
Charter Township of Flushing

Genesee County, Michigan

Financial Report
with Supplemental Information
March 31, 2020

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Flushing

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing (the "Township") as of and for the year ended March 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township of Flushing's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing as of March 31, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, during the year ended March 31, 2020, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Charter Township of Flushing

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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



August 24, 2020

Our discussion and analysis of the Charter Township of Flushing's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2020. 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, 2020:

- The Township's total net position is approximately \$12 million, with unrestricted net position of approximately \$4.1 million.
- During the year, the Township's governmental expenditures were about \$209,000 more than the approximately \$2,821,000 generated in taxes and other revenue for governmental funds.
- The General Fund fund balance decreased by \$95,016.

Using This Annual Report

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

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

Charter Township of Flushing

Management's Discussion and Analysis (Continued)

The Township's Net Position

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

	Governmental Activities			
	2019	2020	Change	Percent Change
Assets				
Current and other assets	\$ 3,525,137	\$ 3,628,074	\$ 102,937	2.9
Capital assets	1,852,919	2,079,766	226,847	12.2
Total assets	5,378,056	5,707,840	329,784	6.1
Deferred Outflows of Resources	311,746	313,066	1,320	0.4
Liabilities				
Current liabilities	121,983	129,521	7,538	6.2
Noncurrent liabilities	3,064,208	3,600,631	536,423	17.5
Total liabilities	3,186,191	3,730,152	543,961	17.1
Deferred Inflows of Resources	3,608	-	(3,608)	(100.0)
Net Position				
Net investment in capital assets	1,829,649	2,063,146	233,497	12.8
Restricted:				
Law enforcement	955,639	1,180,057	224,418	23.5
Drug law enforcement	2,647	3,999	1,352	51.1
Cable TV	22,399	21,687	(712)	(3.2)
Unrestricted	(310,331)	(978,135)	(667,804)	215.2
Total net position	\$ 2,500,003	\$ 2,290,754	\$ (209,249)	(8.4)

	Business-type Activities			
	2019	2020	Change	Percent Change
Assets				
Current and other assets	\$ 5,578,520	\$ 5,899,937	\$ 321,417	5.8
Capital assets	4,974,914	4,814,525	(160,389)	(3.2)
Total assets	10,553,434	10,714,462	161,028	1.5
Liabilities - Current liabilities	743,137	793,648	50,511	6.8
Net Position				
Net investment in capital assets	4,974,914	4,814,525	(160,389)	(3.2)
Unrestricted	4,835,383	5,106,289	270,906	5.6
Total net position	\$ 9,810,297	\$ 9,920,814	\$ 110,517	1.1

Charter Township of Flushing

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

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

	Governmental Activities			
	2019	2020	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 263,668	\$ 256,677	\$ (6,991)	(2.7)
Operating grants	124,139	175,387	51,248	41.3
General revenue:				
Taxes - Property taxes	1,083,688	1,120,350	36,662	3.4
Revenue - State-shared revenue and grants	946,938	986,030	39,092	4.1
Investment earnings	38,083	57,372	19,289	50.6
Other revenue:				
Cable franchise fees	160,244	158,845	(1,399)	(0.9)
Other miscellaneous income	54,135	66,038	11,903	22.0
Total revenue	<u>2,670,895</u>	<u>2,820,699</u>	<u>149,804</u>	<u>5.6</u>
Expenses				
General government	832,422	971,151	138,729	16.7
Public safety	1,173,873	1,546,023	372,150	31.7
Public works	187,267	402,455	215,188	114.9
Recreation and culture	91,378	110,319	18,941	20.7
Total expenses	<u>2,284,940</u>	<u>3,029,948</u>	<u>745,008</u>	<u>32.6</u>
Change in Net Position	385,955	(209,249)	(595,204)	(154.2)
Net Position - As restated - Beginning of year	<u>2,114,048</u>	<u>2,500,003</u>	<u>385,955</u>	<u>18.3</u>
Net Position - End of year	<u>\$ 2,500,003</u>	<u>\$ 2,290,754</u>	<u>\$ (209,249)</u>	<u>(8.4)</u>
Business-type Activities				
	2019	2020	Change	Percent Change
Revenue	\$ 2,971,862	\$ 2,841,926	\$ (129,936)	(4.4)
Expenses - Business-type activities	2,849,847	2,810,867	(38,980)	(1.4)
Interest income	-	78,747	78,747	-
Other miscellaneous income	-	711	711	-
Change in Net Position	122,015	110,517	(11,498)	(9.4)
Net Position - Beginning of year	<u>9,688,282</u>	<u>9,810,297</u>	<u>122,015</u>	<u>1.3</u>
Net Position - End of year	<u>\$ 9,810,297</u>	<u>\$ 9,920,814</u>	<u>\$ 110,517</u>	<u>1.1</u>

The Township's governmental revenue was approximately \$2.8 million this year. Property taxes were about \$1,100,000 or 40 percent of total revenue. The increase was primarily related to a slight increase in taxable values and the change in chargeback from Genesee County, Michigan (the "County") for uncollectible amounts. State revenue sharing made up about \$986,000 or 35 percent of total revenue. This revenue increase primarily related to the increase in state-shared revenue. The remaining 25 percent of governmental activities revenue is composed mostly of charges for services, grants and contributions, and franchise fees.

Charter Township of Flushing

Management's Discussion and Analysis (Continued)

The Township's Funds

As the Township completed the year, its General Fund reported a fund balance of \$2,126,010. This was a decrease of \$95,016 from the prior year. This represents approximately 119 percent of General Fund total expenditures. Revenue increased by \$63,952, which was primarily related to increased state-shared revenue and property tax revenue. Expenditures increased by \$505,493 mainly due to capital outlay expenditures and public works expenditures.

