

**Charter Township of Flushing**

**Financial Statements**

**March 31, 2022**

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## Independent Auditors' Report

Township Board  
Charter Township of Flushing  
Flushing, Michigan

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing as of March 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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



## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the Charter Township of Flushing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township of Flushing's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

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

management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

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

*Yeo & Yeo, P.C.*

Flint, MI  
August 23, 2022



**Charter Township of Flushing**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2022**

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Our discussion and analysis of the Charter Township of Flushing's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2022. 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, 2022.

The Township's total net position is approximately \$12 million, with unrestricted net position of approximately \$5.4 million.

During the year, the Township's governmental expenditures were about \$297,000 less than the approximately \$2,748,000 generated in taxes, state-shared revenue, and other revenue for governmental funds.

The General Fund fund balance increased by \$625,160.

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

**Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term 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 governmental services.

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

**Charter Township of Flushing**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2022**

**The Charter Township of Flushing as a Whole**

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

|                                  | <u>Governmental<br/>Activities<br/>2022</u> | <u>Business-type<br/>Activities<br/>2022</u> | <u>Total<br/>2022</u> | <u>Total<br/>2021</u> |
|----------------------------------|---|--|-----------------------|-----------------------|
| <b>Assets</b>                    |   |  |                       |                       |
| Current assets                   | \$ 5,503,621                                | \$ 6,279,669                                 | \$ 11,783,290         | \$ 10,724,061         |
| Capital assets                   | <u>2,262,034</u>                            | <u>4,498,426</u>                             | <u>6,760,460</u>      | <u>7,071,806</u>      |
| Total assets                     | <u>7,765,655</u>                            | <u>10,778,095</u>                            | <u>18,543,750</u>     | <u>17,795,867</u>     |
| Deferred Outflows of Resources   | <u>64,694</u>                               | <u>-</u>                                     | <u>64,694</u>         | <u>197,295</u>        |
| <b>Liabilities</b>               |   |  |                       |                       |
| Current liabilities              | 580,230                                     | 800,491                                      | 1,380,721             | 1,059,728             |
| Long term liabilities            | <u>4,554,105</u>                            | <u>-</u>                                     | <u>4,554,105</u>      | <u>4,791,026</u>      |
| Total liabilities                | <u>5,134,335</u>                            | <u>800,491</u>                               | <u>5,934,826</u>      | <u>5,850,754</u>      |
| Deferred Outflows of Resources   | <u>312,258</u>                              | <u>-</u>                                     | <u>312,258</u>        | <u>122,969</u>        |
| <b>Net Position</b>              |   |  |                       |                       |
| Net investment in capital assets | 2,256,389                                   | 4,498,426                                    | 6,754,815             | 6,462,401             |
| Restricted                       | 166,382                                     | -  | 166,382               | 18,659                |
| Unrestricted                     | <u>(39,015)</u>                             | <u>5,479,178</u>                             | <u>5,440,163</u>      | <u>5,538,379</u>      |
| Total net position               | <u>\$ 2,383,756</u>                         | <u>\$ 9,977,604</u>                          | <u>\$ 12,361,360</u>  | <u>\$ 12,019,439</u>  |

The Township's net position of governmental activities are \$2,383,756 and \$9,977,604 for business type activities; of these amounts \$(39,015) (governmental) and \$5,479,178 (business-type) are unrestricted.

**Charter Township of Flushing**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2022**

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

|                                    | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total<br/>2021</u> | <u>Total<br/>2021</u> |
|------------------------------------|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| <b>Revenue</b>                     |                                    |                                     |                       |                       |
| Program revenue                    |                                    |                                     |                       |                       |
| Charges for services               | \$ 359,422                         | \$ 2,990,281                        | \$ 3,349,703          | \$ 3,245,565          |
| Operating grants and contributions | 225,805                            | -                                   | 225,805               | 128,757               |
| Capital grants and contributions   | -                                  | -                                   | -                     | 13,500                |
| General revenue                    |                                    |                                     |                       |                       |
| Property taxes                     | 1,550,486                          | -                                   | 1,550,486             | 1,876,947             |
| State-shared revenue               | 1,098,680                          | -                                   | 1,098,680             | 953,423               |
| Unrestricted investment earnings   | 42,191                             | 20,023                              | 62,214                | 77,988                |
| Miscellaneous                      | 56,631                             | 385                                 | 57,016                | 140,112               |
| Total revenue                      | <u>3,333,215</u>                   | <u>3,010,689</u>                    | <u>6,343,904</u>      | <u>6,436,292</u>      |
| <b>Expenses</b>                    |                                    |                                     |                       |                       |
| Program expenses                   |                                    |                                     |                       |                       |
| General government                 | 1,318,976                          | -                                   | 1,318,976             | 1,231,368             |
| Public safety                      | 1,487,462                          | -                                   | 1,487,462             | 1,546,858             |
| Public works                       | 124,119                            | -                                   | 124,119               | 120,291               |
| Recreation and culture             | 86,225                             | -                                   | 86,225                | 715,634               |
| Interest on long-term debt         | 19,840                             | -                                   | 19,840                | 5,306                 |
| Water and sewer fund               | -                                  | 2,461,614                           | 2,461,614             | 2,515,700             |
| Solid waste fund                   | -                                  | 503,747                             | 503,747               | 493,264               |
| Total expenses                     | <u>3,036,622</u>                   | <u>2,965,361</u>                    | <u>6,001,983</u>      | <u>6,628,421</u>      |
| <b>Change in net position</b>      | <u>\$ 296,593</u>                  | <u>\$ 45,328</u>                    | <u>\$ 341,921</u>     | <u>\$ (192,129)</u>   |



**Charter Township of Flushing**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2022**

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**Governmental Activities**

The Township's total governmental activity revenues were \$3,333,215. This was a \$82,651 decrease in revenues compared to the prior year.

Governmental activity expenditures of \$3,036,622 were recorded for the year.

**Business Type Activities**

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

**Charter Township of Flushing Funds**

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

a) **General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues from fees charged for various municipal activities and services are recorded in the General Fund. The General Fund reported a fund balance of \$2,711,273. This was an increase of \$625,160 from the prior year. This represents approximately 197 percent of General Fund total expenditures. Revenue increased by \$265,844, which was primarily related to increased state shared revenues. Expenditures decreased by \$396,647 mainly due to capital outlay expenditures.

b) **Law Enforcement Fund**

The Law Enforcement special revenue fund realized an increase in its fund balance of \$85,129 to \$1,293,554 at year end. The revenue in the fund increased by \$63,561 primarily due to an increase in taxes collected. The expenditures increased by \$72,819 primarily due to an increase in public safety expenditures.

**General Fund Budgetary Highlights**

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

**Charter Township of Flushing**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2022**

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**Capital Assets and Debt Administration**

At the end of 2022, the Township had invested approximately \$6.8 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board for the implementation of GASB Statement No. 34. Capital assets, as stated in this annual financial report, does not include some prior year infrastructure items, such as sidewalks and streets. Financial reporting in years before 2005 did not require some infrastructure items to be included with capital assets. Recognizing the problem of having local units gather together all of the required information, the GASB has allowed smaller units of government, like the Township, to report infrastructure assets on a prospective basis only after adopting the new reporting standard.

The Township had a special assessment bond outstanding relating to the Capital Project Fund of \$795,000 at March 31, 2022.

At year end, the Township had capital lease obligations of \$4,420 outstanding for equipment purchased for governmental activities and compensated absences due to employees of \$90,405. Annual debt service requirements for the capital lease are approximately \$6,650 per year, with final payment due in 2024.

Business-type activities (water and sewer services) did not have any long-term obligations outstanding at March 31, 2022.

