

Charter Township of Flushing

Financial Statements

March 31, 2023

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Independent Auditors' Report

Township Board
Charter Township of Flushing
Flushing, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter Township of Flushing, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended March 31, 2023, the Township adopted GASB Statement No. 87 Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Flushing's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter Township of Flushing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Flushing's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Municipal Employees Retirement schedules, and Other Post Employment Benefit schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Flushing's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, MI
August 8, 2023

**Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2023**

Our discussion and analysis of the Charter Township of Flushing's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2023. 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, 2023.

The Township's total net position is approximately \$12.4 million, with unrestricted net position of approximately \$3.4 million.

During the year, the Township's governmental expenditures were about \$924,000 more than the approximately \$2,665,000 generated in taxes, state-shared revenue, and other revenue for governmental funds.

The General Fund fund balance increased by \$249,314.

For the next fiscal year (2022-2023), the board will continue the use of a line item budget to assist in controlling the amount of spending and to better understand where the real costs are being incurred.

Using this Annual Report

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

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

**Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2023**

The Charter Township of Flushing as a Whole

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

	Governmental Activities 2023	Business-type Activities 2023	Total 2023	Total 2022
Assets				
Current assets	\$ 6,152,296	\$ 6,435,231	\$ 12,587,527	\$ 11,783,290
Capital assets	2,579,543	4,339,676	6,919,219	6,760,460
Total assets	<u>8,731,839</u>	<u>10,774,907</u>	<u>19,506,746</u>	<u>18,543,750</u>
Deferred Outflows of Resources	448,399	-	448,399	64,694
Liabilities				
Current liabilities	647,684	803,793	1,451,477	1,380,721
Long term liabilities	5,650,328	-	5,650,328	4,554,105
Total liabilities	<u>6,298,012</u>	<u>803,793</u>	<u>7,101,805</u>	<u>5,934,826</u>
Deferred Inflows of Resources	455,431	-	455,431	312,258
Net Position				
Net investment in capital assets	2,579,203	4,339,676	6,918,879	6,754,815
Restricted	2,058,375	-	2,058,375	166,382
Unrestricted	<u>(2,210,783)</u>	<u>5,630,628</u>	<u>3,419,845</u>	<u>5,440,163</u>
Total net position	<u>\$ 2,426,795</u>	<u>\$ 9,970,304</u>	<u>\$ 12,397,099</u>	<u>\$ 12,361,360</u>

The Township's net position of governmental activities are \$2,426,795 and \$9,970,304 for business type activities; of these amounts \$(2,210,783) (governmental) and \$5,630,628 (business-type) are unrestricted.

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2023

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

	Governmental	Business-type	Total	Total
	Activities	Activities	2023	2022
Revenue				
Program revenue	\$ 309,815	\$ 3,118,976	\$ 3,428,791	\$ 3,349,703
Charges for services	657,524	-	657,524	225,805
Operating grants and contributions				
General revenue				
Property taxes	1,349,108	-	1,349,108	1,550,486
State-shared revenue	1,209,535	-	1,209,535	1,098,680
Unrestricted investment earnings	36,581	15,314	51,895	62,214
Miscellaneous	69,758	71	69,829	57,016
Total revenue	<u>3,632,321</u>	<u>3,134,361</u>	<u>6,766,682</u>	<u>6,343,904</u>
Expenses				
Program expenses				
General government	1,533,379	-	1,533,379	1,318,976
Public safety	1,818,969	-	1,818,969	1,487,462
Public works	161,824	-	161,824	124,119
Recreation and culture	71,813	-	71,813	86,225
Interest on long-term debt	3,297	-	3,297	19,840
Water and sewer fund	-	2,582,442	2,582,442	2,461,614
Solid waste fund	-	559,219	559,219	503,747
Total expenses	<u>3,589,282</u>	<u>3,141,661</u>	<u>6,730,943</u>	<u>6,001,983</u>
Change in net position	<u>\$ 43,039</u>	<u>\$ (7,300)</u>	<u>\$ 35,739</u>	<u>\$ 852,728</u>

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2023

Governmental Activities

The Township's total governmental activity revenues were \$3,632,321. This was a \$299,106 increase in revenues compared to the prior year.

Governmental activity expenditures of \$3,589,282 were recorded for the year.

Business Type Activities

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

Charter Township of Flushing Funds

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

a) **General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues from fees charged for various municipal activities and services are recorded in the General Fund. The General Fund reported a fund balance of \$2,960,587. This was an increase of \$249,314 from the prior year. This represents approximately 137 percent of General Fund total expenditures. Revenue increased by \$419,931, which was primarily related to increased federal grant revenues. Expenditures increased by \$793,111 mainly due to general government and capital outlay expenditures.

b) **Law Enforcement Fund**

The Law Enforcement special revenue fund realized a decrease in its fund balance of \$41,257 to \$1,252,297 at year end. The revenue in the fund increased by \$41,020 primarily due to an increase in state-shared revenue. The expenditures increased by \$167,806 primarily due to an increase in public safety expenditures.

General Fund Budgetary Highlights

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

Charter Township of Flushing
Management's Discussion and Analysis
Year Ended March 31, 2023

Capital Assets and Debt Administration

At the end of 2023, the Township had invested approximately \$6.9 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board for the implementation of GASB Statement No. 34. Capital assets, as stated in this annual financial report, does not include some prior year infrastructure items, such as sidewalks and streets. Financial reporting in years before 2005 did not require some infrastructure items to be included with capital assets. Recognizing the problem of having local units gather together all of the required information, the GASB has allowed smaller units of government, like the Township, to report infrastructure assets on a prospective basis only after adopting the new reporting standard.

The Township had a special assessment bond outstanding relating to the Capital Project Fund of \$710,000 at March 31, 2023.