The Law Enforcement special revenue fund realized an increase in its fund balance of \$209,588 to stand at \$1,114,038. The revenue in the fund increased by \$45,243 primarily due to increased property tax revenue. The expenditures increased by \$21,506 primarily due to an increase in public safety expenditures.

General Fund Budgetary Highlights

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

Capital Assets and Debt Administration

At the end of 2020, the Township had invested approximately \$7 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board for the implementation of GASB Statement No. 34. Capital assets, as stated in this annual financial report, do not include some prior year infrastructure items, such as sidewalks and streets. Financial reporting in years before 2005 did not require some infrastructure items to be included with capital assets. Recognizing the problem of having local units gather together all of the required information, the GASB has allowed smaller units of government, like the Township, to report infrastructure assets on a prospective basis only after adopting the new reporting standard.

At year end, the Township had capital lease obligations of \$16,620 outstanding for equipment purchased for governmental activities and compensated absences due to employees of \$79,004. Annual debt service requirements for the capital lease are approximately \$6,650 per year, with final payment due in 2024.

Business-type activities (water and sewer services) did not have any long-term debt obligations outstanding at March 31, 2020.

Economic Factors and Limitations on Debt

The COVID-19 pandemic will likely affect the Township's finances and budgets significantly in fiscal year 2021. State revenue sharing is projected to decrease, and the economic impact of the pandemic on the general public may result in increased delinquency rates for property tax collections and utility payments. Between the existing cash reserves and the ability to adjust certain expense categories, the Township is well positioned to navigate the postpandemic financial landscape.

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

Requests for Further Information

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

Charter Township of Flushing

Statement of Net Position

March 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 3,074,405	\$ 5,116,515	\$ 8,190,920
Receivables:			
Property taxes receivable	84,482	-	84,482
Special assessments receivable	100,078	36,579	136,657
Customer receivables	-	650,208	650,208
Accrued interest receivable	18,924	41,020	59,944
Other receivables	16,335	-	16,335
Due from other governments	229,984	34,362	264,346
Tap-in contracts	-	4,032	4,032
Internal balances	910	(910)	-
Prepaid expenses and other assets	90,456	1,644	92,100
Land held for resale	12,500	-	12,500
Capital assets:			
Assets not subject to depreciation	193,200	-	193,200
Assets subject to depreciation - Net	1,886,566	4,814,525	6,701,091
Tap-in contracts receivable - Long-term portion	-	16,487	16,487
Total assets	<u>5,707,840</u>	<u>10,714,462</u>	<u>16,422,302</u>
Deferred Outflows of Resources - Deferred outflows related to pensions	313,066	-	313,066
Liabilities			
Accounts payable	71,281	402,106	473,387
Accrued liabilities and other	58,240	-	58,240
Unearned revenue	-	391,542	391,542
Noncurrent liabilities:			
Due within one year:			
Compensated absences	48,543	-	48,543
Current portion of long-term debt	6,650	-	6,650
Due in more than one year:			
Compensated absences	30,461	-	30,461
Net pension liability	2,902,590	-	2,902,590
Total OPEB obligation	602,417	-	602,417
Long-term debt	9,970	-	9,970
Total liabilities	<u>3,730,152</u>	<u>793,648</u>	<u>4,523,800</u>
Net Position			
Net investment in capital assets	2,063,146	4,814,525	6,877,671
Restricted:			
Law enforcement	1,180,057	-	1,180,057
Drug law enforcement	3,999	-	3,999
Cable TV	21,687	-	21,687
Unrestricted	(978,135)	5,106,289	4,128,154
Total net position	<u>\$ 2,290,754</u>	<u>\$ 9,920,814</u>	<u>\$ 12,211,568</u>

Charter Township of Flushing

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 971,151	\$ 111,806	\$ 10,624	\$ -
Public safety	1,546,023	144,486	126,398	-
Public works	402,455	-	-	-
Recreation and culture	110,319	385	38,365	-
Total governmental activities	3,029,948	256,677	175,387	-
Business-type activities:				
Water and Sewer Fund	2,366,915	2,340,646	-	21,500
Solid Waste Fund	443,952	479,780	-	-
Total business-type activities	2,810,867	2,820,426	-	21,500
Total primary government	\$ 5,840,815	\$ 3,077,103	\$ 175,387	\$ 21,500

General revenue:
 Taxes
 Unrestricted state-shared revenue
 Unrestricted investment income
 Cable franchise fees
 Other miscellaneous income
 Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities

Year Ended March 31, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (848,721)	\$ -	\$ (848,721)
(1,275,139)	-	(1,275,139)
(402,455)	-	(402,455)
(71,569)	-	(71,569)
(2,597,884)	-	(2,597,884)
-	(4,769)	(4,769)
-	35,828	35,828
-	31,059	31,059
(2,597,884)	31,059	(2,566,825)
1,120,350	-	1,120,350
986,030	-	986,030
57,372	78,747	136,119
158,845	-	158,845
66,038	711	66,749
2,388,635	79,458	2,468,093
(209,249)	110,517	(98,732)
2,500,003	9,810,297	12,310,300
\$ 2,290,754	\$ 9,920,814	\$ 12,211,568