**Economic Factors and Next Year's Budgets and Rates**

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

**Contacting the Charter Township of Flushing Management**

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

**Charter Township of Flushing**  
**Statement of Net Position**  
**March 31, 2022**

|   | Governmental<br>Activities | Business-type<br>Activities | Total             |
|---|----------------------------|-----------------------------|-------------------|
| <b>Assets</b>                                     |                            |                             |                   |
| Cash and cash equivalents                         | \$ 4,414,856               | \$ 5,510,793                | \$ 9,925,649      |
| Receivables                                       |                            |                             |                   |
| Taxes   | 71,133                     | -                           | 71,133            |
| Customers   | 15,261                     | 669,987                     | 685,248           |
| Special assessments                               | 708,193                    | 30,003                      | 738,196           |
| Accrued interest and other                        | 9,069                      | 10,401                      | 19,470            |
| Tap-in contracts                                  | -                          | 26,491                      | 26,491            |
| Due from other units of government                | 182,828                    | 31,172                      | 214,000           |
| Internal balances                                 | 1,032                      | (1,032)                     | -                 |
| Inventories                                       | 5,000                      | -                           | 5,000             |
| Prepaid items                                     | 96,249                     | 1,854                       | 98,103            |
| Capital assets not being depreciated              | 193,200                    | -                           | 193,200           |
| Capital assets, net of accumulated depreciation   | 2,068,834                  | 4,498,426                   | 6,567,260         |
| Total assets                                      | <u>7,765,655</u>           | <u>10,778,095</u>           | <u>18,543,750</u> |
| <b>Deferred Outflows of Resources</b>             |                            |                             |                   |
| Deferred amount relating to net pension liability | <u>64,694</u>              | <u>-</u>                    | <u>64,694</u>     |

See Accompanying Notes to the Financial Statements



**Charter Township of Flushing**  
**Statement of Net Position**  
**March 31, 2022**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Liabilities</b>                                |                            |                             |                      |
| Accounts payable                                  | \$ 87,348                  | \$ 406,277                  | \$ 493,625           |
| Accrued and other liabilities                     | 53,962                     | -                           | 53,962               |
| Unearned revenue                                  | 438,920                    | 394,214                     | 833,134              |
| Noncurrent liabilities                            |                            |                             |                      |
| Debt due within one year                          | 181,445                    | -                           | 181,445              |
| Debt due in more than one year                    | 710,503                    | -                           | 710,503              |
| Net pension liability                             | 3,047,693                  | -                           | 3,047,693            |
| Total OPEB liability                              | 614,464                    | -                           | 614,464              |
| Total liabilities                                 | <u>5,134,335</u>           | <u>800,491</u>              | <u>5,934,826</u>     |
| <b>Deferred Inflows of Resources</b>              |                            |                             |                      |
| Deferred amount relating to net pension liability | <u>312,258</u>             | <u>-</u>                    | <u>312,258</u>       |
| <b>Net Position</b>                               |                            |                             |                      |
| Net investment in capital assets                  | 2,256,389                  | 4,498,426                   | 6,754,815            |
| Restricted for                                    |                            |                             |                      |
| Capital project fund                              | 142,670                    | -                           | 142,670              |
| Drug law enforcement                              | 3,188                      | -                           | 3,188                |
| Cable TV  | 20,524                     | -                           | 20,524               |
| Unrestricted                                      | <u>(39,015)</u>            | <u>5,479,178</u>            | <u>5,440,163</u>     |
| Total net position                                | <u>\$ 2,383,756</u>        | <u>\$ 9,977,604</u>         | <u>\$ 12,361,360</u> |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Statement of Activities**  
**For the Year Ended March 31, 2022**

|  | Program Revenues    |                         |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                      |
|--|---------------------|-------------------------|--|--|--|-----------------------------|----------------------|
|  | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total                |
| Functions/Programs                               |                     |                         |  |  |  |                             |                      |
| Governmental activities                          |                     |                         |  |  |  |                             |                      |
| General government                               | \$ 1,318,976        | \$ 346,878              | \$ 113,637                               | \$ -                                   | \$ (858,461)   | \$ -                        | \$ (858,461)         |
| Public safety                                    | 1,487,462           | 12,544                  | 112,168                                  | -                                      | (1,362,750)  | -                           | (1,362,750)          |
| Public works                                     | 124,119             | -                       | -  | -                                      | (124,119)  | -                           | (124,119)            |
| Recreation and culture                           | 86,225              | -                       | -  | -                                      | (86,225)   | -                           | (86,225)             |
| Interest and fiscal charges<br>on long-term debt | 19,840              | -                       | -  | -                                      | (19,840)   | -                           | (19,840)             |
| Total governmental activities                    | <u>3,036,622</u>    | <u>359,422</u>          | <u>225,805</u>                           | <u>-</u>                               | <u>(2,451,395)</u>                                   | <u>-</u>                    | <u>(2,451,395)</u>   |
| Business-type activities                         |                     |                         |  |  |  |                             |                      |
| Water and sewer                                  | 2,461,614           | 2,465,691               | -  | -                                      | -  | 4,077                       | 4,077                |
| Solid waste                                      | 503,747             | 524,590                 | -  | -                                      | -  | 20,843                      | 20,843               |
| Total business-type activities                   | <u>2,965,361</u>    | <u>2,990,281</u>        | <u>-</u>                                 | <u>-</u>                               | <u>-</u>   | <u>24,920</u>               | <u>24,920</u>        |
| Total  | <u>\$ 6,001,983</u> | <u>\$ 3,349,703</u>     | <u>\$ 225,805</u>                        | <u>\$ -</u>                            | <u>(2,451,395)</u>                                   | <u>24,920</u>               | <u>(2,426,475)</u>   |
| General revenues                                 |                     |                         |  |  |  |                             |                      |
| Property taxes                                   |                     |                         |  |  | 1,550,486  | -                           | 1,550,486            |
| State-shared revenue                             |                     |                         |  |  | 1,098,680  | -                           | 1,098,680            |
| Unrestricted investment earnings                 |                     |                         |  |  | 42,191   | 20,023                      | 62,214               |
| Miscellaneous                                    |                     |                         |  |  | 56,631   | 385                         | 57,016               |
| Total general revenues                           |                     |                         |  |  | <u>2,747,988</u>                                     | <u>20,408</u>               | <u>2,768,396</u>     |
| Change in net position                           |                     |                         |  |  | 296,593  | 45,328                      | 341,921              |
| Net position - beginning of year                 |                     |                         |  |  | <u>2,087,163</u>                                     | <u>9,932,276</u>            | <u>12,019,439</u>    |
| Net position - end of year                       |                     |                         |  |  | <u>\$ 2,383,756</u>                                  | <u>\$ 9,977,604</u>         | <u>\$ 12,361,360</u> |

See Accompanying Notes to the Financial Statements



**Charter Township of Flushing**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2022**

|                                    | General             | Special<br>Revenue Fund<br>Law<br>Enforcement<br>Fund | Capital<br>Project Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|---------------------|---|-------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                      |                     |   |                         |                                   |                                |
| Cash and cash equivalents          | \$ 2,975,240        | \$ 1,288,257  | \$ 148,260              | \$ 3,099                          | \$ 4,414,856                   |
| Receivables                        |                     |   |                         |                                   |                                |
| Taxes                              | 18,511              | 51,773  | 849                     | -                                 | 71,133                         |
| Customers                          | 1,749               | 13,423  | -                       | 89                                | 15,261                         |
| Special assessments                | 55,431              | -   | 652,762                 | -                                 | 708,193                        |
| Accrued interest and other         | 9,069               | -   | -                       | -                                 | 9,069                          |
| Due from other units of government | 182,828             | -   | -                       | -                                 | 182,828                        |
| Due from other funds               | 1,032               | -   | -                       | -                                 | 1,032                          |
| Inventories                        | 5,000               | -   | -                       | -                                 | 5,000                          |
| Prepaid items                      | 84,246              | 12,003  | -                       | -                                 | 96,249                         |
| <b>Total assets</b>                | <b>\$ 3,333,106</b> | <b>\$ 1,365,456</b>                                   | <b>\$ 801,871</b>       | <b>\$ 3,188</b>                   | <b>\$ 5,503,621</b>            |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2022**