At year end, the Township had installment purchase obligations of \$340 outstanding for equipment purchased for governmental activities and compensated absences due to employees of \$107,617.

Business-type activities (water and sewer services) did not have any long-term obligations outstanding at March 31, 2023.

Economic Factors and Next Year's Budgets and Rates

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

Contacting the Charter Township of Flushing Management

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

Charter Township of Flushing
Statement of Net Position
March 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,798,351	\$ 5,653,224	\$ 10,451,575
Receivables	74,400	-	74,400
Taxes	32,766	690,193	722,959
Customers	490,813	27,537	518,350
Special assessments	4,202	3,241	7,443
Accrued interest and other	455,431	-	455,431
Leases	6,797	-	6,797
Oploid	-	23,231	23,231
Tap-in contracts	172,440	35,909	208,349
Due from other units of government	810	(810)	-
Internal balances	10,400	-	10,400
Inventories	105,886	1,896	107,782
Prepaid items	193,200	-	193,200
Capital assets not being depreciated	2,386,343	4,339,676	6,726,019
Capital assets, net of accumulated depreciation	8,731,839	10,774,097	19,505,936
Deferred Outflows of Resources			
Deferred amount relating to net pension liability	448,399	-	448,399

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Statement of Net Position
March 31, 2023

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 129,546	\$ 409,442	\$ 538,988
Accrued and other liabilities	55,687	-	55,687
Unearned revenue	462,451	394,351	856,802
Noncurrent liabilities			
Debt due within one year	192,957	-	192,957
Debt due in more than one year	625,000	-	625,000
Net pension liability	3,856,585	-	3,856,585
Total OPEB liability	975,786	-	975,786
Total liabilities	6,298,012	803,793	7,101,805
Deferred Inflows of Resources			
Deferred amount relating to leases receivable	455,431	-	455,431
Net Position			
Net investment in capital assets	2,579,203	4,339,676	6,918,879
Restricted for			
Law enforcement	1,313,202	-	1,313,202
Capital project fund	719,298	-	719,298
Drug law enforcement	5,351	-	5,351
Cable TV	20,524	-	20,524
Unrestricted	(2,210,783)	5,630,628	3,419,845
Total net position	\$ 2,426,795	\$ 9,970,304	\$ 12,397,099

Charter Township of Flushing
Statement of Activities
For the Year Ended March 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	\$ 1,533,379	\$ 299,189	\$ 534,334	\$ -	\$ (699,856)	\$ -	\$ (699,856)
Public safety	1,818,969	10,626	123,190	-	(1,685,153)	-	(1,685,153)
Public works	161,824	-	-	-	(161,824)	-	(161,824)
Recreation and culture	71,813	-	-	-	(71,813)	-	(71,813)
Interest and fiscal charges on long-term debt	3,297	-	-	-	(3,297)	-	(3,297)
Total governmental activities	3,589,282	309,815	657,524	-	(2,621,943)	-	(2,621,943)
Business-type activities							
Water and sewer	2,582,442	2,593,358	-	-	-	10,916	10,916
Solid waste	559,219	525,618	-	-	-	(33,601)	(33,601)
Total business-type activities	3,141,661	3,118,976	-	-	-	(22,685)	(22,685)
Total	\$ 6,730,943	\$ 3,428,791	\$ 657,524	\$ -	(2,621,943)	(22,685)	(2,644,628)
	General revenues						
	Property taxes				1,349,108	-	1,349,108
	State-shared revenue				1,209,535	-	1,209,535
	Unrestricted investment earnings				36,581	15,314	51,895
	Miscellaneous				69,758	71	69,829
	Total general revenues				2,664,982	15,385	2,680,367
	Change in net position				43,039	(7,300)	35,739
	Net position - beginning of year				2,383,756	9,977,604	12,361,360
	Net position - end of year				\$ 2,426,795	\$ 9,970,304	\$ 12,397,099

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Balance Sheet
March 31, 2023

	General	Special Revenue Fund		Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Law Enforcement Fund	Law			
Assets						
Cash and cash equivalents	\$ 3,293,176	\$ 1,235,593	\$ 264,231	\$ 5,351	\$ 4,798,351	
Receivables						
Taxes	17,468	54,108	2,824	-	74,400	
Customers	8,464	24,302	-	-	32,766	
Special assessments	38,570	-	452,243	-	490,813	
Accrued interest and other	4,202	-	-	-	4,202	
Leases receivable	455,431	-	-	-	455,431	
Opioid receivable	-	6,797	-	-	6,797	
Due from other units of government	171,217	-	-	1,223	172,440	
Due from other funds	810	-	-	-	810	
Inventories	10,400	-	-	-	10,400	
Prepaid items	93,048	12,838	-	-	105,886	
Total assets	\$ 4,092,786	\$ 1,333,638	\$ 719,298	\$ 6,574	\$ 6,152,296	

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Balance Sheet
March 31, 2023

	Special Revenue Fund		Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	Law Enforcement Fund			
Liabilities					
Accounts payable	\$ 123,054	\$ 5,269	\$ -	\$ 1,223	\$ 129,546
Accrued and other liabilities	36,018	15,167	-	-	51,185
Unearned revenue	462,451	-	-	-	462,451
Total liabilities	621,523	20,436	-	1,223	643,182
Deferred Inflows of Resources					
Taxes	55,245	54,108	452,243	-	561,596
Oploid Settlement	-	6,797	-	-	6,797
Leases	455,431	-	-	-	455,431
Total deferred inflows of resources	510,676	60,905	452,243	-	1,023,824
Fund Balances					
Non-spendable					
Inventories	10,400	-	-	-	10,400
Prepaid items	93,048	12,838	-	-	105,886
Restricted for					
Law enforcement	-	1,239,459	-	-	1,239,459
Drug law enforcement	-	-	-	5,351	5,351
Capital project fund	-	-	267,055	-	267,055
Cable TV	20,524	-	-	-	20,524
Assigned for					
Capital improvements	300,000	-	-	-	300,000
OPER	200,000	-	-	-	200,000
Unassigned	2,336,615	-	-	-	2,336,615
Total fund balances	2,960,587	1,252,297	267,055	5,351	4,485,290
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,092,786	\$ 1,333,638	\$ 719,298	\$ 6,574	\$ 6,152,296