Charter Township of Flushing

Governmental Funds Balance Sheet

March 31, 2020

	General Fund	Law Enforcement	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 1,951,727	\$ 1,118,679	\$ 3,999	\$ 3,074,405
Receivables:				
Property taxes receivable	18,463	66,019	-	84,482
Special assessments receivable	100,078	-	-	100,078
Accrued interest receivable	18,924	-	-	18,924
Other receivables	3,723	12,612	-	16,335
Due from other governments	229,984	-	-	229,984
Due from other funds	910	-	-	910
Prepaid expenses and other assets	78,164	12,292	-	90,456
Land held for resale	12,500	-	-	12,500
	<u>\$ 2,414,473</u>	<u>\$ 1,209,602</u>	<u>\$ 3,999</u>	<u>\$ 3,628,074</u>
Total assets				
Liabilities				
Accounts payable	\$ 67,132	\$ 4,149	\$ -	\$ 71,281
Accrued liabilities and other	32,844	25,396	-	58,240
	<u>99,976</u>	<u>29,545</u>	<u>-</u>	<u>129,521</u>
Deferred Inflows of Resources - Unavailable revenue				
	<u>188,487</u>	<u>66,019</u>	<u>-</u>	<u>254,506</u>
	<u>288,463</u>	<u>95,564</u>	<u>-</u>	<u>384,027</u>
Fund Balances				
Nonspendable:				
Land held for resale	12,500	-	-	12,500
Prepays	78,164	12,292	-	90,456
Restricted:				
Law enforcement	-	1,101,746	-	1,101,746
Cable TV	21,687	-	-	21,687
Drug law enforcement	-	-	3,999	3,999
Assigned:				
Subsequent year's budget	159,712	-	-	159,712
Capital improvements	400,000	-	-	400,000
Unassigned	<u>1,453,947</u>	<u>-</u>	<u>-</u>	<u>1,453,947</u>
	<u>2,126,010</u>	<u>1,114,038</u>	<u>3,999</u>	<u>3,244,047</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,414,473</u>	<u>\$ 1,209,602</u>	<u>\$ 3,999</u>	<u>\$ 3,628,074</u>

Charter Township of Flushing

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

March 31, 2020

Fund Balances Reported in Governmental Funds	\$ 3,244,047
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,079,766
Delinquent property taxes and special assessments are expected to be collected over several years and are not available to pay for current year expenditures	184,560
Other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	69,946
Deferred outflows of resources - Pension contributions made to the plan after the measurement date, difference between projected and actual investment earnings, experience differences, and changes in assumptions	313,066
Capital lease obligations are not due and payable in the current period and are not reported in the funds	(16,620)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(79,004)
Pension benefits	(2,902,590)
Retiree health care benefits	(602,417)
Net Position of Governmental Activities	<u><u>\$ 2,290,754</u></u>

Charter Township of Flushing

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2020

	General Fund	Law Enforcement	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 147,075	\$ 958,131	\$ -	\$ 1,105,206
Special assessments	26,126	-	-	26,126
Revenue - State-shared revenue and grants	1,001,418	121,066	43,697	1,166,181
Charges for services	103,681	-	-	103,681
Fines and forfeitures	-	14,474	-	14,474
Licenses and permits:				
Cable franchise fees	158,845	-	-	158,845
Other licenses and permits	130,212	-	-	130,212
Interest and rentals:				
Investment earnings	53,286	4,086	-	57,372
Rental income	32,143	-	-	32,143
Other revenue	35,793	6,412	-	42,205
Total revenue	1,688,579	1,104,169	43,697	2,836,445
Expenditures				
Current services:				
General government	688,712	-	-	688,712
Public safety	307,802	892,284	3,980	1,204,066
Public works	267,035	-	-	267,035
Recreation and culture	39,070	-	38,365	77,435
Capital outlay	480,976	2,297	-	483,273
Total expenditures	1,783,595	894,581	42,345	2,720,521
Net Change in Fund Balances	(95,016)	209,588	1,352	115,924
Fund Balances - Beginning of year	2,221,026	904,450	2,647	3,128,123
Fund Balances - End of year	\$ 2,126,010	\$ 1,114,038	\$ 3,999	\$ 3,244,047

Charter Township of Flushing

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

Year Ended March 31, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 115,924
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	494,948
Depreciation expense	(268,101)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(20,525)
Repayment of lease principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	6,650
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	14,295
The changes in the net pension liability and related deferred inflows and outflows are recorded when incurred in the statement of activities	(512,837)
Increase in net other postemployment benefit obligations	(39,603)
Change in Net Position of Governmental Activities	<u>\$ (209,249)</u>

Charter Township of Flushing

Proprietary Funds Statement of Net Position

March 31, 2020

	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds
Assets			
Current assets:			
Cash and investments	\$ 4,448,618	\$ 667,897	\$ 5,116,515
Receivables:			
Special assessments receivable - Due within one year	-	36,579	36,579
Customer receivables	650,208	-	650,208
Accrued interest receivable	41,020	-	41,020
Due from other governments	34,362	-	34,362
Tap-in contracts	4,032	-	4,032
Prepaid expenses and other assets	-	1,644	1,644
Total current assets	5,178,240	706,120	5,884,360
Noncurrent assets:			
Capital assets - Net	4,814,525	-	4,814,525
Tap-in contracts receivable - Long-term portion	16,487	-	16,487
Total noncurrent assets	4,831,012	-	4,831,012
Total assets	10,009,252	706,120	10,715,372
Liabilities			
Current liabilities:			
Accounts payable	402,106	-	402,106
Due to other funds	910	-	910
Unearned revenue - Special assessments	-	391,542	391,542
Total liabilities	403,016	391,542	794,558
Net Position			
Net investment in capital assets	4,814,525	-	4,814,525
Unrestricted	4,791,711	314,578	5,106,289
Total net position	\$ 9,606,236	\$ 314,578	\$ 9,920,814

