

Charter Township of Flint

**Financial Report
with Supplemental Information
December 31, 2015**

Charter Township of Flint

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Flint

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Flint (the "Township") as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Charter Township of Flint's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Charter Township of Flint as of December 31, 2015 and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Flint

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, during the year ended December 31, 2015, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, which establish accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

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

Plante & Moran, PLLC

May 9, 2016

Charter Township of Flint

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Flint's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the Township's financial statements.

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 Charter Township of Flint as a whole and present a longer-term view of Charter Township of Flint's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Charter Township of Flint's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental and Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2015*	2014	2015*	2014	2015	2014
Assets						
Cash and investments	\$ 8,538,692	\$ 6,057,096	\$ 7,679,504	\$ 6,577,807	\$ 16,218,196	\$ 12,634,903
Current receivables	8,234,741	9,377,409	3,804,815	3,893,798	12,039,556	13,271,207
Prepaid items	170,108	63,568	7,747	2,323	177,855	65,891
Net pension asset	-	1,351,226	-	-	-	1,351,226
Capital assets	<u>13,073,725</u>	<u>13,412,515</u>	<u>2,372,241</u>	<u>2,534,041</u>	<u>15,445,966</u>	<u>15,946,556</u>
Total assets	30,017,266	30,261,814	13,864,307	13,007,969	43,881,573	43,269,783
Deferred Outflows of Resources	1,598,503	-	10,932	-	1,609,435	-
Liabilities						
Current liabilities	865,887	855,846	2,371,279	2,230,248	3,237,166	3,086,094
Long-term liabilities	<u>19,449,640</u>	<u>6,791,008</u>	<u>834,230</u>	<u>700,711</u>	<u>20,283,870</u>	<u>7,491,719</u>
Total liabilities	20,315,527	7,646,854	3,205,509	2,930,959	23,521,036	10,577,813
Deferred Inflows of Resources	<u>9,146,101</u>	<u>9,085,269</u>	-	-	<u>9,146,101</u>	<u>9,085,269</u>
Net Position						
Net investment in capital assets	11,054,349	11,052,703	1,982,608	2,124,408	13,036,957	13,177,111
Restricted	3,368,772	2,489,970	-	-	3,368,772	2,489,970
Unrestricted	<u>(12,268,980)</u>	<u>(12,982)</u>	<u>8,687,122</u>	<u>7,952,602</u>	<u>(3,581,858)</u>	<u>7,939,620</u>
Total net position	<u>\$ 2,154,141</u>	<u>\$ 13,529,691</u>	<u>\$ 10,669,730</u>	<u>\$ 10,077,010</u>	<u>\$ 12,823,871</u>	<u>\$ 23,606,701</u>

* GASB Statement No. 68 was adopted by the Township as of January 1, 2015. The 2014 numbers have been adjusted to reflect the current pension liability as of December 31, 2014.

Charter Township of Flint

Management's Discussion and Analysis (Continued)

The governmental net position decreased 84 percent from a year ago - decreasing from \$13,529,691 to \$2,154,141. Last year's net position decreased by 16 percent.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program revenue:						
Charges for services	\$ 3,262,895	\$ 3,208,551	\$ 13,332,159	\$ 12,020,019	\$ 16,595,054	\$ 15,228,570
Operating grants	615,360	477,174	-	-	615,360	477,174
Capital grants	70,735	35,951	61,548	30,203	132,283	66,154
General revenue:						
Property taxes	7,466,215	4,951,594	-	-	7,466,215	4,951,594
State-shared revenue	2,483,651	2,481,730	-	-	2,483,651	2,481,730
Investment earnings	72,161	82,716	10,589	6,755	82,750	89,471
Other revenue	<u>782,929</u>	<u>678,441</u>	<u>-</u>	<u>-</u>	<u>782,929</u>	<u>678,441</u>
Total revenue	14,753,946	11,916,157	13,404,296	12,056,977	28,158,242	23,973,134
Program Expenses						
General government	2,995,118	3,150,723	-	-	2,995,118	3,150,723
Public safety	8,489,483	7,695,150	-	-	8,489,483	7,695,150
Public works	2,421,776	3,334,680	-	-	2,421,776	3,334,680
Recreation and cultural	110,806	110,975	-	-	110,806	110,975
Sewer and water	-	-	12,724,623	11,520,051	12,724,623	11,520,051
Interest on long-term debt	<u>113,681</u>	<u>119,919</u>	<u>-</u>	<u>-</u>	<u>113,681</u>	<u>119,919</u>
Total expenses	<u>14,130,864</u>	<u>14,411,447</u>	<u>12,724,623</u>	<u>11,520,051</u>	<u>26,855,487</u>	<u>25,931,498</u>
Change in Net Position	<u>\$ 623,082</u>	<u>\$(2,495,290)</u>	<u>\$ 679,673</u>	<u>\$ 536,926</u>	<u>\$ 1,302,755</u>	<u>\$(1,958,364)</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by \$12,255,998 for governmental activities. The current level of unrestricted net position for our governmental activities stands at (\$12,268,980). Property tax revenue increased approximately \$2,515,000 primarily due to the new police and fire millage that was levied.