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
March 31, 2023

Total fund balances for governmental funds	\$ 4,485,290
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	2,386,343
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	193,200
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	568,393
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(4,502)
Compensated absences	(107,617)
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	448,399
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Long-term debt	(710,340)
Net pension liability	(3,856,585)
Total OPEB liability	(975,786)
Net position of governmental activities	<u>\$ 2,426,795</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2023

	General	Special Revenue Fund		Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Law Enforcement Fund	Law			
Revenues						
Taxes	\$ 300,623	\$ 1,063,217	\$ -	\$ 200,520	\$ -	\$ 1,564,360
Licenses and permits	270,684	-	-	-	-	270,684
Federal grants	511,416	-	-	-	-	511,416
State-shared revenue	1,232,453	118,174	-	-	4,073	1,354,700
Fines and forfeitures	-	10,626	-	-	-	10,626
Interest income	22,060	596	-	13,925	-	36,581
Rental income	33,190	-	-	-	-	33,190
Other revenue	43,145	16,212	-	-	2,163	61,520
Total revenues	2,413,571	1,208,825		214,445	6,236	3,843,077

Charter Township of Flushing
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2023

	General	Special Revenue Fund		Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Law Enforcement Fund				
Expenditures						
Current						
General government	\$ 1,227,993	\$ -	\$ -	\$ -	\$ -	\$ 1,227,993
Public safety	290,916	1,212,471	-	-	-	1,503,387
Public works	143,277	-	-	-	-	143,277
Recreation and culture	45,434	-	-	-	4,073	49,507
Capital outlay	454,189	35,979	-	-	-	490,168
Debt service						
Principal retirement	2,448	1,632	85,000	-	-	89,080
Interest and fiscal charges	-	-	5,958	-	-	5,958
Total expenditures	2,164,257	1,250,082	90,958	4,073	3,509,370	
Net change in fund balances	249,314	(41,257)	123,487	2,163	333,707	
Fund balances - beginning of year	2,711,273	1,293,554	143,568	3,188	4,151,583	
Fund balances - end of year	\$ 2,960,587	\$ 1,252,297	\$ 267,055	\$ 5,351	\$ 4,485,290	

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2023

Net change in fund balances - total governmental funds **\$ 333,707**

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(262,708)
Capital outlay	582,518
Sale of capital assets (net book value)	(2,301)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Opioid settlement	6,797
Property taxes and special assessments	(215,252)

Expenses are recorded when incurred in the statement of activities.

Accrued interest	538
Compensated absences	(17,212)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	(808,892)
Net change in the deferred inflow of resources related to the net pension liability	312,258
Net change in the deferred outflow of resources related to the net pension liability	383,705

The statement of net position reports the total OPEB liability and deferred outflows of resources and deferred inflows related to the total OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in total OPEB liability	(361,322)
Repayment of bond principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	89,080
Amortization of premiums, discounts and similar items	2,123

Change in net position of governmental activities **\$ 43,039**

Charter Township of Flushing
Proprietary Funds
Statement of Net Position
March 31, 2023

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Assets			
Current assets	\$ 4,957,146	\$ 696,078	\$ 5,653,224
Cash and cash equivalents			
Receivables	690,193	-	690,193
Customers	-	27,537	27,537
Special assessments, current	3,241	-	3,241
Accrued interest and other	23,231	-	23,231
Tap-in contracts	35,909	-	35,909
Due from other units of government	-	1,896	1,896
Prepaid items			
Total current assets	5,709,720	725,511	6,435,231
Noncurrent assets			
Capital assets, net of accumulated depreciation	4,339,676	-	4,339,676
Total assets	10,049,396	725,511	10,774,907
Liabilities			
Current liabilities			
Accounts payable	409,442	-	409,442
Due to other funds	810	-	810
Unearned revenue	-	394,351	394,351
Total liabilities	410,252	394,351	804,603
Net Position			
Net investment in capital assets	4,339,676	-	4,339,676
Unrestricted	5,299,468	331,160	5,630,628
Total net position	9,639,144	331,160	9,970,304

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2023

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Operating revenue			
Customer fees	\$ 2,570,858	\$ 525,618	\$ 3,096,476
Connection fees	22,500	-	22,500
Other revenue	71	-	71
Total operating revenue	<u>2,593,429</u>	<u>525,618</u>	<u>3,119,047</u>
Operating expenses			
Water usage cost	1,939,904	-	1,939,904
Sewer treatment costs	239,755	-	239,755
Solid waste contract	-	559,219	559,219
Supplies	6,516	-	6,516
Utilities	810	-	810
Administration	221,000	-	221,000
Other expenses	15,707	-	15,707
Depreciation	158,750	-	158,750
Total operating expenses	<u>2,582,442</u>	<u>559,219</u>	<u>3,141,661</u>
Operating income (loss)	10,987	(33,601)	(22,614)
Nonoperating revenue			
Interest income	15,314	-	15,314
Change in net position	26,301	(33,601)	(7,300)
Net position - beginning of year	9,612,843	364,761	9,977,604
Net position - end of year	<u>\$ 9,639,144</u>	<u>\$ 331,160</u>	<u>\$ 9,970,304</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2023