|   | General             | Special<br>Revenue Fund<br>Law<br>Enforcement<br>Fund | Capital<br>Project Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---|-------------------------|-----------------------------------|--------------------------------|
| <b>Liabilities</b>  |                     |   |                         |                                   |                                |
| Accounts payable  | \$ 80,865           | \$ 6,483  | \$ -                    | \$ -                              | \$ 87,348                      |
| Accrued and other liabilities                                       | 29,735              | 13,646  | 5,541                   | -                                 | 48,922                         |
| Unearned revenue  | 438,920             | -   | -                       | -                                 | 438,920                        |
| Total liabilities   | <u>549,520</u>      | <u>20,129</u>   | <u>5,541</u>            | <u>-</u>                          | <u>575,190</u>                 |
| <b>Deferred Inflows of Resources</b>                                |                     |   |                         |                                   |                                |
| Unavailable revenue   | <u>72,313</u>       | <u>51,773</u>   | <u>652,762</u>          | <u>-</u>                          | <u>776,848</u>                 |
| <b>Fund Balances</b>  |                     |   |                         |                                   |                                |
| Non-spendable   |                     |   |                         |                                   |                                |
| Inventories   | 5,000               | -   | -                       | -                                 | 5,000                          |
| Prepaid items   | 84,246              | 12,003  | -                       | -                                 | 96,249                         |
| Restricted for  |                     |   |                         |                                   |                                |
| Law enforcement   | -                   | 1,281,551   | -                       | -                                 | 1,281,551                      |
| Drug law enforcement  | -                   | -   | -                       | 3,188                             | 3,188                          |
| Capital project fund  | -                   | -   | 143,568                 | -                                 | 143,568                        |
| Cable TV  | 20,524              | -   | -                       | -                                 | 20,524                         |
| Assigned for  |                     |   |                         |                                   |                                |
| Capital improvements  | 300,000             | -   | -                       | -                                 | 300,000                        |
| OPEB  | 200,000             | -   | -                       | -                                 | 200,000                        |
| Unassigned  | <u>2,101,503</u>    | <u>-</u>  | <u>-</u>                | <u>-</u>                          | <u>2,101,503</u>               |
| Total fund balances   | <u>2,711,273</u>    | <u>1,293,554</u>                                      | <u>143,568</u>          | <u>3,188</u>                      | <u>4,151,583</u>               |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,333,106</u> | <u>\$ 1,365,456</u>                                   | <u>\$ 801,871</u>       | <u>\$ 3,188</u>                   | <u>\$ 5,503,621</u>            |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**March 31, 2022**

|   |                            |
|---|----------------------------|
| <b>Total fund balances for governmental funds</b>   | \$ 4,151,583               |
| Total net position for governmental activities in the statement of net position is different because:   |                            |
| Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.           | 2,068,834                  |
| Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.                     | 193,200                    |
| Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.  | 776,848                    |
| Certain liabilities are not due and payable in the current period and are not reported in the funds.  |                            |
| Accrued interest  | (5,040)                    |
| Compensated absences  | (90,405)                   |
| Capital lease obligations   | (4,420)                    |
| Deferred outflows (inflows) of resources.   |                            |
| Deferred inflows of resources resulting from net pension liability  | (312,258)                  |
| Deferred outflows of resources resulting from net pension liability   | 64,694                     |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. | (797,123)                  |
| Net pension liability   | (3,047,693)                |
| Total OPEB liability  | <u>(614,464)</u>           |
| <b>Net position of governmental activities</b>  | <b><u>\$ 2,383,756</u></b> |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended March 31, 2022**

|                       | General          | Special<br>Revenue Fund    | Capital<br>Project Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------|------------------|----------------------------|-------------------------|-----------------------------------|--------------------------------|
|                       |                  | Law<br>Enforcement<br>Fund |                         |                                   |                                |
| <b>Revenues</b>       |                  |                            |                         |                                   |                                |
| Taxes                 | \$ 301,159       | \$ 1,042,855               | \$ 214,323              | \$ -                              | \$ 1,558,337                   |
| Licenses and permits  | 346,878          | -                          | -                       | -                                 | 346,878                        |
| Federal grants        | 96,040           | -                          | -                       | -                                 | 96,040                         |
| State-shared revenue  | 1,166,277        | 106,666                    | -                       | 5,480                             | 1,278,423                      |
| Fines and forfeitures | -                | 12,544                     | -                       | -                                 | 12,544                         |
| Interest income       | 30,861           | -                          | 11,330                  | -                                 | 42,191                         |
| Rental income         | 4,295            | -                          | -                       | -                                 | 4,295                          |
| Other revenue         | 48,230           | 5,340                      | -                       | 89                                | 53,659                         |
| Total revenues        | <u>1,993,740</u> | <u>1,167,405</u>           | <u>225,653</u>          | <u>5,569</u>                      | <u>3,392,367</u>               |

See Accompanying Notes to the Financial Statements



**Charter Township of Flushing**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended March 31, 2022**

|   | General             | Special<br>Revenue Fund<br>Law<br>Enforcement<br>Fund | Capital<br>Project Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---|-------------------------|-----------------------------------|--------------------------------|
| <b>Expenditures</b>                               |                     |   |                         |                                   |                                |
| Current   |                     |   |                         |                                   |                                |
| General government                                | \$ 746,727          | \$ -  | \$ -                    | \$ -                              | \$ 746,727                     |
| Public safety                                     | 295,186             | 1,069,812   | -                       | -                                 | 1,364,998                      |
| Public works                                      | 130,702             | -   | -                       | -                                 | 130,702                        |
| Recreation and culture                            | 59,325              | -   | -                       | 5,480                             | 64,805                         |
| Capital outlay                                    | 139,206             | 12,464  | 259,667                 | -                                 | 411,337                        |
| Debt service                                      |                     |   |                         |                                   |                                |
| Principal retirement                              | -                   | -   | 65,000                  | -                                 | 65,000                         |
| Interest and fiscal charges                       | -                   | -   | 17,983                  | -                                 | 17,983                         |
| <b>Total expenditures</b>                         | <u>1,371,146</u>    | <u>1,082,276</u>                                      | <u>342,650</u>          | <u>5,480</u>                      | <u>2,801,552</u>               |
| Excess (deficiency) of revenues over expenditures | 622,594             | 85,129  | (116,997)               | 89                                | 590,815                        |
| <b>Other financing sources</b>                    |                     |   |                         |                                   |                                |
| Sale of capital assets                            | <u>2,566</u>        | <u>-</u>  | <u>-</u>                | <u>-</u>                          | <u>2,566</u>                   |
| Net change in fund balances                       | 625,160             | 85,129  | (116,997)               | 89                                | 593,381                        |
| Fund balances - beginning of year                 | <u>2,086,113</u>    | <u>1,208,425</u>                                      | <u>260,565</u>          | <u>3,099</u>                      | <u>3,558,202</u>               |
| Fund balances - end of year                       | <u>\$ 2,711,273</u> | <u>\$ 1,293,554</u>                                   | <u>\$ 143,568</u>       | <u>\$ 3,188</u>                   | <u>\$ 4,151,583</u>            |

See Accompanying Notes to the Financial Statements



**Charter Township of Flushing**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended March 31, 2022**

**Net change in fund balances - total governmental funds** \$ 593,381

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

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

|   |           |
|---|-----------|
| Depreciation expense                    | (271,512) |
| Capital outlay                          | 121,145   |
| Sale of capital assets (net book value) | (3,867)   |

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

|  |          |
|--|----------|
| State-shared revenue                   | (50,000) |
| Property taxes and special assessments | (7,851)  |

Expenses are recorded when incurred in the statement of activities.

|                        |       |
|------------------------|-------|
| Accrued interest       | 266   |
| Compensated absences   | 2,782 |
| Capital lease payments | 5,550 |

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

|  |           |
|--|-----------|
| Net change in net pension liability  | 52,295    |
| Net change in the deferred inflow of resources related to the net pension liability  | (189,289) |
| Net change in the deferred outflow of resources related to the net pension liability | (132,601) |

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

|                                    |         |
|------------------------------------|---------|
| Net change in total OPEB liability | 113,417 |
|------------------------------------|---------|

Repayment of bond principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

|   |         |
|---|---------|
| Repayments of long-term debt                          | 65,000  |
| Amortization of premiums, discounts and similar items | (2,123) |