The Township's business-type activities consist of the Sewer and Water Fund. The total net position of business-type activities increased by 5.8 percent from a year ago, increasing from \$10,077,010 to \$10,669,730. Last year's net position increased by 6.8 percent. The charges for services and sewer and water expenses increased approximately \$1.3 million due to additional fees and costs related to providing the service to residents.

Unrestricted net position of the business-type activities increased by \$734,520 or approximately 9 percent.

Charter Township of Flint

Management's Discussion and Analysis (Continued)

Financial Analysis of the Township's Funds

As the Township completed the year, its General Fund reported a fund balance of \$4,251,806. This represents an increase of \$484,570 from the prior year. The Township's General Fund revenues, excluding other financing sources, was approximately \$10.1 million. Property taxes were \$3.6 million or 36 percent of the total revenue. State revenue sharing made up \$2.6 million or 25 percent of total revenue.

The Township board passed a 2015 General Fund budget anticipating a decrease of approximately \$158,000 of fund balance. However, the change in fund balance was an increase of \$485,000. The Township's actual expenditures were \$594,718 less than the final amended budget.

Budgetary Highlights

Amended to Actual - General Fund revenue totaled \$10,103,176, \$70,612 more than the final amended budget. The largest differences between budget and actual revenue were less than anticipated property tax revenue (\$60,000) and more than anticipated charges for services (\$22,000), licenses and permits (\$53,000), local donations (\$65,000), and cable franchise fees (\$37,000).

General Fund expenditures totaled \$9,656,125, \$594,718 less than the final amended budget. General government expenditures totaled \$2,826,508, approximately \$204,000 less than the final amended budget.

Capital Assets

At the end of 2015, the Township had invested \$13 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board (GASB).

Major capital asset events during the current fiscal year included the following:

- Numerous street paving projects totaling \$420,000
- Equipment purchases of \$62,000
- Public safety vehicle purchases of \$323,000
- The Township also disposed of approximately \$429,000 of vehicles used in the Police and Fire Departments, office supplies, and other machinery and equipment.

Additional information on the Township's capital assets can be found in Note 5 of this report.

Charter Township of Flint

Management's Discussion and Analysis (Continued)

Long-term Debt

At year end, the Township had approximately \$2.1 million in governmental long-term debt, including \$725,000 in special assessment debt. The business-type activities had approximately \$390,000 in debt including the Fenton Road Watermain debt.

The Township's current bond rating is Aa3.

Additional information on the Township's long-term debt can be found in Note 7 of this report.

Economic Factors

- The unemployment rate for the Flint Township area was 5 percent for 2015. This compares to an unemployment rate of 6 percent for the previous year.

Contacting the Township's Financial Administration

This financial report is intended to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Charter Township of Flint's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Department, 1490 South Dye Road, Flint, Michigan 48532-4121.