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 2,568,486	\$ 525,755	\$ 3,094,241
Payments to other funds	(222)	-	(222)
Payments to suppliers	(2,420,527)	(559,261)	(2,979,788)
Net cash provided (used) by operating activities	<u>147,737</u>	<u>(33,506)</u>	<u>114,231</u>
Cash flows from financing activities			
Proceeds from special assessments	-	2,466	2,466
Tap-in contracts	<u>3,260</u>	<u>-</u>	<u>3,260</u>
Net cash provided by financing activities	<u>3,260</u>	<u>2,466</u>	<u>5,726</u>
Cash flows from investing activities			
Interest received	<u>22,474</u>	<u>-</u>	<u>22,474</u>
Net increase (decrease) in cash and cash equivalents	173,471	(31,040)	142,431
Cash and cash equivalents - beginning of year	<u>4,783,675</u>	<u>727,118</u>	<u>5,510,793</u>
Cash and cash equivalents - end of year	<u>\$ 4,957,146</u>	<u>\$ 696,078</u>	<u>\$ 5,653,224</u>

Charter Township of Flushing
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2023

	Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 10,987	\$ (33,601)	\$ (22,614)
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	158,750	-	158,750
Changes in assets and liabilities			
Receivables	(20,206)	-	(20,206)
Due from other units of government	(4,737)	-	(4,737)
Prepaid items	-	(42)	(42)
Accounts payable	3,165	-	3,165
Due to other funds	(222)	-	(222)
Unearned revenue	-	137	137
Net cash provided (used) by operating activities	\$ 147,737	\$ (33,506)	\$ 114,231

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Fiduciary Funds
Statement of Fiduciary Net Position
March 31, 2023

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 3,411
Liabilities	
Due to other units of government	<u>3,411</u>
Net Position	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended March 31, 2023

	Custodial Fund
Additions	
Property tax collections for other governments	\$ 10,056,843
Deductions	
Payments of property tax to other governments	<u>10,056,843</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

Charter Township of Flushing Notes to the Financial Statements March 31, 2023

Note 1 - Summary of Significant Accounting Policies

Reporting entity

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

Jointly Governed Organization

The Township has entered into a joint agreement with the City of Flushing, Michigan (the "City") to share in the operating costs of a library and senior citizens center for the Township and City residents. The facility's operations are overseen by a joint operating committee made up of two appointees from each municipality and one appointee selected by the members of the Township and the City. The joint committee prepares an annual operating budget, which is approved by each municipality. All operating regulations, policies, and rules for the center are determined by the committee and approved by the City and the Township. Operating expenses will be divided between the City and the Township based on resident usage records. The City of Flushing, Michigan acts as the fiduciary agent for the library and senior center. During the current year, the Township's share of the operating costs of the library and senior center was \$15,002. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Separate financial statements for the library and the senior citizens center are not available as of the report date.

Government-wide and fund financial statements

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

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Township reports the following major governmental funds:

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

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

The Capital Project Fund accounts for special assessments that are restricted for paving projects.

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following:

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

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

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

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

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

Assets, liabilities, and net position or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2022 taxable valuation of the township totaled \$330,842,725, on which ad valorem taxes consisted of 0.50 mills for operating purposes and 3.2212 mills for police. This resulted in \$1,228,150 for operating and police expenditures, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

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

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

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

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

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

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

Compensated absences – It is the Township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated and unpaid vacation and sick days are accrued when incurred in the government-wide and proprietary fund

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The General Fund reports each employee's compensation and is used to liquidate the obligation.

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

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

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

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information

about the fiduciary net position of the Township's OPEB plan and additions to/deductions from OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

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

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

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

Charter Township of Flushing Notes to the Financial Statements March 31, 2023

Assigned – amounts intended to be used for specific purposes, as determined by the Township Board. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

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

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

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

Use of Estimates

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

Adoption of New Accounting Standards

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a

lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases, for interim financial reports* (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Upcoming Accounting and Reporting Changes

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending March 31, 2024.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending March 31, 2025.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending March 31, 2025.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

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

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

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

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

The Township had no expenditures in excess of budget.

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Note 3 - Deposits and Investments

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

	Cash and Cash Equivalents
Governmental activities	\$ 4,798,351
Business-type activities	5,653,224
Total	10,451,575
Fiduciary fund	3,411
Total	\$ 10,454,986

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 10,451,225	3,211	\$ 10,454,436
Petty cash and cash on hand	350	200	550
	\$ 10,451,575	\$ 3,411	\$ 10,454,986

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

Credit risk – State statutes and the Township's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States

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

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

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the Township's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of year end, \$9,671,972 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Unearned Revenue

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

Governmental-type activities	
Grants	\$ 462,451
Business-type activities	
Special assessments	\$ 394,351

Charter Township of Flushing

Notes to the Financial Statements

March 31, 2023

Note 5 - Deferred Inflows of Resources

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

Primary Government	
Deferred amount related to opioid settlement	\$ 6,797
Deferred amount related to leases	455,431
Earned but unavailable revenues	561,596
Property taxes	<u>\$ 1,023,824</u>