Charter Township of Flushing

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

Year Ended March 31, 2020

	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds
Operating Revenue			
Water usage fees	\$ 2,000,850	\$ -	\$ 2,000,850
Sewer treatment fees	289,054	-	289,054
User charges	-	479,780	479,780
Late charges	50,742	-	50,742
Total operating revenue	2,340,646	479,780	2,820,426
Operating Expenses			
Water usage cost	1,791,929	-	1,791,929
Sewer treatment costs	176,121	-	176,121
Solid waste contract	-	443,952	443,952
Pumping station maintenance	34,656	-	34,656
Pumping station utilities	3,469	-	3,469
Computer billing charges	13,429	-	13,429
Administration	176,750	-	176,750
Miscellaneous	2,542	-	2,542
Professional fees	7,630	-	7,630
Depreciation	160,389	-	160,389
Total operating expenses	2,366,915	443,952	2,810,867
Operating (Loss) Income	(26,269)	35,828	9,559
Nonoperating Revenue			
Investment income	78,747	-	78,747
Interest on tap-in contracts and assessments	711	-	711
Total nonoperating revenue	79,458	-	79,458
Income - Before capital contributions	53,189	35,828	89,017
Capital Contributions	21,500	-	21,500
Change in Net Position	74,689	35,828	110,517
Net Position - Beginning of year	9,531,547	278,750	9,810,297
Net Position - End of year	\$ 9,606,236	\$ 314,578	\$ 9,920,814

Charter Township of Flushing

Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2020

	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,367,647	\$ 512,892	\$ 2,880,539
Payments to suppliers	(2,199,715)	(443,925)	(2,643,640)
Net cash and cash equivalents provided by operating activities	167,932	68,967	236,899
Cash Flows Provided by Financing Activities - Tap-in fees	26,891	-	26,891
Cash Flows from Investing Activities			
Interest received on investments	53,953	-	53,953
Purchases of investment securities	(1,500,000)	-	(1,500,000)
Proceeds from sale and maturities of investment securities	1,479,445	-	1,479,445
Net cash and cash equivalents provided by investing activities	33,398	-	33,398
Net Increase in Cash and Cash Equivalents	228,221	68,967	297,188
Cash and Cash Equivalents - Beginning of year	1,191,722	598,930	1,790,652
Cash and Cash Equivalents - End of year	\$ 1,419,943	\$ 667,897	\$ 2,087,840
Classification of Cash and Cash Equivalents			
Cash and investments	\$ 4,448,618	\$ 667,897	\$ 5,116,515
Less amounts classified as investments	(3,028,675)	-	(3,028,675)
Total cash and cash equivalents	\$ 1,419,943	\$ 667,897	\$ 2,087,840
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (26,269)	\$ 35,828	\$ 9,559
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation	160,389	-	160,389
Changes in assets and liabilities:			
Receivables	25,566	33,112	58,678
Prepaid and other assets	-	27	27
Accounts payable	8,246	-	8,246
Net cash and cash equivalents provided by operating activities	\$ 167,932	\$ 68,967	\$ 236,899

Charter Township of Flushing

Fiduciary Fund Statement of Fiduciary Net Position

March 31, 2020

	<u>Custodial Fund - Tax Collection Fund</u>
Assets - Cash and cash equivalents	\$ 301
Liabilities - Unremitted tax collections	<u>301</u>
Net Position	<u><u>\$ -</u></u>

Charter Township of Flushing

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

Year Ended March 31, 2020

	<u>Custodial Fund - Tax Collection Fund</u>
Additions - Property tax collections	\$ 8,855,836
Deductions - Tax distributions to other governments	<u>8,855,836</u>
Net Change in Fiduciary Net Position	-
Net Position - Beginning of year	<u>-</u>
Net Position - End of year	<u><u>\$ -</u></u>

March 31, 2020

Note 1 - Significant Accounting Policies

Reporting Entity

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

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

Jointly Governed Organization

The Township has entered into a joint agreement with the City of Flushing, Michigan (the "City") to share in the operating costs of a library and senior citizens center for township and city residents. The facility renovation and operation are overseen by a joint building operating committee made up of two appointees from each municipality and one appointee selected by the members of the Township and the City. The joint building committee prepares an annual operating budget, which is approved by each municipality. All operating regulations, policies, and rules for the center are determined by the committee and approved by the City and the Township. Operating expenses will be divided between the City and the Township based on resident usage records. The City of Flushing, Michigan acts as the fiduciary agent for the library and senior center. During the current year, the Township's share of the operating costs of the library and senior center was \$10,025 and \$2,558, respectively. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Separate financial statements for the senior citizens center are not available as of the report date.

Accounting and Reporting Principles

The Charter Township of Flushing follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

March 31, 2020

Note 1 - Significant Accounting Policies (Continued)

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

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources; separate funds allow it to show the particular expenditures for which specific revenue was used. The various funds are aggregated into two broad fund types:

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Law Enforcement Fund accounts for police services provided to township residents.

Proprietary Funds

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

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

Fiduciary Funds

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

- The Tax Collection Fund, which collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities)

Interfund Activity

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

Note 1 - Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Bank Deposits

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value.