Charter Township of Flint

Statement of Net Position December 31, 2015

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 8,538,692	\$ 7,679,504	\$ 16,218,196	\$ 277
Receivables:				
Property taxes receivable	5,981,253	-	5,981,253	-
Receivables from sales to customers on account	222,490	3,825,685	4,048,175	-
Accrued interest receivable	686	5,909	6,595	-
Other receivables	2,104	-	2,104	-
Due from other governmental units	436,757	-	436,757	-
Special assessments receivable	1,564,672	-	1,564,672	-
Internal balances	26,779	(26,779)	-	-
Prepaid expenses and other assets	170,108	7,747	177,855	-
Capital assets (Note 5):				
Assets not subject to depreciation	3,165,690	-	3,165,690	-
Assets subject to depreciation	9,908,035	2,372,241	12,280,276	-
Total assets	30,017,266	13,864,307	43,881,573	277
Deferred Outflows of Resources (Notes 10 and 11)	1,598,503	10,932	1,609,435	-
Liabilities				
Accounts payable	333,964	100,226	434,190	-
Due to other governmental units	-	2,238,814	2,238,814	-
Refundable deposits, bonds, etc.	8,545	29,784	38,329	-
Accrued liabilities and other	130,170	2,455	132,625	-
Noncurrent liabilities (Note 7):				
Due within one year:				
Compensated absences (Note 7)	61,132	-	61,132	-
Current portion of long-term debt (Note 7)	332,076	20,000	352,076	-
Due in more than one year:				
Compensated absences (Note 7)	104,535	-	104,535	-
Net OPEB obligation (Note 13)	5,129,392	335,964	5,465,356	-
Net pension liability (Notes 11 and 12)	12,528,413	108,633	12,637,046	-
Long-term debt (Note 7)	1,687,300	369,633	2,056,933	-
Total liabilities	20,315,527	3,205,509	23,521,036	-
Deferred Inflows of Resources (Note 4)				
Property taxes levied for the following year	7,518,967	-	7,518,967	-
Special assessments levied for the following year	1,627,134	-	1,627,134	-
Total deferred inflows of resources	9,146,101	-	9,146,101	-
Net Position				
Net investment in capital assets	11,054,349	1,982,608	13,036,957	-
Restricted for:				
Public safety	2,614,263	-	2,614,263	-
ROW	31,765	-	31,765	-
Roads	95,964	-	95,964	-
Debt service	595,844	-	595,844	-
Public access programming	30,936	-	30,936	-
Unrestricted	(12,268,980)	8,687,122	(3,581,858)	277
Total net position	\$ 2,154,141	\$ 10,669,730	\$ 12,823,871	\$ 277

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Flint

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,998,988	\$ 863,483	\$ 66,100	\$ -
Public safety	8,477,936	744,472	476,454	-
Public works	2,313,642	1,646,715	220,912	-
Recreation and culture	218,675	-	-	-
Interest on long-term debt	80,931	-	-	-
Total governmental activities	14,090,172	3,254,670	763,466	-
Business-type activities	12,724,623	13,332,159	-	61,548
Total primary government	<u>\$ 26,814,795</u>	<u>\$ 16,586,829</u>	<u>\$ 763,466</u>	<u>\$ 61,548</u>
Component unit - Economic Development Corporation	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year - As restated				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit - Economic Development Corporation
Governmental Activities	Business-type Activities	Total	
\$ (2,069,405)	\$ -	\$ (2,069,405)	\$ -
(7,257,010)	-	(7,257,010)	-
(446,015)	-	(446,015)	-
(218,675)	-	(218,675)	-
(80,931)	-	(80,931)	-
(10,072,036)	-	(10,072,036)	-
-	669,084	669,084	-
(10,072,036)	669,084	(9,402,952)	-
-	-	-	(298)
7,466,215	-	7,466,215	-
2,483,651	-	2,483,651	-
72,161	10,589	82,750	-
557,603	-	557,603	-
115,488	-	115,488	-
10,695,118	10,589	10,705,707	-
623,082	679,673	1,302,755	(298)
1,531,059	9,990,057	11,521,116	575
\$ 2,154,141	\$ 10,669,730	\$ 12,823,871	\$ 277