Note 6 - Capital Assets

Capital assets activity for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated	\$ 193,200	\$ -	\$ -	\$ 193,200
Land				
Capital assets being depreciated				
Infrastructure	1,805,460	367,822	174,112	1,999,170
Buildings, additions, and improvements	1,449,091	87,618	7,656	1,529,053
Maintenance equipment	12,580	19,140	-	31,720
Vehicles	298,192	38,442	160,718	175,916
Office equipment	116,666	10,050	15,601	111,115
Computer equipment	74,899	897	-	75,796
Land improvements	446,806	-	236,956	209,850
Vehicle equipment	33,767	58,549	8,884	83,432
Total capital assets being depreciated	<u>4,237,461</u>	<u>582,518</u>	<u>603,927</u>	<u>4,216,052</u>
Less accumulated depreciation for				
Infrastructure	751,818	128,532	174,112	706,238
Buildings, additions, and improvements	676,188	43,516	7,656	712,048
Maintenance equipment	5,537	4,622	-	10,159
Vehicles	223,707	35,051	160,718	98,040
Office equipment	55,647	15,048	13,300	57,395
Computer equipment	42,804	13,327	-	56,131
Land improvements	395,567	10,682	236,956	169,293
Vehicle equipment	17,359	11,930	8,884	20,405
Total accumulated depreciation	<u>2,168,627</u>	<u>262,708</u>	<u>601,626</u>	<u>1,829,709</u>
Net capital assets being depreciated	<u>2,068,934</u>	<u>319,810</u>	<u>2,301</u>	<u>2,386,343</u>
Governmental activities capital assets, net	<u>\$ 2,262,034</u>	<u>\$ 319,810</u>	<u>\$ 2,301</u>	<u>\$ 2,579,543</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated	\$ 7,333,999	\$ -	\$ -	\$ 7,333,999
Land improvements	1,589,545	-	-	1,589,545
Infrastructure	601,459	-	-	601,459
Buildings, additions and improvements	34,364	-	-	34,364
Machinery and equipment	9,559,367	-	-	9,559,367
Total capital assets being depreciated				
Less accumulated depreciation for				
Land improvements	3,883,738	122,233	-	4,005,971
Infrastructure	721,818	26,492	-	748,310
Buildings, additions and improvements	421,021	10,025	-	431,046
Machinery and equipment	34,364	-	-	34,364
Total accumulated depreciation	<u>5,060,941</u>	<u>158,750</u>	<u>-</u>	<u>5,219,691</u>
Business-type capital assets, net	<u>\$ 4,498,426</u>	<u>\$ (158,750)</u>	<u>\$ -</u>	<u>\$ 4,339,676</u>

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

Governmental activities	\$
General government	182,307
Public safety	64,504
Recreation and culture	15,897
Total governmental activities	<u>262,708</u>
Business-type activities	
Water and Sewer	158,750
Total primary government	<u>\$ 421,458</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Note 7 - Net Investment in Capital Assets

The composition of net investment in capital assets as of March 31, 2023, was as follows:

	Governmental Activities	Business-type Activities
Capital assets		
Capital assets not being depreciated	\$ 193,200	\$ -
Capital assets, net of accumulated depreciation	2,386,343	4,339,676
Total capital assets	2,579,543	4,339,676
Related debt		
Installation purchase agreements	(340)	-
Net investment in capital assets	\$ 2,579,203	\$ 4,339,676

Note 8 - Interfund Receivables and Payables

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Water and sewer fund	\$ 810

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

Note 9 - Leases receivable

The Township has two significant agreements leasing Township property for cell phone towers. The first lease commenced in April 2001 and automatically renews for a 5-year term through March 2074 unless the lessee notifies the lessor in writing of the lessee's intention not to extend the agreement at least 60 days prior to the expiration of any term. It is the Township's intent to exercise all renewals. Payments are \$800 per month increasing every 5 years by 15% starting 2044 with an implied interest rate of 2.23%.

The second lease commenced in September 2021 through March 2044. Payments are \$400 per month increasing by 2.8% every 5 years starting April 2028 with an implied interest rate of 2.23%.

The Township collected \$14,400 from the tenants for the year ended March 31, 2023, which includes \$5,047 in lease revenue and \$9,353 in lease interest revenue.

A lease receivable and deferred inflow have been recorded to reflect future expected payments. Future minimum lease payments are as follows:

Year Ending March 31,	Governmental Activities
2024	\$ 4,288
2025	4,384
2026	4,483
2027	4,584
2028	4,687
2029-2033	25,778
2034-2038	29,546
2039-2043	33,779
2044-2048	22,143
2049-2053	27,344
2054-2058	40,355
2059-2063	56,368
2064-2068	75,956
2069-2073	99,796
2074	21,940
Total	<u>\$ 455,431</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Note 10 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
Special assessment obligations	\$ 860,000	5/1/2030	1.53%	\$85,000 - \$90,000	\$ 795,000	\$ -	\$ 85,000	\$ 710,000	\$ 85,000
Brentwood paving					4,420	-	4,080	340	340
Installment purchase agreements					799,420	-	89,080	710,340	85,340
Total					2,123	-	2,123	-	-
Unamortized lease premium					90,405	87,462	70,250	107,617	107,617
Compensated absences									
Total governmental activities					\$ 891,948	\$ 87,462	\$ 161,453	\$ 817,957	\$ 192,957

Charter Township of Flushing Notes to the Financial Statements March 31, 2023

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

Year Ending March 31,	Governmental Activities		Notes from Direct Borrowings and Direct Placements	
	Bonds Principal	Interest	Principal	Interest
2024	\$ 85,000	\$ 10,213	\$ 340	\$ 6
2025	85,000	8,912	-	-
2026	90,000	7,574	-	-
2027	90,000	6,197	-	-
2028	90,000	4,819	-	-
2029-2031	270,000	6,196	-	-
	<u>\$ 710,000</u>	<u>\$ 43,911</u>	<u>\$ 340</u>	<u>\$ 6</u>

Note 11 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays dental and vision claims on a reimbursement basis and has set aside employee and employer contributions to pay these claims in the General Fund. The liability for unpaid claims was immaterial at March 31, 2023.

