by utilizing the alternative measurement method as of March 31, 2019.

Changes in the total OPEB liability during the measurement year were as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at April 1, 2018	\$ 621,885
Changes for the year:	
Service cost	33,581
Interest	39,850
Changes in benefits	(107,597)
Benefit payments, including refunds	(24,905)
Net changes	(59,071)
Balance at March 31, 2019	<u>\$ 562,814</u>

Actuarial Assumptions

The total OPEB liability was determined by utilizing the alternative measurement method as of March 31, 2019, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.75 percent; a discount rate of 3.92 percent; a healthcare cost trend rate of 8 percent for 2019, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years; and using the RPH-2018 mortality tables with the MP-2018 improvement scale. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.92 percent. The discount rate was based on the Bond Buyer Go 20 - Bond Municipal Bond Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, calculated using the discount rate of 3.92 percent, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.92%)	Current Discount Rate (3.92%)	1 Percent Increase (4.92%)
Total OPEB liability of the Township OPEB Plan	\$ 636,653	\$ 562,814	\$ 503,043

March 31, 2019

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Township, calculated using the healthcare cost trend rate of 8 percent, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7%)	Current Healthcare Cost Trend Rate (8%)	1 Percent Increase (9%)
Total OPEB liability of the Township OPEB Plan	\$ 500,987	\$ 562,814	\$ 638,974

Note 11 - Change in Accounting Principle

During the current year, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the government-wide statements now include a liability for the unfunded portion of the Township's retiree healthcare costs. Refer to the other postemployment benefit plan footnote for further details.

As a result of implementing this statement, the beginning net position of the governmental activities has been restated as follows:

	Net Position		
	March 31, 2018 - As Previously Reported	March 31, 2018 - As Restated	Adjustment for Implementation of GASB Statement No. 75
Governmental activities	\$ 2,239,060	\$ 2,114,048	\$ (125,012)

Required Supplemental Information

Charter Township of Flushing

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended March 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 137,500	\$ 137,500	\$ 142,080	\$ 4,580
Special assessments	29,000	29,000	32,271	3,271
Revenue - State-shared revenue and grants -				
State sources	858,000	859,500	953,728	94,228
Charges for services	252,800	271,800	109,904	(161,896)
Licenses and permits	126,800	126,800	292,848	166,048
Interest and rentals	34,000	57,000	67,457	10,457
Other revenue	6,350	13,450	26,339	12,889
Total revenue	1,444,450	1,495,050	1,624,627	129,577
Expenditures				
Current services:				
General government:				
Township board	238,952	234,152	176,110	58,042
Township supervisor	44,850	44,850	43,637	1,213
Accounting	107,230	109,330	66,335	42,995
Treasurer	127,320	134,720	71,742	62,978
Assessing	131,590	134,590	108,468	26,122
Clerk	129,910	131,510	54,323	77,187
Buildings and grounds	75,765	110,765	88,779	21,986
Elections	30,000	30,000	19,834	10,166
Public safety	143,000	143,000	266,498	(123,498)
Public works	136,700	145,200	112,858	32,342
Recreation and culture	19,800	20,800	45,841	(25,041)
Capital outlay	200,700	276,000	282,558	(6,558)
Total expenditures	1,385,817	1,514,917	1,336,983	177,934
Excess of Revenue Over (Under) Expenditures	58,633	(19,867)	287,644	307,511
Other Financing Sources (Uses)				
New debt issued	-	-	12,240	12,240
Debt premium	-	-	(5,880)	(5,880)
Sale of capital assets	100	100	555	455
Total other financing sources	100	100	6,915	6,815
Net Change in Fund Balance	58,733	(19,767)	294,559	314,326
Fund Balance - Beginning of year	1,926,467	1,926,467	1,926,467	-
Fund Balance - End of year	\$ 1,985,200	\$ 1,906,700	\$ 2,221,026	\$ 314,326