Receivables and Payables

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

Prepaid Items

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

Note 1 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$100 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

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

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The General Fund is generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

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

Note 1 - Significant Accounting Policies (Continued)

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Note 1 - Significant Accounting Policies (Continued)

Property Tax Revenue

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

The Township's 2020 tax is levied and collectible on December 31, 2019 and is recognized as revenue in the year ended March 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Township totaled \$294,006,981, on which taxes levied consisted of 0.50 mills for operating purposes and 3.3156 mills for police. This resulted in \$144,409 for operating and \$958,131 for police. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

Pension

The Township offers a defined benefit pension plan to its employees through the Municipal Employees' Retirement System of Michigan (MERS). The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General and Law Enforcement funds will be used to liquidate the net pension liability based on whichever fund an employee or retiree is assigned and to which fund the employee's pension costs are charged.

Other Postemployment Benefit Costs

The Township offers retiree health care benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the Township's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General and Law Enforcement funds are used to liquidate these liabilities.

Compensated Absences (Vacation and Sick Leave)

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

General township employees are allowed to carry over up to half of their annual vacation time up to two years. All accumulated and unpaid vacation days are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The General Fund reports each employee's compensation and is used to liquidate the obligation.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Adoption of New Accounting Pronouncement

During the current year, the Township adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the Tax Collection Fund now reports additions and deductions within the statement of changes in fiduciary net position.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Township's financial statements for the year ending March 31, 2021 but were extended to March 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the Township's financial statements for the March 31, 2021 fiscal year but were extended to March 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

Excess of Expenditures Over Appropriations in Budgeted Funds

The Township had no expenditures in excess of budget.

Construction Code Fees

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

Cumulative shortfall at April 1, 2019	\$ (266,222)
Construction permit revenue	130,012
Related expenses - Professional services	<u>123,836</u>
Current year shortfall	<u>6,176</u>
Cumulative shortfall March 31, 2020	<u><u>\$ (260,046)</u></u>

March 31, 2020

Note 3 - Deposits and Investments

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$5,132,759 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

March 31, 2020

Note 4 - Capital Assets

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

Governmental Activities

	Balance April 1, 2019	Additions	Disposals and Adjustments	Balance March 31, 2020
Capital assets not being depreciated - Land	\$ 193,200	\$ -	\$ -	\$ 193,200
Capital assets being depreciated:				
Infrastructure	1,594,773	356,418	-	1,951,191
Buildings and improvements	1,361,477	81,411	-	1,442,888
Maintenance equipment	57,085	-	-	57,085
Vehicles	210,713	36,469	-	247,182
Office equipment	139,641	11,473	(8,578)	142,536
Computer equipment	185,174	9,177	(10,608)	183,743
Land improvements	599,352	-	-	599,352
Vehicle equipment	56,651	-	-	56,651
Subtotal	4,204,866	494,948	(19,186)	4,680,628
Accumulated depreciation:				
Infrastructure	1,011,384	145,923	-	1,157,307
Buildings and improvements	591,897	39,354	-	631,251
Maintenance equipment	46,865	1,604	-	48,469
Vehicles	141,288	30,472	-	171,760
Office equipment	76,740	10,978	(8,578)	79,140
Computer equipment	149,779	8,879	(10,608)	148,050
Land improvements	480,670	25,971	-	506,641
Vehicle equipment	46,524	4,920	-	51,444
Subtotal	2,545,147	268,101	(19,186)	2,794,062
Net capital assets being depreciated	1,659,719	226,847	-	1,886,566
Net governmental activities capital assets	\$ 1,852,919	\$ 226,847	\$ -	\$ 2,079,766

March 31, 2020

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance April 1, 2019	Additions	Disposals and Adjustments	Balance March 31, 2020
Capital assets being depreciated:				
Water system	\$ 7,333,999	\$ -	\$ -	\$ 7,333,999
Sewer system	1,589,545	-	-	1,589,545
Waterline	601,459	-	-	601,459
Machinery and equipment	34,364	-	-	34,364
Subtotal	9,559,367	-	-	9,559,367
Accumulated depreciation:				
Water system	3,517,039	122,233	-	3,639,272
Sewer system	642,338	26,493	-	668,831
Waterline	390,947	10,024	-	400,971
Machinery and equipment	34,129	1,639	-	35,768
Subtotal	4,584,453	160,389	-	4,744,842
Net business-type activities capital assets	<u>\$ 4,974,914</u>	<u>\$ (160,389)</u>	<u>\$ -</u>	<u>\$ 4,814,525</u>

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

Governmental activities:	
General government	\$ 177,194
Public safety	50,464
Public works	7,559
Recreation and culture	32,884
Total governmental activities	<u>\$ 268,101</u>
Business-type activities - Water and sewer	\$ 160,389

Note 5 - Leases

Capital Leases

The Township has entered into lease agreements as lessee for financing the purchase of a copier and phones. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The capital leases are secured by the equipment purchased of \$12,850 and \$20,400 for the copier and phones, respectively, for the Township's general office. The leased assets have been recorded in the governmental capital assets. The future minimum lease obligation and the net present value are as follows as of March 31, 2020:

Years Ending	Copier	Phones	Total
2021	\$ 2,570	\$ 4,080	\$ 6,650
2022	1,470	4,080	5,550
2023	-	4,080	4,080
2024	-	340	340
Total	4,040	12,580	16,620
Less amount representing unamortized lease premium	-	(6,043)	(6,043)
Total	\$ 4,040	\$ 6,537	\$ 10,577

Note 6 - Long-term Debt

Long-term debt activity for the year ended March 31, 2020 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Capital leases	\$ 15,267	\$ -	\$ (4,690)	\$ 10,577	\$ 4,690
Unamortized lease premium	8,003	-	(1,960)	6,043	1,960
Compensated absences	93,299	64,414	(78,709)	79,004	48,543
Total governmental activities long-term debt	\$ 116,569	\$ 64,414	\$ (85,359)	\$ 95,624	\$ 55,193

Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for all claims except employee dental benefits. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays dental and vision claims on a reimbursement basis and has set aside employee and employer contributions to pay these claims in the General Fund. The liability for unpaid claims was immaterial at March 31, 2020.