Note 12 - Employee Retirement and Benefit Systems

Defined benefit pension plan

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

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

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

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

The pension plan provides pension benefits, deferred allowances, and death and disability benefits for township employees. Benefits are vested after eight years of service for Teamsters union employees and after 10 years for police 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 services for Teamsters union employees

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

Charter Township of Flushing

Notes to the Financial Statements

March 31, 2023

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

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

Employees covered by benefit terms – At the December 31, 2022 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving benefits	5
Active employees	<u>8</u>
	<u>27</u>

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

For general employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 79.20 percent of annual covered payroll.

For police patrol employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current flat rate is \$4,764 per month.

For command employees, the plan provides that the employer and employees contribute necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 76.20 percent of annual covered payroll.

Net pension liability – The employer's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.00%, net of investment expense, including inflation.

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

Mortality rates used were based on 106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, 106% of PubG-2010 Healthy Retiree Tables for Ages 50-120

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

Charter Township of Flushing

Notes to the Financial Statements

March 31, 2023

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

Asset Class	Target Allocation	Target Allocation		Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
		Target	Gross Rate Of Return			
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%	
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%	
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%	
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>	

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Total Pension Liability	\$ 74,093
Service cost	530,648
Interest on the total pension liability	81,951
Differences between expected and actual experience	(435,642)
Benefit payments and refunds	251,050
Net change in total pension liability	7,500,063
Total pension liability - beginning	<u>7,751,113</u>
Total pension liability - ending (a)	<u>15,251,176</u>

Plan Fiduciary Net Position

Employer contributions	\$ 361,339
Employee contributions	42,617
Pension plan net investment income (loss)	(475,802)
Benefit payments and refunds	(435,642)
Pension plan administrative expense	(8,478)
Net change in plan fiduciary net position	(515,966)
Plan fiduciary net position - beginning	4,616,837
Plan fiduciary net position - ending (b)	<u>4,100,871</u>

Net pension liability (a-b) \$ 3,650,242

Plan fiduciary net position as a percentage of total pension liability 52.91%

Covered employee payroll \$ 484,940

Net pension liability as a percentage of covered employee payroll 752.72%

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

	Current	1% Increase
1% Decrease	<u>\$ 4,479,876</u>	<u>\$ 2,949,838</u>
Discount Rate	<u>\$ 3,650,242</u>	<u>\$ 3,744,231</u>
Net pension liability	<u>\$ 4,479,876</u>	<u>\$ 2,949,838</u>

Pension expense and deferred outflows of resources related to pensions – For the year ended March 31, 2023 the employer recognized pension expense of \$441,868. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	\$ 374,231	\$ 374,231
Contributions subsequent to the measurement date*	<u>74,168</u>	<u>-</u>
Total	<u>\$ 448,399</u>	<u>\$ 374,231</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2024.

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

<u>Year ended March 31,</u>	
2024	\$ 31,737
2025	71,778
2026	108,901
2027	161,815
	<u>\$ 374,231</u>

Cash-out Stipend Liability – Special Funding Situation

The Township also offers a cash-out stipend benefit to retired patrol and command employees hired prior to April 1, 2017 in lieu of retiree health care coverage provided by the Township. The benefits received by each retiree who has opted out of health coverage may be used for non-health care-related expenses. The cash-out stipend liability at March 31, 2023 was determined using an actuarial valuation with a March 31, 2023 measurement date. The discount rate used in calculating the liability was 4.05%. For the year ended March 31, 2023, the Township recognized a liability and pension expense of \$206,343.

The net pension liability, deferred outflows of resources, and pension expense from pensions for the MERS defined benefit plan and the cash-out stipend liability at the December 31, 2022 and March 31, 2023 measurement date, respectively, were as follows:

	Net Pension Liability	Deferred Outflows from Pensions	Pension Expense
MERS defined benefit pension plan	\$ 3,650,242	\$ 448,399	\$ 441,868
Cash-out stipend liability	<u>206,343</u>	<u>-</u>	<u>206,343</u>
Total	<u>\$ 3,856,585</u>	<u>\$ 448,399</u>	<u>\$ 648,211</u>

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Note 13 - Other Post-employment Benefits

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

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

Employees covered by benefit terms – At March 31, 2023, the plan membership consisted of the following:

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

Contributions – Retiree health care costs are paid by the Township on a pay-as-you-go basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended March 31, 2023, the Township made payments for the post-employment health benefit premiums of \$48,127.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of March 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.25%
Investment rate of return	6.85%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.25% for 2023, decreasing .25% per year to a rate of 4.5%
Mortality rates	A version of Pub-2010 with Scale MP-2021 generational mortality improvement

The actuarial assumptions used in the March 31, 2023 valuation was determined by utilizing the alternative measurement method as of March 31, 2023.

Discount rate – The discount rate used to measure the total OPEB liability was 4.05%. The discount rate was based on 20-Year Municipal Bond Indices.

Total OPEB Liability	
Service cost	\$ 7,771
Interest	20,704
Changes of benefit terms	464,731
Differences between expected and actual experience	(9,690)
Changes in assumptions	(74,067)
Benefit payments	<u>(48,127)</u>
Net change in total OPEB liability	361,322
Total OPEB liability - beginning	614,464
Total OPEB liability - ending	<u>\$ 975,786</u>

Covered employee payroll	\$ 748,850
Total OPEB liability as a percentage of covered employee payroll	130.30%

Charter Township of Flushing
Notes to the Financial Statements
March 31, 2023

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.05%) or 1% higher (5.05%) than the current discount rate.

	Current Discount Rate	
1% Decrease		1% Increase
Total OPEB liability	\$ 1,088,827	\$ 882,104

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if we calculated using healthcare cost trend rates that are 1% lower (5.85%) or 1% higher (7.85%) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates	
1% Decrease		1% Increase
Total OPEB liability	\$ 887,594	\$ 1,083,418

For the year ended March 31, 2023 the Township recognized OPEB expense of \$409,449.