Charter Township of Flushing

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Law Enforcement

Year Ended March 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 910,028	\$ 910,028	\$ 932,803	\$ 22,775
Revenue - State-shared revenue and grants	83,500	83,500	106,541	23,041
Fines and forfeitures	11,000	11,000	12,576	1,576
Interest and rentals	-	-	2,795	2,795
Other revenue	1,100	1,100	4,211	3,111
Total revenue	1,005,628	1,005,628	1,058,926	53,298
Expenditures				
Current services - Public safety	941,593	941,093	848,563	92,530
Capital outlay	50,500	65,000	24,512	40,488
Total expenditures	992,093	1,006,093	873,075	133,018
Excess of Revenue Over (Under) Expenditures				
	13,535	(465)	185,851	186,316
Other Financing Sources (Uses)				
New debt issued	-	-	8,160	8,160
Debt premium	-	-	(3,920)	(3,920)
Sale of capital assets	-	-	109	109
Total other financing sources	-	-	4,349	4,349
Net Change in Fund Balance	13,535	(465)	190,200	190,665
Fund Balance - Beginning of year	714,250	714,250	714,250	-
Fund Balance - End of year	<u>\$ 727,785</u>	<u>\$ 713,785</u>	<u>\$ 904,450</u>	<u>\$ 190,665</u>

Charter Township of Flushing

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

12 Months Ended December 31

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 69,150	\$ 74,089	\$ 70,183	\$ 70,741
Interest	453,581	439,506	487,063	474,724
Changes in benefit terms	6,219	4,874	(1,852)	-
Differences between expected and actual experience	(7,216)	(1,245)	(817,499)	(108,734)
Changes in assumptions	-	-	-	275,178
Benefit payments, including refunds	(352,116)	(325,509)	(343,130)	(412,006)
Net Change in Total Pension Liability	169,618	191,715	(605,235)	299,903
Total Pension Liability - Beginning of year	5,811,247	5,619,532	6,224,767	5,924,864
Total Pension Liability - End of year	\$ 5,980,865	\$ 5,811,247	\$ 5,619,532	\$ 6,224,767
Plan Fiduciary Net Position				
Contributions - Employer	\$ 173,678	\$ 251,076	\$ 273,846	\$ 270,342
Contributions - Employee	43,163	51,222	37,417	30,456
Net investment (loss) income	(148,900)	455,996	352,923	(47,965)
Administrative expenses	(7,471)	(7,215)	(6,971)	(7,097)
Benefit payments, including refunds	(352,116)	(325,509)	(343,130)	(412,006)
Net Change in Plan Fiduciary Net Position	(291,646)	425,570	314,085	(166,270)
Plan Fiduciary Net Position - Beginning of year	3,887,686	3,462,116	3,148,031	3,314,301
Plan Fiduciary Net Position - End of year	\$ 3,596,040	\$ 3,887,686	\$ 3,462,116	\$ 3,148,031
Township's Net Pension Liability - Ending	\$ 2,384,825	\$ 1,923,561	\$ 2,157,416	\$ 3,076,736
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.13 %	66.90 %	61.61 %	50.57 %
Covered Payroll	\$ 516,225	\$ 555,386	\$ 536,137	\$ 538,362
Township's Net Pension Liability as a Percentage of Covered Payroll	461.97 %	346.35 %	402.40 %	571.50 %

Schedule is built prospectively upon implementation of GASB Statement No. 68.