March 31, 2020

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 910

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

Note 9 - Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

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

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

March 31, 2020

Note 9 - Pension Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Municipal Employees' Retirement System of Michigan
Date of member count	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	8
Total employees covered by MERS	26

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For general employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 58.71 percent of annual covered payroll.

For police patrol employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current flat rate is \$3,943 per month.

For command employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 7.47 percent of annual covered payroll.

Net Pension Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The March 31, 2020 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2019 measurement date. The December 31, 2019 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Note 9 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 5,980,865	\$ 3,596,040	\$ 2,384,825
Changes for the year:			
Service cost	60,737	-	60,737
Interest	465,076	-	465,076
Differences between expected and actual experience	286,926	-	286,926
Changes in assumptions	223,823	-	223,823
Contributions - Employer	-	166,216	(166,216)
Contributions - Employee	-	39,254	(39,254)
Net investment gain	-	479,933	(479,933)
Benefit payments, including refunds	(395,557)	(395,557)	-
Administrative expenses	-	(8,268)	8,268
Net changes	641,005	281,578	359,427
Balance at December 31, 2019	<u>\$ 6,621,870</u>	<u>\$ 3,877,618</u>	<u>\$ 2,744,252</u>

The plan net position represents 58.56 percent of the total pension liability.

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

For the year ended March 31, 2020, the Township recognized pension expense of \$522,748.

At March 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 143,463	\$ -
Changes in assumptions	111,912	-
Net difference between projected and actual earnings on pension plan investments	19,751	-
Employer contributions to the plan subsequent to the measurement date	37,940	-
Total	<u>\$ 313,066</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions of \$37,940 subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending March 31	Amount
2021	\$ 249,603
2022	14,755
2023	50,804
2024	(40,036)
Total	<u>\$ 275,126</u>

Note 9 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.00 percent, an investment rate of return (net of investment expenses) of 7.60 percent, and the RP-2014 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2019 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private investments	20.00	6.56

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 7.60 percent, as well as what the Township’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability of the Township	\$ 3,462,777	\$ 2,744,252	\$ 2,133,885

Pension Plan Fiduciary Net Position

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

Note 9 - Pension Plan (Continued)

Assumption Changes

As of the December 31, 2019 measurement date, the investment rate of return assumption was reduced to 7.35 percent, the discount rate was reduced to 7.60 percent, and the assumed rate of wage inflation was also reduced from 3.75 to 3.00 percent.

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 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, 2020 was determined using an actuarial valuation with a March 31, 2020 measurement date. The discount rate used in calculating the liability was 2.94 percent. For the year ended March 31, 2020, the Township recognized a liability and pension expense of \$158,338.

The net pension liability, deferred outflows of resources, and pension expense from pensions for the MERS defined benefit pension plan and the cash-out stipend liability at the December 31, 2019 and March 31, 2020 measurement dates, respectively, were as follows:

	Net Pension Liability	Deferred Outflows from Pensions	Pension Expense
MERS defined benefit pension plan	\$ 2,744,252	\$ 313,066	\$ 354,499
Cash-out stipend liability	158,338	-	158,338
Total	<u>\$ 2,902,590</u>	<u>\$ 313,066</u>	<u>\$ 512,837</u>

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

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

March 31, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)

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, 2020, the Township made payments for postemployment health benefit premiums of \$42,769.

Total OPEB Liability

The Township's total OPEB liability measured as of March 31, 2020 was determined by utilizing the alternative measurement method as of March 31, 2019.

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

Changes in Total OPEB Liability	Total OPEB Liability
Balance at April 1, 2019	\$ 562,814
Changes for the year:	
Service cost	5,884
Interest	21,638
Changes in benefits	(17,443)
Differences between expected and actual experience	69,087
Changes in assumptions	(5,822)
Benefit payments, including refunds	(33,741)
Net changes	39,603
Balance at March 31, 2020	<u>\$ 602,417</u>

Actuarial Assumptions

The total OPEB liability was determined by utilizing the alternative measurement method as of March 31, 2020, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.75 percent; a discount rate of 2.94 percent; a health care cost trend rate of 8.0 percent for 2020, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years; and using the PUB-2010 mortality tables with Scale MP-2018 generational mortality improvement. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.27 percent. The discount rate was based on S&P Municipal Bond 20-Year High Grade Rate Index.

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

The following presents the total OPEB liability of the Township, calculated using the discount rate of 2.94 percent, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (1.94%)	Current Discount Rate (2.94%)	1 Percentage Point Increase (3.94%)
Total OPEB liability of the township OPEB plan	\$ 690,645	\$ 602,417	\$ 532,065

March 31, 2020

Note 10 - Other Postemployment Benefit Plan (Continued)

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

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

	1 Percentage Point Decrease (7%)	Current Health Care Cost Trend Rate (8%)	1 Percentage Point Increase (9%)
Total OPEB liability of the township OPEB plan	\$ 538,617	\$ 602,417	\$ 682,345

Note 11 - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As of the date of issuance of the financial statements, the Township's operations have not been significantly impacted, but the Township continues to monitor the situation. No impairments were recorded as of the statement of net position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Township's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Required Supplemental Information