**Change in net position of governmental activities** \$ 296,593

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Proprietary Funds**  
**Statement of Net Position**  
**March 31, 2022**

|   | Enterprise Funds        |                     |                     |
|---|-------------------------|---------------------|---------------------|
|   | Water and<br>Sewer Fund | Solid Waste<br>Fund | Total               |
| <b>Assets</b>                                   |                         |                     |                     |
| Current assets                                  |                         |                     |                     |
| Cash and cash equivalents                       | \$ 4,783,675            | \$ 727,118          | \$ 5,510,793        |
| Receivables                                     |                         |                     |                     |
| Customers                                       | 669,987                 | -                   | 669,987             |
| Special assessments, current                    | -                       | 30,003              | 30,003              |
| Accrued interest and other                      | 10,401                  | -                   | 10,401              |
| Tap-in contracts                                | 26,491                  | -                   | 26,491              |
| Due from other units of government              | 31,172                  | -                   | 31,172              |
| Prepaid items                                   | -                       | 1,854               | 1,854               |
| Total current assets                            | <u>5,521,726</u>        | <u>758,975</u>      | <u>6,280,701</u>    |
| Noncurrent assets                               |                         |                     |                     |
| Capital assets, net of accumulated depreciation | <u>4,498,426</u>        | <u>-</u>            | <u>4,498,426</u>    |
| Total assets                                    | <u>10,020,152</u>       | <u>758,975</u>      | <u>10,779,127</u>   |
| <b>Liabilities</b>                              |                         |                     |                     |
| Current liabilities                             |                         |                     |                     |
| Accounts payable                                | 406,277                 | -                   | 406,277             |
| Due to other funds                              | 1,032                   | -                   | 1,032               |
| Unearned revenue                                | -                       | 394,214             | 394,214             |
| Total liabilities                               | <u>407,309</u>          | <u>394,214</u>      | <u>801,523</u>      |
| <b>Net Position</b>                             |                         |                     |                     |
| Net investment in capital assets                | 4,498,426               | -                   | 4,498,426           |
| Unrestricted                                    | <u>5,114,417</u>        | <u>364,761</u>      | <u>5,479,178</u>    |
| Total net position                              | <u>\$ 9,612,843</u>     | <u>\$ 364,761</u>   | <u>\$ 9,977,604</u> |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended March 31, 2022**

|                                  | Enterprise Funds        |                     |                     |
|----------------------------------|-------------------------|---------------------|---------------------|
|                                  | Water and<br>Sewer Fund | Solid Waste<br>Fund | Total               |
| <b>Operating revenue</b>         |                         |                     |                     |
| Customer fees                    | \$ 2,440,191            | \$ 524,590          | \$ 2,964,781        |
| Connection fees                  | 25,500                  | -                   | 25,500              |
| Other revenue                    | 385                     | -                   | 385                 |
| Total operating revenue          | <u>2,466,076</u>        | <u>524,590</u>      | <u>2,990,666</u>    |
| <b>Operating expenses</b>        |                         |                     |                     |
| Water usage cost                 | 1,878,026               | -                   | 1,878,026           |
| Sewer treatment costs            | 203,203                 | -                   | 203,203             |
| Solid waste contract             | -                       | 503,747             | 503,747             |
| Supplies                         | 5,647                   | -                   | 5,647               |
| Utilities                        | 810                     | -                   | 810                 |
| Administration                   | 203,000                 | -                   | 203,000             |
| Other expenses                   | 13,816                  | -                   | 13,816              |
| Depreciation                     | 157,112                 | -                   | 157,112             |
| Total operating expenses         | <u>2,461,614</u>        | <u>503,747</u>      | <u>2,965,361</u>    |
| Operating income (loss)          | 4,462                   | 20,843              | 25,305              |
| <b>Nonoperating revenue</b>      |                         |                     |                     |
| Interest income                  | 20,023                  | -                   | 20,023              |
| Change in net position           | 24,485                  | 20,843              | 45,328              |
| Net position - beginning of year | <u>9,588,358</u>        | <u>343,918</u>      | <u>9,932,276</u>    |
| Net position - end of year       | <u>\$ 9,612,843</u>     | <u>\$ 364,761</u>   | <u>\$ 9,977,604</u> |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2022**

|  | Enterprise Funds        |                     |                     |
|--|-------------------------|---------------------|---------------------|
|  | Water and<br>Sewer Fund | Solid Waste<br>Fund | Total               |
| <b>Cash flows from operating activities</b>      |                         |                     |                     |
| Receipts from customers                          | \$ 2,410,268            | \$ 525,618          | \$ 2,935,886        |
| Payments to other funds                          | (716)                   | -                   | (716)               |
| Payments to suppliers                            | <u>(2,297,756)</u>      | <u>(503,874)</u>    | <u>(2,801,630)</u>  |
| Net cash provided by operating activities        | <u>111,796</u>          | <u>21,744</u>       | <u>133,540</u>      |
| <b>Cash flows from financing activities</b>      |                         |                     |                     |
| Proceeds from special assessments                | -                       | 3,151               | 3,151               |
| Tap-in contracts                                 | <u>(7,672)</u>          | <u>-</u>            | <u>(7,672)</u>      |
| Net cash provided (used) by financing activities | <u>(7,672)</u>          | <u>3,151</u>        | <u>(4,521)</u>      |
| <b>Cash flows from investing activities</b>      |                         |                     |                     |
| Interest received                                | <u>27,031</u>           | <u>-</u>            | <u>27,031</u>       |
| Net increase in cash and cash equivalents        | 131,155                 | 24,895              | 156,050             |
| Cash and cash equivalents - beginning of year    | <u>4,652,520</u>        | <u>702,223</u>      | <u>5,354,743</u>    |
| Cash and cash equivalents - end of year          | <u>\$ 4,783,675</u>     | <u>\$ 727,118</u>   | <u>\$ 5,510,793</u> |

See Accompanying Notes to the Financial Statements



**Charter Township of Flushing**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2022**

|  | Enterprise Funds        |                     |                   |
|--|-------------------------|---------------------|-------------------|
|  | Water and<br>Sewer Fund | Solid Waste<br>Fund | Total             |
| <b>Reconciliation of operating income to net cash provided by operating activities</b> |                         |                     |                   |
| Operating income   | \$ 4,462                | \$ 20,843           | \$ 25,305         |
| Adjustments to reconcile operating income to net cash from operating activities        |                         |                     |                   |
| Depreciation and amortization expense  | 157,112                 | -                   | 157,112           |
| Changes in assets and liabilities  |                         |                     |                   |
| Receivables  | (54,672)                | -                   | (54,672)          |
| Due from other units of government   | (1,136)                 | -                   | (1,136)           |
| Prepaid items  | -                       | (127)               | (127)             |
| Accounts payable   | 6,746                   | -                   | 6,746             |
| Due to other funds   | (716)                   | -                   | (716)             |
| Unearned revenue   | -                       | 1,028               | 1,028             |
|  | <u>\$ 111,796</u>       | <u>\$ 21,744</u>    | <u>\$ 133,540</u> |
| Net cash provided by operating activities  |                         |                     |                   |

See Accompanying Notes to the Financial Statements



**Charter Township of Flushing**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**March 31, 2022**

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|                                  | <u>Custodial<br/>Fund</u> |
|----------------------------------|---------------------------|
| <b>Assets</b>                    |                           |
| Cash and cash equivalents        | \$ 1,500                  |
| <b>Liabilities</b>               |                           |
| Due to other units of government | <u>1,500</u>              |
| <b>Net Position</b>              | <u><u>\$ -</u></u>        |

**Charter Township of Flushing**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended March 31, 2022**

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|  | Custodial<br>Fund |
|--|-------------------|
| <b>Additions</b>                               |                   |
| Property tax collections for other governments | \$ 9,647,595      |
| <b>Deductions</b>                              |                   |
| Payments of property tax to other governments  | 9,647,595         |
| Total deductions                               | 9,647,595         |
| Change in net position                         | -                 |
| Net position - beginning of year               | -                 |
| Net position - end of year                     | \$ -              |

See Accompanying Notes to the Financial Statements

**Charter Township of Flushing**  
**Notes to the Financial Statements**  
**March 31, 2022**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

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

**Jointly Governed Organization**

The Township has entered into a joint agreement with the City of Flushing, Michigan (the "City") to share in the operating costs of a library and senior citizens center for the Township and City residents. The facility's operations are overseen by a joint operating committee made up of two appointees from each municipality and one appointee selected by the members of the Township and the City. The joint committee prepares an annual operating budget, which is approved by each municipality. All operating regulations, policies, and rules for the center are determined by the committee and approved by the City and the Township. Operating expenses will be divided between the City and the Township based on resident usage records. The City of Flushing, Michigan acts as the fiduciary agent for the library and senior center. During the current year, the Township's share of the operating costs of the library and senior center was \$31,741. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Separate financial statements for the library and the senior citizens center are not available as of the report date.