Charter Township of Flushing

Required Supplemental Information Schedule of Pension Contributions

	Last Ten Fiscal Years									
	Years Ended March 31									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 154,970	\$ 205,425	\$ 201,487	\$ 198,122	\$ 149,385	\$ 134,657	\$ 179,068	\$ 142,428	\$ 161,491	\$ 128,302
Contributions in relation to the actuarially determined contribution	<u>164,970</u>	<u>255,425</u>	<u>276,487</u>	<u>278,122</u>	<u>229,385</u>	<u>184,657</u>	<u>179,068</u>	<u>292,428</u>	<u>241,491</u>	<u>128,302</u>
Contribution Excess	<u>\$ 10,000</u>	<u>\$ 50,000</u>	<u>\$ 75,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 80,000</u>	<u>\$ -</u>
Covered Payroll	\$ 516,225	\$ 555,386	\$ 536,137	\$ 538,362	\$ 521,292	\$ 525,522	\$ 448,957	\$ 524,823	\$ 647,809	\$ 944,225
Contributions as a Percentage of Covered Payroll	31.96 %	45.99 %	51.57 %	51.66 %	44.00 %	35.14 %	39.89 %	55.72 %	37.28 %	13.59 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended March 31, 2019 were determined based on the actuarial valuation as of December 31, 2016. The most recent valuation is as of December 31, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed basis
Remaining amortization period	20 years
Asset valuation method	Five-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent in the long term
Investment rate of return	8.00 percent - Net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	RP-2014 Disabled Retiree Mortality Tables of a 50 percent male and 50 percent female blend
Other information	None

Charter Township of Flushing

Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

12 Months Ended March 31

	<u>2019</u>
Total OPEB Liability	
Service cost	\$ 33,581
Interest	39,850
Changes in benefit terms	(107,597)
Benefit payments, including refunds	<u>(24,905)</u>
Net Change in Total OPEB Liability	(59,071)
Total OPEB Liability - Beginning of year	<u>621,885</u>
Total OPEB Liability - End of year	<u>\$ 562,814</u>
Covered Employee Payroll	\$ 636,087
Net OPEB Liability as a Percentage of Covered Employee Payroll	88.48 %

Charter Township of Flushing

Required Supplemental Information Schedule of OPEB Contributions

**Last Ten Fiscal Years
Years Ended March 31**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 35,842	\$ 62,735	\$ 62,735	\$ 62,735	\$ 116,049	\$ 116,049	\$ 68,997	\$ 28,105	\$ 88,266	\$ 88,266
Contributions in relation to the actuarially determined contribution	18,663	6,116	3,934	20,892	32,779	23,692	22,888	31,761	18,162	10,397
Contribution (Deficiency) Excess	\$ (17,179)	\$ (56,619)	\$ (58,801)	\$ (41,843)	\$ (83,270)	\$ (92,357)	\$ (46,109)	\$ 3,656	\$ (70,104)	\$ (77,869)
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -						

Notes to Schedule of Contributions

Alternative measurement method information relative to the determination of contributions:

Alternative measurement method date: March 31, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Inflation	2.5 percent
Healthcare cost trend rates	8 percent
Salary increase	3.75 percent
Discount rate	3.92 percent
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for healthy retirees

March 31, 2019

Pension Information

Changes in Assumptions

In 2015, mortality tables were adjusted to reflect longer lifetimes and the investment rate of return was lowered by 0.25 percent, which results in an increase in the total pension liability of approximately \$275,000.

Other Supplemental Information

Charter Township of Flushing

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

March 31, 2019

	Special Revenue Funds		Total
	Drug Law Enforcement	Community Development	
Assets			
Cash and investments	\$ 2,647	\$ -	\$ 2,647
Receivables	-	1,489	1,489
Total assets	<u><u>\$ 2,647</u></u>	<u><u>\$ 1,489</u></u>	<u><u>\$ 4,136</u></u>
Liabilities - Due to other funds	\$ -	\$ 1,489	\$ 1,489
Fund Balances - Restricted - Drug law enforcement	2,647	-	2,647
Total liabilities and fund balances	<u><u>\$ 2,647</u></u>	<u><u>\$ 1,489</u></u>	<u><u>\$ 4,136</u></u>

Charter Township of Flushing

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended March 31, 2019

	Special Revenue Funds		Total
	Drug Law Enforcement	Community Development	
Revenue - State-shared revenue and grants - Federal grants	\$ 2,620	\$ 4,420	\$ 7,040
Expenditures			
Current services:			
Public safety	550	-	550
Recreation and culture	-	4,420	4,420
Total expenditures	550	4,420	4,970
Net Change in Fund Balances	2,070	-	2,070
Fund Balances - Beginning of year	577	-	577
Fund Balances - End of year	<u>\$ 2,647</u>	<u>\$ -</u>	<u>\$ 2,647</u>