Charter Township of Flushing

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 142,500	\$ 142,500	\$ 147,075	\$ 4,575
Special assessments	29,000	29,000	26,126	(2,874)
Revenue - State-shared revenue and grants - State sources	908,000	983,000	1,001,418	18,418
Charges for services	275,800	282,550	103,681	(178,869)
Licenses and permits	158,500	158,500	159,045	545
Interest and rentals	43,000	54,000	85,429	31,429
Other revenue	6,350	6,350	19,458	13,108
Total revenue	1,563,150	1,655,900	1,542,232	(113,668)
Expenditures				
Current services:				
General government:				
Township board	239,852	197,252	165,616	31,636
Township supervisor	44,850	44,850	43,988	862
Accounting	108,356	115,896	74,093	41,803
Treasurer	138,720	138,720	69,979	68,741
Assessing	130,190	130,190	107,841	22,349
Clerk	131,510	138,060	49,169	88,891
Buildings and grounds	137,150	171,650	145,927	25,723
Elections	30,000	30,000	21,438	8,562
Public safety	146,000	186,000	183,966	2,034
Public works	170,500	284,200	267,035	17,165
Recreation and culture	19,800	22,100	20,570	1,530
Capital outlay	451,900	491,900	480,976	10,924
Total expenditures	1,748,828	1,950,818	1,630,598	320,220
Excess of Expenditures Over Revenue	(185,678)	(294,918)	(88,366)	206,552
Other Financing Sources - Sale of capital assets	100	100	-	(100)
Net Change in Fund Balance	(185,578)	(294,818)	(88,366)	206,452
Fund Balance - Beginning of year	2,410,050	2,410,050	2,410,050	-
Fund Balance - End of year	\$ 2,224,472	\$ 2,115,232	\$ 2,321,684	\$ 206,452

Charter Township of Flushing

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

Year Ended March 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 918,000	\$ 918,000	\$ 958,131	\$ 40,131
Revenue - State-shared revenue and grants	96,000	96,000	121,066	25,066
Fines and forfeitures	11,000	11,000	14,474	3,474
Interest and rentals	5,000	5,000	4,086	(914)
Other revenue	6,150	6,150	6,412	262
Total revenue	1,036,150	1,036,150	1,104,169	68,019
Expenditures				
Current services - Public safety	982,550	982,550	892,284	90,266
Capital outlay	48,500	48,500	2,297	46,203
Total expenditures	1,031,050	1,031,050	894,581	136,469
Net Change in Fund Balance	5,100	5,100	209,588	204,488
Fund Balance - Beginning of year	904,450	904,450	904,450	-
Fund Balance - End of year	\$ 909,550	\$ 909,550	\$ 1,114,038	\$ 204,488

Charter Township of Flushing

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

12 Months Ended December 31

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 60,737	\$ 69,150	\$ 74,089	\$ 70,183	\$ 70,741
Interest	465,076	453,581	439,506	487,063	474,724
Changes in benefit terms	-	6,219	4,874	(1,852)	-
Differences between expected and actual experience	286,926	(7,216)	(1,245)	(817,499)	(108,734)
Changes in assumptions	223,823	-	-	-	275,178
Benefit payments, including refunds	<u>(395,557)</u>	<u>(352,116)</u>	<u>(325,509)</u>	<u>(343,130)</u>	<u>(412,006)</u>
Net Change in Total Pension Liability	641,005	169,618	191,715	(605,235)	299,903
Total Pension Liability - Beginning of year	5,980,865	5,811,247	5,619,532	6,224,767	5,924,864
Total Pension Liability - End of year	<u>\$ 6,621,870</u>	<u>\$ 5,980,865</u>	<u>\$ 5,811,247</u>	<u>\$ 5,619,532</u>	<u>\$ 6,224,767</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 166,216	\$ 173,678	\$ 251,076	\$ 273,846	\$ 270,342
Contributions - Employee	39,254	43,163	51,222	37,417	30,456
Net investment income (loss)	479,933	(148,900)	455,996	352,923	(47,965)
Administrative expenses	(8,268)	(7,471)	(7,215)	(6,971)	(7,097)
Benefit payments, including refunds	<u>(395,557)</u>	<u>(352,116)</u>	<u>(325,509)</u>	<u>(343,130)</u>	<u>(412,006)</u>
Net Change in Plan Fiduciary Net Position	281,578	(291,646)	425,570	314,085	(166,270)
Plan Fiduciary Net Position - Beginning of year	3,596,040	3,887,686	3,462,116	3,148,031	3,314,301
Plan Fiduciary Net Position - End of year	<u>\$ 3,877,618</u>	<u>\$ 3,596,040</u>	<u>\$ 3,887,686</u>	<u>\$ 3,462,116</u>	<u>\$ 3,148,031</u>
Township's Net Pension Liability - Ending	<u>\$ 2,744,252</u>	<u>\$ 2,384,825</u>	<u>\$ 1,923,561</u>	<u>\$ 2,157,416</u>	<u>\$ 3,076,736</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.56 %	60.13 %	66.90 %	61.61 %	50.57 %
Covered Payroll	\$ 445,001	\$ 516,225	\$ 555,386	\$ 536,137	\$ 538,362
Township's Net Pension Liability as a Percentage of Covered Payroll	616.68 %	461.97 %	346.35 %	402.40 %	571.50 %