**Government-wide and fund financial statements**

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

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

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

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

**Measurement focus, basis of accounting, and financial statement presentation**

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

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



**Charter Township of Flushing**  
**Notes to the Financial Statements**  
**March 31, 2022**

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

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

The Township reports the following major governmental funds:

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

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

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

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following:

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

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

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

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

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

**Assets, liabilities, and net position or equity**

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



**Charter Township of Flushing**  
**Notes to the Financial Statements**  
**March 31, 2022**

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

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

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

The 2021 taxable valuation of the township totaled \$314,553,956, on which ad valorem taxes consisted of 0.50 mills for operating purposes and 3.2564 mills for police. This resulted in \$1,202,721 for operating and police expenditures, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

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

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

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

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

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

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

Compensated absences – It is the Township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated and unpaid vacation and sick days are



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

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

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

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

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred

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

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

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

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

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

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



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

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

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

**Use of Estimates**

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

**Upcoming Accounting and Reporting Changes**

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

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

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

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

**Budgetary information**

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

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

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Supervisor is authorized to transfer budgeted amounts between line



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items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the township board.

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

The Township had no expenditures in excess of budget.

**Note 3 - Deposits and Investments**

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

|                          | Cash and Cash<br>Equivalents |
|--------------------------|------------------------------|
| Governmental activities  | \$ 4,414,856                 |
| Business-type activities | 5,510,793                    |
| Total                    | 9,925,649                    |
| <br>                     |                              |
| Fiduciary fund           | 1,500                        |
| Total                    | \$ 9,927,149                 |

The breakdown between deposits and investments is as follows:

|  | Primary<br>Government | Fiduciary<br>Funds | Total        |
|--|-----------------------|--------------------|--------------|
| Bank deposits (checking and savings accounts, money markets and certificates of deposit) | \$ 9,925,299          | \$ 1,300           | \$ 9,926,599 |
| <br>   |                       |                    |              |
| Petty cash and cash on hand  | 350                   | 200                | 550          |
|  | \$ 9,925,649          | \$ 1,500           | \$ 9,927,149 |

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

*Credit risk* – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

*Custodial credit risk - deposits* – In the case of deposits, this is the risk that in the event of bank failure, the Township's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of year end, \$7,188,368 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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**Note 4 - Unearned Revenue**

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

|                                     |                   |
|-------------------------------------|-------------------|
| <b>Governmental-type activities</b> |                   |
| Grants                              | <u>\$ 438,920</u> |
| <br>                                |                   |
| <b>Business-type activities</b>     |                   |
| Special assessments                 | <u>\$ 394,214</u> |

**Note 5 - Deferred Inflows of Resources**

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

|  |                   |
|--|-------------------|
| <b>Governmental funds</b>              |                   |
| Earned but unavailable revenues        |                   |
| Property taxes and special assessments | <u>\$ 776,848</u> |

**Note 6 - Capital Assets**

Capital assets activity for the current year is as follows:

|   | Beginning<br>Balance | Increases           | Decreases        | Ending<br>Balance   |
|---|----------------------|---------------------|------------------|---------------------|
| <b>Governmental activities</b>              |                      |                     |                  |                     |
| Capital assets not being depreciated        |                      |                     |                  |                     |
| Land  | \$ 193,200           | \$ -                | \$ -             | \$ 193,200          |
| <br>  |                      |                     |                  |                     |
| Capital assets being depreciated            |                      |                     |                  |                     |
| Infrastructure                              | 2,433,549            | 62,848              | 690,937          | 1,805,460           |
| Buildings, additions, and improvements      | 1,459,386            | 26,783              | 37,078           | 1,449,091           |
| Maintenance equipment                       | 58,131               | -                   | 45,551           | 12,580              |
| Vehicles                                    | 318,669              | -                   | 20,477           | 298,192             |
| Office equipment                            | 142,488              | 15,337              | 41,159           | 116,666             |
| Computer equipment                          | 196,671              | 3,516               | 125,288          | 74,899              |
| Land improvements                           | 599,352              | 1,180               | 153,726          | 446,806             |
| Vehicle equipment                           | 66,446               | 11,481              | 44,160           | 33,767              |
| Total capital assets being depreciated      | <u>5,274,692</u>     | <u>121,145</u>      | <u>1,158,376</u> | <u>4,237,461</u>    |
| <br>  |                      |                     |                  |                     |
| Less accumulated depreciation for           |                      |                     |                  |                     |
| Infrastructure                              | 1,303,020            | 139,735             | 690,937          | 751,818             |
| Buildings, additions, and improvements      | 672,093              | 41,173              | 37,078           | 676,188             |
| Maintenance equipment                       | 49,941               | 1,148               | 45,552           | 5,537               |
| Vehicles                                    | 208,192              | 35,992              | 20,477           | 223,707             |
| Office equipment                            | 80,954               | 11,985              | 37,292           | 55,647              |
| Computer equipment                          | 151,723              | 16,369              | 125,288          | 42,804              |
| Land improvements                           | 529,825              | 19,468              | 153,726          | 395,567             |
| Vehicle equipment                           | 55,876               | 5,642               | 44,159           | 17,359              |
| Total accumulated depreciation              | <u>3,051,624</u>     | <u>271,512</u>      | <u>1,154,509</u> | <u>2,168,627</u>    |
| <br>  |                      |                     |                  |                     |
| Net capital assets being depreciated        | <u>2,223,068</u>     | <u>(150,367)</u>    | <u>3,867</u>     | <u>2,068,834</u>    |
| <br>  |                      |                     |                  |                     |
| Governmental activities capital assets, net | <u>\$ 2,416,268</u>  | <u>\$ (150,367)</u> | <u>\$ 3,867</u>  | <u>\$ 2,262,034</u> |



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|  | Beginning<br>Balance | Increases           | Decreases   | Ending<br>Balance   |
|--|----------------------|---------------------|-------------|---------------------|
| <b>Business-type activities</b>        |                      |                     |             |                     |
| Capital assets being depreciated       |                      |                     |             |                     |
| Land improvements                      | \$ 7,333,999         | \$ -                | \$ -        | \$ 7,333,999        |
| Infrastructure                         | 1,589,545            | -                   | -           | 1,589,545           |
| Buildings, additions and improvements  | 601,459              | -                   | -           | 601,459             |
| Machinery and equipment                | 34,364               | -                   | -           | 34,364              |
| Total capital assets being depreciated | <u>9,559,367</u>     | <u>-</u>            | <u>-</u>    | <u>9,559,367</u>    |
| Less accumulated depreciation for      |                      |                     |             |                     |
| Land improvements                      | 3,763,146            | 120,592             | -           | 3,883,738           |
| Infrastructure                         | 695,324              | 26,494              | -           | 721,818             |
| Buildings, additions and improvements  | 410,995              | 10,026              | -           | 421,021             |
| Machinery and equipment                | 34,364               | -                   | -           | 34,364              |
| Total accumulated depreciation         | <u>4,903,829</u>     | <u>157,112</u>      | <u>-</u>    | <u>5,060,941</u>    |
| Business-type capital assets, net      | <u>\$ 4,655,538</u>  | <u>\$ (157,112)</u> | <u>\$ -</u> | <u>\$ 4,498,426</u> |

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

**Governmental activities**

|                               |               |
|-------------------------------|---------------|
| General government            | \$ 190,416    |
| Public safety                 | 56,412        |
| Recreation and culture        | <u>24,684</u> |
| Total governmental activities | 271,512       |