Charter Township of Flint

Governmental Funds Balance Sheet December 31, 2015

	General Fund	Municipal Street Fund	Police Special Millage	Police and Fire Millage Fund	Nonmajor Funds	Total
Assets						
Cash and investments	\$ 4,633,265	\$ 216,464	\$ 144,514	\$ 1,726,063	\$ 1,818,386	\$ 8,538,692
Receivables:						
Property taxes receivable	2,931,702	300,765	300,780	2,297,630	150,376	5,981,253
Special assessments receivable	1,252,258	56,030	-	-	256,384	1,564,672
Receivables from sales to customers on account	222,490	-	-	-	-	222,490
Accrued interest receivable	686	-	-	-	-	686
Other receivables	2,104	-	-	-	-	2,104
Due from other governmental units	434,576	-	-	-	2,181	436,757
Due from other funds	29,555	-	-	-	-	29,555
Prepaid expenses and other assets	153,982	-	-	16,126	-	170,108
Total assets	\$ 9,660,618	\$ 573,259	\$ 445,294	\$ 4,039,819	\$ 2,227,327	\$ 16,946,317
Liabilities						
Accounts payable	\$ 225,313	\$ 74,898	\$ -	\$ 29,270	\$ 4,483	\$ 333,964
Due to other funds	-	-	-	595	2,181	2,776
Refundable deposits, bonds, etc.	8,545	-	-	-	-	8,545
Accrued liabilities and other	85,230	-	-	30,399	-	115,629
Total liabilities	319,088	74,898	-	60,264	6,664	460,914
Deferred Inflows of Resources						
Unavailable revenue	16,100	56,030	-	-	256,384	328,514
Property taxes levied for the following year	3,446,490	402,397	402,397	3,066,515	201,168	7,518,967
Special assessments levied for the following year	1,627,134	-	-	-	-	1,627,134
Total deferred inflows of resources	5,089,724	458,427	402,397	3,066,515	457,552	9,474,615
Fund Balance						
Nonspendable - Prepays	153,982	-	-	16,126	-	170,108
Restricted:						
Roads	-	39,934	-	-	-	39,934
Public safety	255,730	-	42,897	896,914	1,402,596	2,598,137
Debt service	-	-	-	-	339,460	339,460
ROW	31,765	-	-	-	-	31,765
Public access programming	30,936	-	-	-	-	30,936
Debt service	-	-	-	-	21,055	21,055
Unassigned	3,779,393	-	-	-	-	3,779,393
Total fund balance	4,251,806	39,934	42,897	913,040	1,763,111	7,010,788
Total liabilities, deferred inflows of resources, and fund balance	\$ 9,660,618	\$ 573,259	\$ 445,294	\$ 4,039,819	\$ 2,227,327	\$ 16,946,317

Charter Township of Flint

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2015

Fund Balance Reported in Governmental Funds	\$	7,010,788
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		13,073,725
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds		328,514
Accrued interest is not due and payable in the current period and is not reported in the funds		(14,541)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities		(165,667)
Bonds payable are not due and payable in the current period and are not reported in the funds		(2,019,376)
Net pension liability is not due and payable in the current period and is not reported in the funds		(12,528,413)
Deferred outflows of resources - pension difference between projected and actual investment earnings as well as contributions made to the plan after the measurement date		1,598,503
Other long-term liabilities, such as net other postemployment benefit obligations, do not present a claim on current financial resources and are not reported as fund liabilities		(5,129,392)
Net Position of Governmental Activities	\$	<u>2,154,141</u>

Charter Township of Flint

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2015

	General Fund	Municipal Street Fund	Police Special Millage	Police and Fire Millage Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 3,615,541	\$ 373,642	\$ 373,803	\$ 2,916,436	\$ 186,793	\$ 7,466,215
Licenses and permits	398,765	-	-	-	-	398,765
Federal grants	40,288	-	-	-	584,427	624,715
State-shared revenue and grants	2,560,059	-	-	-	-	2,560,059
Charges for services	931,662	-	-	-	-	931,662
Fines and forfeitures	138,243	-	-	-	-	138,243
Investment income	42,899	5,538	534	1,008	22,182	72,161
Rental income	16,300	-	-	-	132,121	148,421
Other revenue:						
Special assessments	1,646,715	18,967	-	-	99,452	1,765,134
Local donations	66,100	-	-	-	-	66,100
Cable franchise fees	557,603	-	-	-	-	557,603
Other miscellaneous income	89,001	12,503	-	19	-	101,523
Total revenue	10,103,176	410,650	374,337	2,917,463	1,024,975	14,830,601
Expenditures						
Current:						
General government	2,826,508	-	-	-	150	2,826,658
Public safety	5,177,282	-	370,646	2,004,425	543,009	8,095,362
Public works	1,587,074	258,878	-	-	109,045	1,954,997
Recreation and culture	55,217	-	-	-	12,029	67,246
Debt service:						
Principal	10,044	93,139	-	-	245,000	348,183
Interest on long-term debt	-	11,701	-	-	61,483	73,184
Total expenditures	9,656,125	363,718	370,646	2,004,425	970,716	13,365,630
Excess of Revenue Over Expenditures	447,051	46,932	3,691	913,038	54,259	1,464,971
Other Financing Sources (Use)						
Proceeds from sale of capital assets	37,519	-	-	-	-	37,519
Transfers in	-	-	-	-	32,750	32,750
Transfers out	-	(32,750)	-	-	-	(32,750)
Total other financing sources (uses)	37,519	(32,750)	-	-	32,750	37,519
Net Change in Fund Balances	484,570	14,182	3,691	913,038	87,009	1,502,490
Fund Balances - Beginning of year	3,767,236	25,752	39,206	2	1,676,102	5,508,298
Fund Balances - End of year	\$ 4,251,806	\$ 39,934	\$ 42,897	\$ 913,040	\$ 1,763,111	\$ 7,010,788