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

Charter Township of Flushing

Required Supplemental Information Schedule of Pension Contributions

	Last Ten Fiscal Years									
	Years Ended March 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 158,250	\$ 154,970	\$ 205,425	\$ 201,487	\$ 198,122	\$ 149,385	\$ 134,657	\$ 179,068	\$ 142,428	\$ 161,491
Contributions in relation to the actuarially determined contribution	168,250	164,970	255,425	276,487	278,122	229,385	184,657	179,068	292,428	241,491
Contribution Excess	\$ 10,000	\$ 10,000	\$ 50,000	\$ 75,000	\$ 80,000	\$ 80,000	\$ 50,000	\$ -	\$ 150,000	\$ 80,000
Covered Payroll	\$ 445,001	\$ 516,225	\$ 555,386	\$ 536,137	\$ 538,362	\$ 521,292	\$ 525,522	\$ 448,957	\$ 524,823	\$ 647,809
Contributions as a Percentage of Covered Payroll	37.81 %	31.96 %	45.99 %	51.57 %	51.66 %	44.00 %	35.14 %	39.89 %	55.72 %	37.28 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended March 31, 2020 were determined based on the actuarial valuation as of December 31, 2017. The most recent valuation is as of December 31, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed basis
Remaining amortization period	19 years
Asset valuation method	Five-year smoothed market
Inflation	2.5 percent
Salary increase	3.0 percent in the long term
Investment rate of return	7.60 percent - Net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	RP-2014 Disabled Retiree Mortality Tables of a 50 percent male and 50 percent female blend
Other information	None

Charter Township of Flushing

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

	12 Months Ended March 31	
	2020	2019
Total OPEB Liability		
Service cost	\$ 5,884	\$ 33,581
Interest	21,638	39,850
Changes in benefit terms	(17,443)	(107,597)
Differences between expected and actual experience	69,087	-
Changes in assumptions	(5,822)	-
Benefit payments, including refunds	<u>(33,741)</u>	<u>(24,905)</u>
Net Change in Total OPEB Liability	39,603	(59,071)
Total OPEB Liability - Beginning of year	<u>562,814</u>	<u>621,885</u>
Total OPEB Liability - End of year	<u>\$ 602,417</u>	<u>\$ 562,814</u>
Covered Employee Payroll	\$ 740,224	\$ 636,087
Total OPEB Liability as a Percentage of Covered Employee Payroll	81.38 %	88.48 %

Charter Township of Flushing

Required Supplemental Information Schedule of OPEB Contributions

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 52,137	\$ 35,842	\$ 62,735	\$ 62,735	\$ 62,735	\$ 116,049	\$ 116,049	\$ 68,997	\$ 28,105	\$ 88,266
Contributions in relation to the actuarially determined contribution	42,769	18,663	6,116	3,934	20,892	32,779	23,692	22,888	31,761	18,162
Contribution (Deficiency) Excess	\$ (9,368)	\$ (17,179)	\$ (56,619)	\$ (58,801)	\$ (41,843)	\$ (83,270)	\$ (92,357)	\$ (46,109)	\$ 3,656	\$ (70,104)
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes to Schedule of Contributions

Alternative measurement method information relative to the determination of contributions:

Alternative measurement method date March 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Inflation	2.50 percent
Healthcare cost trend rates	8.00 percent
Salary increase	3.75 percent
Discount rate	2.94 percent
Mortality	PUB-2010 mortality table with Scale MP-2018 generational mortality improvement

Charter Township of Flushing

Note to Required Supplemental Information

March 31, 2020

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories rather than as other financing sources (uses).

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations).

A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance - End of Year</u>
General Fund - Amounts per operating statement	\$ 1,688,579	\$ 1,783,595	\$ 2,126,010
Dental Fund budgeted separately from the General Fund	(12,850)	(9,179)	(17,960)
Vision Fund budgeted separately from the General Fund	(2,300)	(1,482)	(5,881)
Parks and recreation budgeted separately from the General Fund	(1,185)	(18,500)	225,246
Building department budgeted separately from the General Fund	(130,012)	(123,836)	(5,731)
	<u>\$ 1,542,232</u>	<u>\$ 1,630,598</u>	<u>\$ 2,321,684</u>
Amounts per budget statement			

Pension Information

Changes in Assumptions

There were no changes in assumptions in 2014, 2016, 2017, or 2018.

In 2019, assumptions changed related to the investment rate of return, discount rate, and salary inflation, resulting in an increase of the total pension liability.

In 2015, assumptions changed related to the investment rate of return, discount rate, and mortality tables, resulting in an increase of the total pension liability.

OPEB Information

Changes in Assumptions

In 2019, assumptions changed related to the discount rate, health care costs, and mortality tables, resulting in a decrease of the total OPEB liability.

There were no changes in assumptions in 2018.

Other Supplemental Information

Charter Township of Flushing

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds**

March 31, 2020

	Special Revenue Funds		Total
	Drug Law Enforcement	Community Development	
Assets - Cash and investments	<u>\$ 3,999</u>	<u>\$ -</u>	<u>\$ 3,999</u>
Liabilities - Due to other funds	\$ -	\$ -	\$ -
Fund Balances - Restricted - Drug law enforcement	<u>3,999</u>	<u>-</u>	<u>3,999</u>
Total liabilities and fund balances	<u><u>\$ 3,999</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,999</u></u>

Charter Township of Flushing

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

Year Ended March 31, 2020

	Special Revenue Funds		Total
	Drug Law Enforcement	Community Development	
Revenue - State-shared revenue and grants - Federal grants	\$ 5,332	\$ 38,365	\$ 43,697
Expenditures -			
Current services			
Public safety	3,980	-	3,980
Recreation and culture	-	38,365	38,365
Total expenditures	3,980	38,365	42,345
Net Change in Fund Balances	1,352	-	1,352
Fund Balances - Beginning of year	2,647	-	2,647
Fund Balances - End of year	\$ 3,999	\$ -	\$ 3,999