Note 14 - Change in Accounting Principle

As indicated in Note 1, The Township implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This statement enhances the relevance and consistency of information of the Township's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The 2022 financial statements include a prior period adjustment for the lease receivable and deferred inflow of resources. This adjustment had no effect on the beginning fund balance of the General Fund or beginning net position of the governmental activities since the deferred inflows equal the amount of the lease receivable.

Charter Township of Flushing
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 169,500	\$ 169,500	\$ 181,794	\$ 12,294
Other taxes	100	100	1,850	1,750
Administration fee	100,000	100,000	116,979	16,979
Licenses and permits	257,400	257,400	270,684	13,284
Federal grants	-	600,000	511,416	(88,584)
State-shared revenue	923,000	923,000	1,232,453	309,453
Interest income	5,100	5,100	22,060	16,960
Rental income	29,000	29,000	33,190	4,190
Other revenue	21,585	21,585	43,145	21,560
Sale of capital assets	100	100	-	(100)
Transfers in	210,000	210,000	-	(210,000)
Total revenues	1,715,785	2,315,785	2,413,571	97,786
Expenditures				
General government				
Township board	266,600	840,700	699,255	(141,445)
Supervisor	54,190	54,490	47,286	(7,204)
Accounting	141,650	141,650	68,692	(72,958)
Clerk	177,767	203,967	118,598	(85,369)
Treasurer	158,630	163,230	67,760	(95,470)
Assessor	179,250	180,750	160,214	(20,536)
Buildings and grounds	93,050	93,050	66,188	(26,862)
Total general government	1,071,137	1,677,837	1,227,993	(449,844)

Charter Township of Flushing
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Fire contract	\$ 250,100	\$ 256,100	\$ 190,718	\$ (65,382)
Building inspection department	74,900	106,400	100,198	(6,202)
Total public safety	325,000	362,500	290,916	(71,584)
Public works				
Recreation and culture				
Parks and recreation	38,000	41,000	24,596	(16,404)
Library and senior center	38,000	38,000	20,838	(17,162)
Total recreation and culture	76,000	79,000	45,434	(33,566)
Capital outlay	504,100	531,400	454,189	(77,211)
Debt service	3,000	3,000	2,448	(552)
Total expenditures	2,139,237	2,818,737	2,164,257	(654,480)
Excess (deficiency) of revenues over expenditures	(423,452)	(502,952)	249,314	752,266
Fund balance - beginning of year	2,711,273	2,711,273	2,711,273	-
Fund balance - end of year	\$ 2,287,821	\$ 2,208,321	\$ 2,960,587	\$ 752,266

Charter Township of Flushing
Required Supplementary Information
Budgetary Comparison Schedule
Law Enforcement Fund
For the Year Ended March 31, 2023

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,020,000	\$ 1,030,000	\$ 1,063,217	\$ 33,217
State-shared revenue and grants	118,000	118,000	118,174	174
Fines and forfeitures	11,000	11,000	10,626	(374)
Interest income	5,000	5,000	596	(4,404)
Other revenue	5,700	5,700	16,212	10,512
Total revenues	<u>1,159,700</u>	<u>1,169,700</u>	<u>1,208,825</u>	<u>39,125</u>
Expenditures				
Public safety	1,212,600	1,336,600	1,212,471	(124,129)
Capital outlay	66,500	42,000	35,979	(6,021)
Debt service	1,800	1,800	1,632	(168)
Total expenditures	<u>1,280,900</u>	<u>1,380,400</u>	<u>1,250,082</u>	<u>(130,318)</u>
Excess (deficiency) of revenues over expenditures	(121,200)	(210,700)	(41,257)	169,443
Fund balance - beginning of year	<u>1,293,554</u>	<u>1,293,554</u>	<u>1,293,554</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,172,354</u>	<u>\$ 1,082,854</u>	<u>\$ 1,252,297</u>	<u>\$ 169,443</u>

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

	2022	2021	2020	2019	2018	2017	2016	2015
Calendar year ended December 31,								
Total Pension Liability								
Service cost	\$ 74,093	\$ 69,865	\$ 63,003	\$ 60,737	\$ 69,150	\$ 74,089	\$ 70,183	\$ 70,741
Interest on the total pension liability	530,648	522,064	489,317	465,076	453,581	439,506	487,063	474,724
Change in benefit terms	-	-	-	-	6,219	4,874	(1,852)	(108,734)
Differences between expected and actual experience	81,951	31,817	99,970	286,926	(7,216)	(1,245)	(817,499)	275,178
Changes in assumptions	-	258,386	206,665	223,823	-	(1,245)	-	(412,006)
Benefit payments and refunds	(435,642)	(432,845)	(430,049)	(395,557)	(352,116)	(325,509)	(343,130)	(299,903)
Net change in total pension liability	251,050	449,287	428,906	641,005	169,618	191,715	(605,235)	5,924,864
Total pension liability - beginning	7,500,063	7,050,776	6,621,870	5,980,865	5,811,247	5,619,532	6,224,767	5,924,864
Total pension liability - ending (a)	\$ 7,751,113	\$ 7,500,063	\$ 7,050,776	\$ 6,621,870	\$ 5,980,865	\$ 5,811,247	\$ 5,619,532	\$ 6,224,767
Plan Fiduciary Net Position								
Employer contributions	\$ 361,339	\$ 302,922	\$ 188,555	\$ 166,216	\$ 173,678	\$ 251,076	\$ 273,846	\$ 270,342
Employee contributions	42,617	39,230	37,949	39,254	43,163	51,222	37,417	30,456
Pension plan net investment income (loss)	(475,802)	575,413	472,287	479,933	(148,900)	455,996	352,923	(47,965)
Benefit payments and refunds	(435,642)	(432,845)	(430,049)	(395,557)	(352,116)	(325,509)	(343,130)	(412,006)
Pension plan administrative expense	(8,478)	(6,599)	(7,644)	(8,268)	(7,471)	(7,215)	(6,971)	(7,097)
Net change in plan fiduciary net position	(515,966)	478,121	261,098	281,578	(291,646)	425,570	314,085	(166,270)
Plan fiduciary net position - beginning	4,616,837	4,138,716	3,877,618	3,596,040	3,887,686	3,462,116	3,148,031	3,314,301
Plan fiduciary net position - ending (b)	\$ 4,100,871	\$ 4,616,837	\$ 4,138,716	\$ 3,877,618	\$ 3,596,040	\$ 3,887,686	\$ 3,462,116	\$ 3,148,031
Net pension liability (a-b)	\$ 3,650,242	\$ 2,883,226	\$ 2,912,060	\$ 2,744,252	\$ 2,384,825	\$ 1,923,561	\$ 2,157,416	\$ 3,076,736
Plan fiduciary net position as a percentage of total pension liability	52.91%	61.56%	58.70%	58.56%	60.13%	66.90%	61.61%	50.57%
Covered payroll	\$ 484,940	\$ 490,380	\$ 474,360	\$ 445,001	\$ 516,225	\$ 555,386	\$ 536,137	\$ 538,362
Net pension liability as a percentage of covered employee payroll	752.72%	587.96%	613.89%	616.68%	461.97%	346.35%	402.40%	571.50%