**Business-type activities**

|                          |                   |
|--------------------------|-------------------|
| Water and Sewer          | <u>157,112</u>    |
| Total primary government | <u>\$ 428,624</u> |

**Note 7 - Net Investment in Capital Assets**

The composition of net investment in capital assets as of March 31, 2022, was as follows:

|   | Governmental<br>Activities | Business-type<br>Activities |
|---|----------------------------|-----------------------------|
| <b>Capital assets</b>                           |                            |                             |
| Capital assets not being depreciated            | \$ 193,200                 | \$ -                        |
| Capital assets, net of accumulated depreciation | <u>2,068,834</u>           | <u>4,498,426</u>            |
| Total capital assets                            | <u>2,262,034</u>           | <u>4,498,426</u>            |
| Unspent bond proceeds                           | <u>898</u>                 | <u>-</u>                    |
| <b>Related debt</b>                             |                            |                             |
| Capital leases                                  | (4,420)                    | -                           |
| Unamortized bond premiums                       | <u>(2,123)</u>             | <u>-</u>                    |
| Total related debt                              | <u>(6,543)</u>             | <u>-</u>                    |
| Net investment in capital assets                | <u>\$ 2,256,389</u>        | <u>\$ 4,498,426</u>         |

**Note 8 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u>  | <u>Amount</u>   |
|------------------------|----------------------|-----------------|
| General fund           | Water and sewer fund | <u>\$ 1,032</u> |

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

**Charter Township of Flushing**  
**Notes to the Financial Statements**  
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**Note 9 - Leases**

**Capital leases**

The Township has a capital lease for the purchase of a phone system.  
The future minimum lease payments are as follows:

| <u>Year ending March 31,</u>                       |                 |
|--|-----------------|
| 2023   | \$ 4,080        |
| 2024   | <u>340</u>      |
| Total minimum lease payments                       | 4,420           |
| Less amount representing unamortized lease premium | <u>2,123</u>    |
| Present value of minimum lease payments            | <u>\$ 2,297</u> |
|  |                 |
| Office equipment                                   | \$ 23,450       |
| Less accumulated depreciation                      | <u>16,910</u>   |
| Total  | <u>\$ 6,540</u> |

**Charter Township of Flushing**  
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**Note 10 - Long-Term Debt**

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

Long-term obligation activity is summarized as follows:

|                                | <u>Amount of<br/>Issue</u> | <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate<br/>Ranges</u> | <u>Principal<br/>Maturity<br/>Ranges</u> | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------|----------------------------|--------------------------|-------------------------------------|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| <b>Governmental activities</b> |                            |                          |                                     |  |                              |                  |                   |                           |                                |
| Bonds and notes payable        |                            |                          |                                     |  |                              |                  |                   |                           |                                |
| Special assessment obligations |                            |                          |                                     |  |                              |                  |                   |                           |                                |
| Brentwood paving               | \$ 860,000                 | 5/1/2030                 | 1.53%                               | \$85,000 - \$90,000                      | \$ 860,000                   | \$ -             | \$ 65,000         | \$ 795,000                | \$ 85,000                      |
| Capital leases                 |                            |                          |                                     |  | 8,500                        | -                | 4,080             | 4,420                     | 4,080                          |
| Unamortized lease premium      |                            |                          |                                     |  | 4,083                        | -                | 1,960             | 2,123                     | 1,960                          |
| Compensated absences           |                            |                          |                                     |  | <u>93,187</u>                | <u>83,831</u>    | <u>86,613</u>     | <u>90,405</u>             | <u>90,405</u>                  |
| Total governmental activities  |                            |                          |                                     |  | <u>\$ 965,770</u>            | <u>\$ 83,831</u> | <u>\$ 157,653</u> | <u>\$ 891,948</u>         | <u>\$ 181,445</u>              |



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

| Year Ending<br>March 31, | Governmental Activities |                  |
|--------------------------|-------------------------|------------------|
|                          | Bonds                   |                  |
|                          | Principal               | Interest         |
| 2023                     | \$ 85,000               | \$ 11,514        |
| 2024                     | 85,000                  | 10,213           |
| 2025                     | 85,000                  | 8,912            |
| 2026                     | 90,000                  | 7,574            |
| 2027                     | 90,000                  | 6,197            |
| 2028-2031                | 360,000                 | 11,015           |
|                          | <u>\$ 795,000</u>       | <u>\$ 55,425</u> |

**Note 11 - Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays dental and vision claims on a reimbursement basis and has set aside employee and employer contributions to pay these claims in the General Fund. The liability for unpaid claims was immaterial at March 31, 2022.

**Note 12 - Employee Retirement and Benefit Systems**

**Defined benefit pension plan**

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

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

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

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

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

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

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



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

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

Employees covered by benefit terms – At the December 31, 2021 valuation date, the following employees were covered by benefit terms:

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

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

For general employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 61.56 percent of annual covered payroll.

For police patrol employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current flat rate is \$4,844 per month.

For command employees, the plan provides that the employer and employees contribute necessary to fund the actuarially determined benefits. Employees are required to contribute 8% of compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate is 6.831 percent of annual covered payroll.

Net pension liability – The employer's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3%; 2) Salary increases 3% in the long-term; 3) Investment rate of return of 7.00%, net of investment expense, including inflation.

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

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

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



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

| Asset Class         | Target Allocation | Target Allocation Gross Rate Of Return | Long-Term Expected Gross Rate of Return | Inflation Assumption | Long-term Expected Real Rate of Return |
|---------------------|-------------------|--|---|----------------------|--|
| Global equity       | 60.00%            | 7.75%                                  | 4.65%                                   | 2.50%                | 3.15%                                  |
| Global fixed income | 20.00%            | 3.75%                                  | 0.75%                                   | 2.50%                | 0.25%                                  |
| Private investments | 20.00%            | 9.75%                                  | 1.95%                                   | 2.50%                | 1.45%                                  |
|                     | <u>100.00%</u>    |  | <u>7.35%</u>                            |                      | <u>4.85%</u>                           |

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

**Changes in Net Pension Liability**

**Total Pension Liability**

|  |                     |
|--|---------------------|
| Service cost                                       | \$ 69,865           |
| Interest on the total pension liability            | 522,064             |
| Differences between expected and actual experience | 31,817              |
| Changes in assumptions                             | 258,386             |
| Benefit payments and refunds                       | <u>(432,845)</u>    |
| Net change in total pension liability              | 449,287             |
| Total pension liability - beginning                | <u>7,050,776</u>    |
| Total pension liability - ending (a)               | <u>\$ 7,500,063</u> |

**Plan Fiduciary Net Position**

|   |                     |
|---|---------------------|
| Employer contributions                    | \$ 302,922          |
| Employee contributions                    | 39,230              |
| Pension plan net investment income (loss) | 575,413             |
| Benefit payments and refunds              | (432,845)           |
| Pension plan administrative expense       | <u>(6,599)</u>      |
| Net change in plan fiduciary net position | 478,121             |
| Plan fiduciary net position - beginning   | <u>4,138,716</u>    |
| Plan fiduciary net position - ending (b)  | <u>\$ 4,616,837</u> |

Net pension liability (a-b) \$ 2,883,226

Plan fiduciary net position as a percentage of total pension liability 61.56%

Covered employee payroll \$ 490,380

Net pension liability as a percentage of covered employee payroll 587.96%



**Charter Township of Flushing**  
**Notes to the Financial Statements**  
**March 31, 2022**

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

|                       | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|-----------------------|--------------------|----------------------------------|--------------------|
| Net pension liability | \$ 3,712,860       | \$ 2,883,226                     | \$ 2,182,822       |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended March 31, 2022 the employer recognized pension expense of \$616,692. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> | <u>Total to<br/>Amortize</u> |
|---|---|--|------------------------------|
| Net difference between projected and actual earning on plan investments | \$ -  | \$ 312,258                                   | \$ (312,258)                 |
| Contributions subsequent to the measurement date*                       | <u>64,694</u>                                 | <u>-</u>                                     | <u>-</u>                     |
| <b>Total</b>  | <b>\$ <u>64,694</u></b>                       | <b>\$ <u>312,258</u></b>                     | <b>\$ <u>(312,258)</u></b>   |

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2023.