Charter Township of Flint

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 1,502,490
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	804,074
Depreciation expense	(1,491,150)
Net book value of asset disposals	(28,666)
Capital asset adjustments	376,952
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(118,258)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	340,436
The change in net pension liability is recorded when incurred in the statement of activities	(282,504)
Increase in net other postemployment benefit obligation	(518,508)
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	38,216
Change in Net Position of Governmental Activities	<u>\$ 623,082</u>

Charter Township of Flint

Proprietary Funds Statement of Net Position December 31, 2015

	Enterprise Funds <u>Sewer and Water</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 6,179,504
Investments	1,500,000
Receivables:	
Receivables from sales to customers on account	3,825,685
Accrued interest receivable	5,909
Prepaid expenses and other assets	<u>7,747</u>
Total current assets	11,518,845
Noncurrent assets - Capital assets	<u>2,372,241</u>
Total assets	13,891,086
Deferred Outflows of Resources (Note 11)	10,932
Liabilities	
Current liabilities:	
Accounts payable	100,226
Due to other governmental units	2,238,814
Due to other funds	26,779
Refundable deposits, bonds, etc.	29,784
Accrued liabilities and other	2,455
Current portion of long-term debt (Note 7)	<u>20,000</u>
Total current liabilities	2,418,058
Noncurrent liabilities:	
Net OPEB obligation (Note 13)	335,964
Net pension liability	108,633
Long-term debt (Note 7)	<u>369,633</u>
Total noncurrent liabilities	<u>814,230</u>
Total liabilities	<u>3,232,288</u>
Net Position	
Net investment in capital assets	1,982,608
Unrestricted	<u>8,687,122</u>
Total net position	<u>\$ 10,669,730</u>

Charter Township of Flint

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2015

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water</u>
Operating Revenue	
Charges for service	\$ 12,995,818
Fines and penalties	297,374
Miscellaneous	38,967
	<hr/>
Total operating revenue	13,332,159
Operating Expenses	
Cost of water	7,112,119
Cost of sewage treatment	4,118,995
Supplies	4,312
Repairs	532,856
Personnel services	591,111
Contractual	49,647
Insurance	80,870
Other postemployment benefit expense	45,086
Professional services	11,135
Miscellaneous	3,737
Depreciation	164,664
	<hr/>
Total operating expenses	12,714,532
Operating Income	617,627
Nonoperating Revenue (Expense)	
Investment income	10,589
Interest expense	(10,091)
	<hr/>
Total nonoperating revenue	498
Income - Before contributions	618,125
Capital Contributions	61,548
	<hr/>
Change in Net Position	679,673
Net Position - Beginning of year - As restated	9,990,057
	<hr/>
Net Position - End of year	<u>\$ 10,669,730</u>

Charter Township of Flint

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2015

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 13,431,473
Payments to suppliers	(12,051,821)
Payments to employees	(305,841)
Internal activity - Payments to other funds	(2,732)
Claims paid	(1,224)
	<u>1,069,855</u>
Net cash provided by operating activities	1,069,855
Cash Flows from Capital and Related Financing Activities	
Special assessment collections	57,283
Purchase of capital assets	(2,865)
Principal and interest paid on capital debt	(30,090)
	<u>24,328</u>
Net cash provided by capital and related financing activities	24,328
Cash Flows from Investing Activities	
Interest received on investments	7,514
Purchase of investment securities	(1,000,000)
	<u>(992,486)</u>
Net cash provided by investing activities	(992,486)
Net Increase in Cash and Cash Equivalents	101,697
Cash and Cash Equivalents - Beginning of year	<u>6,077,807</u>
Cash and Cash Equivalents - End of year	<u>\$ 6,179,504</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 617,627
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	164,665
Changes in assets and liabilities:	
Receivables	99,314
Prepaid and other assets	(5,424)
Accounts payable	134,898
Due to others	(2,732)
Accrued and other liabilities	61,507
	<u>61,507</u>
Net cash provided by operating activities	<u>\$ 1,069,855</u>