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

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

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 134,657	\$ 184,657	\$ (50,000)	525,522	35.14%
2015	149,385	229,385	(80,000)	521,292	44.00%
2016	198,122	278,122	(80,000)	538,362	51.66%
2017	201,487	276,487	(75,000)	536,137	51.57%
2018	205,425	255,425	(50,000)	555,386	45.99%
2019	154,970	164,970	(10,000)	516,225	31.96%
2020	158,250	168,250	(10,000)	445,001	37.81%
2021	312,816	184,593	128,223	477,262	38.68%
2022	331,848	323,638	8,210	511,973	63.21%
2023	389,160	370,814	18,346	530,535	69.89%

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level percent
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00% net of investment and administrative expenses
Retirement age	60
Mortality	106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, 106% of PubG-2010 Healthy Retiree Tables for Ages 50-120

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

	2023	2022	2021	2020	2019
Fiscal year ended March 31,					
Total OPEB Liability	\$ 7,771	\$ 10,282	\$ 7,993	\$ 5,884	\$ 33,581
Service cost	20,704	17,238	17,381	21,638	39,850
Interest	464,731	-	-	(17,443)	(107,597)
Changes of benefit terms	(9,690)	(1,811)	83,834	69,087	-
Differences between expected and actual experience	(74,067)	(99,085)	54,964	(5,822)	-
Changes in assumptions	(48,127)	(40,041)	(38,708)	(33,741)	(24,905)
Benefit payments	361,322	(113,417)	125,464	39,603	(59,071)
Net change in total OPEB liability	614,464	727,881	602,417	562,814	621,885
Total OPEB liability - beginning	\$ 975,786	\$ 614,464	\$ 727,881	\$ 602,417	\$ 562,814
Total OPEB liability - ending (a)	\$ 748,850	\$ 728,519	\$ 657,669	\$ 740,224	\$ 636,087
Covered payroll	130.30%	84.34%	110.68%	81.38%	88.48%
Total OPEB liability as a percentage of covered employee payroll					

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

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

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

Fiscal Year Ending March 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll
2013	\$ 116,049	\$ 23,692	\$ 92,357	-
2014	116,049	32,779	83,270	-
2015	62,735	20,892	41,843	-
2016	62,735	3,934	58,801	-
2017	62,735	6,116	56,619	-
2018	35,842	18,663	17,179	-
2019	52,137	42,769	9,368	-
2020	36,214	35,208	1,006	-
2021	36,558	40,041	(3,483)	-
2022	36,244	48,127	(11,883)	-

Notes to Schedule of Contributions

Valuation date:

March 31, 2023

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level-dollar amortization with a 6.85% discount rate
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	3.00%
Healthcare cost trend rates	7.25% initial, decreasing 0.25% per year to an ultimate rate of 4.5%
Salary increases	3.25%
Retirement age	58
Mortality	Pub-2010 mortality table with Scale MP-2021 generational mortality improvement

Charter Township of Flushing
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Drug Law Enforcement	Community Development	
Assets			
Cash and cash equivalents	\$ 5,351	\$ -	\$ 5,351
Due from other units of government	<u>-</u>	<u>1,223</u>	<u>1,223</u>
Total assets	<u>\$ 5,351</u>	<u>\$ 1,223</u>	<u>\$ 6,574</u>
Liabilities			
Accounts payable	\$ -	\$ 1,223	\$ 1,223
Fund Balances			
Restricted for drug law enforcement	<u>5,351</u>	<u>-</u>	<u>5,351</u>
Total liabilities and fund balances	<u>\$ 5,351</u>	<u>\$ 1,223</u>	<u>\$ 6,574</u>

Charter Township of Flushing
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2023

	Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues		
State-shared revenue and grants	\$ -	\$ 4,073
Other revenue	2,163	2,163
Total revenues	<u>2,163</u>	<u>6,236</u>
Expenditures		
Recreation and culture	-	4,073
Net change in fund balances	2,163	2,163
Fund balances - beginning of year	3,188	3,188
Fund balances - end of year	<u>\$ 5,351</u>	<u>\$ 5,351</u>