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

| <u>Year ended March 31,</u> |                            |
|-----------------------------|----------------------------|
| 2023                        | \$ (39,233)                |
| 2024                        | (130,076)                  |
| 2025                        | (90,035)                   |
| 2026                        | <u>(52,914)</u>            |
|                             | <b>\$ <u>(312,258)</u></b> |

**Cash-out Stipend Liability – Special Funding Situation**

The Township also offers a cash-out stipend benefit to retired patrol and command employees hired prior to April 1, 2017 in lieu of retiree health care coverage provided by the Township. The benefits received by each retiree who has opted out of health coverage may be used for non-health care-related expenses. The cash-out stipend liability at March 31, 2022 was determined using an actuarial valuation with a March 31, 2022 measurement date. The discount rate used in calculating the liability was 2.4%. For the year ended March 31, 2022, the Township recognized a liability and pension expense of \$164,467.

The net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense from pensions for the MERS defined benefit plan and the cash-out stipend liability at the December 31, 2021 and March 31, 2022 measurement date, respectively, were as follows:

|                                   | <u>Net Pension<br/>Liability</u> | <u>Deferred<br/>Outflows from<br/>Pensions</u> | <u>Deferred<br/>Inflows from<br/>Pensions</u> | <u>Pension<br/>Expense</u> |
|-----------------------------------|----------------------------------|--|---|----------------------------|
| MERS defined benefit pension plan | \$ 2,883,226                     | \$ 64,694                                      | \$ 312,258                                    | \$ 616,692                 |
| Cash-out stipend liability        | <u>164,467</u>                   | <u>-</u>                                       | <u>-</u>                                      | <u>164,467</u>             |
| <b>Total</b>                      | <b>\$ <u>3,047,693</u></b>       | <b>\$ <u>64,694</u></b>                        | <b>\$ <u>312,258</u></b>                      | <b>\$ <u>781,159</u></b>   |

**Charter Township of Flushing**  
**Notes to the Financial Statements**  
**March 31, 2022**

**Note 13 - Other Post-employment Benefits**

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

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

Employees covered by benefit terms – At March 31, 2022, the plan membership consisted of the following:

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

Contributions – Retiree health care costs are paid by the Township on a pay-as-you-go basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended March 31, 2022, the Township made payments for the post-employment health benefit premiums of \$40,041.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of March 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

|                             |  |
|-----------------------------|--|
| Inflation                   | 3.00%  |
| Salary increases            | 3.00%  |
| Investment rate of return   | 6.85%, net of OPEB plan investment expense, including inflation    |
| Healthcare cost trend rates | 7.5% for 2022, decreasing .50% per year to a rate of 4.5% for 2029 |

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

The actuarial assumptions used in the March 31, 2022 valuation was determined by utilizing the alternative measurement method as of March 31, 2022.

Discount rate – The discount rate used to measure the total OPEB liability was 3.46%. The discount rate was based on 20-Year Municipal Bond Indices.

**Total OPEB Liability**

|  |                   |
|--|-------------------|
| Service cost                                       | \$ 10,282         |
| Interest   | 17,238            |
| Differences between expected and actual experience | (1,811)           |
| Changes in assumptions                             | (99,085)          |
| Benefit payments                                   | <u>(40,041)</u>   |
| Net change in total OPEB liability                 | (113,417)         |
| Total OPEB liability - beginning                   | <u>727,881</u>    |
| Total OPEB liability - ending                      | <u>\$ 614,464</u> |

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.46%) or 1% higher (4.46%) than the current discount rate.

|                      | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|----------------------|--------------------|----------------------------------|--------------------|
| Total OPEB liability | <u>\$ 707,268</u>  | <u>\$ 614,464</u>                | <u>\$ 540,212</u>  |



**Charter Township of Flushing**  
**Notes to the Financial Statements**  
**March 31, 2022**

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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower (6.5%) or 1% higher (8.5%) than the current healthcare cost trend rates:

|                      | <u>1% Decrease</u> | <u>Healthcare<br/>Cost Trend<br/>Rates</u> | <u>1% Increase</u> |
|----------------------|--------------------|--|--------------------|
| Total OPEB liability | <u>\$ 533,061</u>  | <u>\$ 614,464</u>                          | <u>\$ 715,495</u>  |

For the year ended March 31, 2022 the Township recognized OPEB expense of \$(73,376).



**Charter Township of Flushing**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended March 31, 2022**

|                          | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Actual<br>Over (Under)  |
|--------------------------|-------------------------|------------------|------------------|-------------------------|
|                          | <u>Original</u>         | <u>Final</u>     |                  | <u>Final<br/>Budget</u> |
| <b>Revenues</b>          |                         |                  |                  |                         |
| Taxes                    |                         |                  |                  |                         |
| Property taxes           | \$ 174,000              | \$ 168,000       | \$ 185,745       | \$ 17,745               |
| Other taxes              | 100                     | 100              | 900              | 800                     |
| Administration fee       | 100,000                 | 100,000          | 114,514          | 14,514                  |
| Licenses and permits     | 261,200                 | 301,200          | 346,878          | 45,678                  |
| Federal grants           | -                       | -                | 96,040           | 96,040                  |
| State-shared revenue     | 769,500                 | 880,050          | 1,166,277        | 286,227                 |
| Interest income          | 10,100                  | 10,100           | 30,861           | 20,761                  |
| Rental income            | 5,000                   | 5,000            | 4,295            | (705)                   |
| Other revenue            | 20,385                  | 20,385           | 48,230           | 27,845                  |
| Sale of capital assets   | 100                     | 100              | 2,566            | 2,466                   |
| Transfers in             | <u>180,000</u>          | <u>180,000</u>   | <u>-</u>         | <u>(180,000)</u>        |
| Total revenues           | <u>1,520,385</u>        | <u>1,664,935</u> | <u>1,996,306</u> | <u>331,371</u>          |
| <b>Expenditures</b>      |                         |                  |                  |                         |
| General government       |                         |                  |                  |                         |
| Township board           | 191,400                 | 241,400          | 292,957          | 51,557                  |
| Supervisor               | 45,860                  | 48,910           | 43,223           | (5,687)                 |
| Accounting               | 135,750                 | 135,750          | 81,887           | (53,863)                |
| Clerk                    | 160,060                 | 164,960          | 74,233           | (90,727)                |
| Treasurer                | 154,340                 | 154,340          | 68,856           | (85,484)                |
| Assessor                 | 174,550                 | 174,550          | 124,202          | (50,348)                |
| Buildings and grounds    | <u>85,350</u>           | <u>91,350</u>    | <u>61,369</u>    | <u>(29,981)</u>         |
| Total general government | <u>947,310</u>          | <u>1,011,260</u> | <u>746,727</u>   | <u>(264,533)</u>        |

**Charter Township of Flushing**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended March 31, 2022**

|   | Budgeted Amounts    |                     | Actual              | Actual<br>Over (Under)<br>Final<br>Budget |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| Public safety                                     |                     |                     |                     |   |
| Fire contract                                     | \$ 170,000          | \$ 215,000          | \$ 213,860          | \$ (1,140)                                |
| Building inspection department                    | 44,700              | 81,700              | 81,326              | (374)                                     |
| Total public safety                               | <u>214,700</u>      | <u>296,700</u>      | <u>295,186</u>      | <u>(1,514)</u>                            |
| Public works                                      | <u>131,000</u>      | <u>175,000</u>      | <u>130,702</u>      | <u>(44,298)</u>                           |
| Recreation and culture                            |                     |                     |                     |   |
| Parks and recreation                              | 30,900              | 35,100              | 30,444              | (4,656)                                   |
| Library and senior center                         | 24,000              | 43,000              | 28,881              | (14,119)                                  |
| Total recreation and culture                      | <u>54,900</u>       | <u>78,100</u>       | <u>59,325</u>       | <u>(18,775)</u>                           |
| Capital outlay                                    | <u>401,000</u>      | <u>325,000</u>      | <u>139,206</u>      | <u>(185,794)</u>                          |
| Total expenditures                                | <u>1,748,910</u>    | <u>1,886,060</u>    | <u>1,371,146</u>    | <u>(514,914)</u>                          |
| Excess (deficiency) of revenues over expenditures | (228,525)           | (221,125)           | 625,160             | 846,285                                   |
| Fund balance - beginning of year                  | <u>2,086,113</u>    | <u>2,086,113</u>    | <u>2,086,113</u>    | <u>-</u>                                  |
| Fund balance - end of year                        | <u>\$ 1,857,588</u> | <u>\$ 1,864,988</u> | <u>\$ 2,711,273</u> | <u>\$ 846,285</u>                         |

**Charter Township of Flushing**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Law Enforcement Fund**  
**For the Year Ended March 31, 2022**

|  | Budgeted Amounts    |                     | Actual              | Actual<br>Over (Under)<br>Final<br>Budget |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| <b>Revenues</b>  |                     |                     |                     |   |
| Taxes  | \$ 1,000,000        | \$ 1,000,000        | \$ 1,042,855        | \$ 42,855                                 |
| State-shared revenue and grants                          | 118,000             | 118,000             | 106,666             | (11,334)                                  |
| Fines and forfeitures                                    | 11,000              | 11,000              | 12,544              | 1,544                                     |
| Other revenue  | 4,700               | 4,700               | 5,340               | 640                                       |
| <b>Total revenues</b>                                    | <u>1,133,700</u>    | <u>1,133,700</u>    | <u>1,167,405</u>    | <u>33,705</u>                             |
| <b>Expenditures</b>                                      |                     |                     |                     |   |
| Current  |                     |                     |                     |   |
| Public safety  | 1,083,700           | 1,119,200           | 1,069,812           | (49,388)                                  |
| Capital outlay   | 55,000              | 22,000              | 12,464              | (9,536)                                   |
| <b>Total expenditures</b>                                | <u>1,138,700</u>    | <u>1,141,200</u>    | <u>1,082,276</u>    | <u>(58,924)</u>                           |
| <b>Excess (deficiency) of revenues over expenditures</b> | (5,000)             | (7,500)             | 85,129              | 92,629                                    |
| Fund balance - beginning of year                         | <u>1,208,425</u>    | <u>1,208,425</u>    | <u>1,208,425</u>    | <u>-</u>                                  |
| Fund balance - end of year                               | <u>\$ 1,203,425</u> | <u>\$ 1,200,925</u> | <u>\$ 1,293,554</u> | <u>\$ 92,629</u>                          |



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

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

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

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

| Fiscal Year<br>Ended | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actual<br>Contribution<br>as a % of<br>Covered Payroll |
|----------------------|---|------------------------|--|--------------------|--|
| 3/31/2013            | \$ 179,068                                | \$ 179,068             | \$ -                                   | 448,957            | 39.89%   |
| 3/31/2014            | 134,657                                   | 184,657                | (50,000)                               | 525,522            | 35.14%   |
| 3/31/2015            | 149,385                                   | 229,385                | (80,000)                               | 521,292            | 44.00%   |
| 3/31/2016            | 198,122                                   | 278,122                | (80,000)                               | 538,362            | 51.66%   |
| 3/31/2017            | 201,487                                   | 276,487                | (75,000)                               | 536,137            | 51.57%   |
| 3/31/2018            | 205,425                                   | 255,425                | (50,000)                               | 555,386            | 45.99%   |
| 3/31/2019            | 154,970                                   | 164,970                | (10,000)                               | 516,225            | 31.96%   |
| 3/31/2020            | 158,250                                   | 168,250                | (10,000)                               | 445,001            | 37.81%   |
| 3/31/2021            | 312,816                                   | 184,593                | 128,223                                | 477,262            | 38.68%   |
| 3/31/2022            | 331,848                                   | 323,638                | 8,210                                  | 511,973            | 63.21%   |

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

**Methods and assumptions used to determine contribution rates:**

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Individual entry-age  |
| Amortization method           | Level percent   |
| Remaining amortization period | 17 years  |
| Asset valuation method        | 5-year smoothed market  |
| Inflation                     | 3.00%   |
| Salary increases              | 3.00%   |
| Investment rate of return     | 7.00%   |
| Retirement age                | 60  |
| Mortality                     | 2014 Group annuity mortality table of 50% male and 50% female blend |

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

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

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

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



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

| Fiscal Year<br>Ending<br>March 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll |
|------------------------------------|---|------------------------|--|--------------------|
| 2012                               | \$ 68,997                                 | \$ 22,888              | \$ 46,109                              | -                  |
| 2013                               | 116,049                                   | 23,692                 | 92,357                                 | -                  |
| 2014                               | 116,049                                   | 32,779                 | 83,270                                 | -                  |
| 2015                               | 62,735                                    | 20,892                 | 41,843                                 | -                  |
| 2016                               | 62,735                                    | 3,934                  | 58,801                                 | -                  |
| 2017                               | 62,735                                    | 6,116                  | 56,619                                 | -                  |
| 2018                               | 35,842                                    | 18,663                 | 17,179                                 | -                  |
| 2019                               | 52,137                                    | 42,769                 | 9,368                                  | -                  |
| 2020                               | 36,214                                    | 35,208                 | 1,006                                  | -                  |
| 2021                               | 36,558                                    | 40,041                 | (3,483)                                | -                  |

**Notes to Schedule of Contributions**

Valuation date:

March 31, 2022

Notes:

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

**Methods and assumptions used to determine contribution rates:**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age  |
| Amortization method           | Level-dollar amortization with a 7.00% discount rate                           |
| Remaining amortization period | 27 years   |
| Asset valuation method        | Market value   |
| Inflation                     | 3.00%  |
| Healthcare cost trend rates   | 7.50% initial, decreasing 0.50% per year to an ultimate rate of 4.5%           |
| Salary increases              | 3.00%  |
| Retirement age                | 58   |
| Mortality                     | Pub-2010 mortality table with Scale MP-2020 generational mortality improvement |

**Charter Township of Flushing**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**March 31, 2022**

|                                     | <u>Special Revenue Funds</u>    |                                  | Total<br>Nonmajor<br>Governmental<br>Funds |
|-------------------------------------|---------------------------------|----------------------------------|--|
|                                     | <u>Drug Law<br/>Enforcement</u> | <u>Community<br/>Development</u> |  |
| <b>Assets</b>                       |                                 |                                  |  |
| Cash and cash equivalents           | \$ 3,099                        | \$ -                             | \$ 3,099                                   |
| Customers receivables               | 89                              | -                                | 89   |
|                                     | <u>3,188</u>                    | <u>-</u>                         | <u>3,188</u>                               |
| Total assets                        | <u>\$ 3,188</u>                 | <u>\$ -</u>                      | <u>\$ 3,188</u>                            |
| <b>Fund Balance</b>                 |                                 |                                  |  |
| Restricted for drug law enforcement | <u>\$ 3,188</u>                 | <u>\$ -</u>                      | <u>\$ 3,188</u>                            |

**Charter Township of Flushing**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended March 31, 2022**

|                                   | <u>Special Revenue Funds</u>    |                                  | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------------------|---------------------------------|----------------------------------|--|
|                                   | <u>Drug Law<br/>Enforcement</u> | <u>Community<br/>Development</u> |  |
| <b>Revenues</b>                   |                                 |                                  |  |
| State-shared revenue and grants   | \$ -                            | \$ 5,480                         | \$ 5,480                                   |
| Other revenue                     | <u>89</u>                       | <u>-</u>                         | <u>89</u>                                  |
| Total revenues                    | <u>89</u>                       | <u>5,480</u>                     | <u>5,569</u>                               |
| <b>Expenditures</b>               |                                 |                                  |  |
| Recreation and culture            | <u>-</u>                        | <u>5,480</u>                     | <u>5,480</u>                               |
| Net change in fund balances       | 89                              | -                                | 89   |
| Fund balances - beginning of year | <u>3,099</u>                    | <u>-</u>                         | <u>3,099</u>                               |
| Fund balances - end of year       | <u>\$ 3,188</u>                 | <u>\$ -</u>                      | <u>\$ 3,188</u>                            |