Charter Township of Flint

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 92,436	\$ 303,165
Investments - Mutual funds	6,029,237	-
Receivables	1	338,239
	<u>6,121,674</u>	<u>\$ 641,404</u>
Liabilities		
Due to other governmental units	-	\$ 229,660
Undistributed taxes	-	187,947
Refundable deposits, bonds, etc.	-	173,309
Accrued liabilities and other	-	50,488
	<u>-</u>	<u>\$ 641,404</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 6,121,674</u>	

Charter Township of Flint

Fiduciary Funds

Statement of Changes in Fiduciary Net Position - Trust Funds Year Ended December 31, 2015

	<u>Trust Funds</u>
Additions	
Investment income:	
Interest and dividends	\$ 457,334
Net decrease in fair value of investments	<u>(435,425)</u>
Net investment income	21,909
Contributions:	
Employer	1,228,734
Employee	<u>60,820</u>
Total contributions	<u>1,289,554</u>
Total additions	1,311,463
Deductions	
Benefit payments	1,202,827
Administrative expenses	<u>12,060</u>
Total deductions	<u>1,214,887</u>
Net Increase in Net Position Held in Trust	96,576
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>6,025,098</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 6,121,674</u>

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note I - Nature of Business and Significant Accounting Policies

Reporting Entity

The Charter Township of Flint (the "Township") was incorporated on July 17, 1978 under the provisions of Act 90, P.A. 1976, as amended. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Blended Component Units

The Charter Township of Flint Firefighters' Trust Fund - The Charter Township of Flint Firefighters' Trust Fund (the "Trust Fund") is made up of Township employees and elected officials. The Pension Board approves investment policies. The Pension Board provides services exclusively to Township employees (current and retired).

Charter Township of Flint Building Authority - The Charter Township of Flint Building Authority (the "Authority") governing board is made up of Township employees and Township residents. The Authority Board provides services exclusively to the Township for the purpose of overseeing future construction projects. There was no activity for the year ended December 31, 2015.

Discretely Presented Component Units

Charter Township of Flint Economic Development Corporation - The Charter Township of Flint Economic Development Corporation (the "Corporation") board is appointed by the Township. The Township approves the annual budget and provides employees and facilities to the Corporation.

All financial information of this component unit has been included in these financial statements. There are no separately issued financial statements.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Report Presentation

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

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

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

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

Fund Accounting

The Township accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The various funds are aggregated into three broad fund types:

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Police and Fire Millage Fund accounts for revenue and expenditures for the police and fire departments including a special property tax millage that directly benefits and is solely designated for police and fire activities.
- The Police Special Millage Fund accounts for revenue and expenditures for the police department including a special property tax millage that directly benefits and is solely designated for police activities.
- The Municipal Street Fund accounts for revenue and expenditures for road projects including a special property tax millage that directly benefits and is solely designated for road projects.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Township reports the following fund as a “major” enterprise fund:

- The Water and Sewer Fund is maintained for the operations of the water distribution system and sewage pumping and collection systems.

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

- The Pension Trust Fund accounts for the activities of the Fire Fighters' Trust Fund utilized to pay for Township fire fighter retirees. The Fund accumulates resources for pension benefits financed by both employer and employee contributions.
- The Postemployment Benefit Trust Fund accumulates resources for post-employment benefit payments for Township retired employees.
- The Agency Fund accounts for assets held by the Township in a trustee capacity. The Township's Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

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

Basis of Accounting

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

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

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

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

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

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Lives - Years</u>
Infrastructure	10-20
Water and sewer systems	40
Building improvements	7-20
Buildings	30
Vehicles	2-15
Equipment and furniture	3-18
Computer equipment	5-10

Note I - Nature of Business and Significant Accounting Policies (Continued)

Compensated Absences - It is the Township's policy to pay firefighters one-half of their unused sick days at the time of retirement. All other Township employees are paid for unused sick days on an annual basis. Employees lose any unused vacation time at the end of the year. The liability for sick time is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only for firefighter terminations as of the year end. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures. Claims and judgments liabilities will generally be liquidated through the Township's General Fund. Long-term debt will generally be liquidated through the Township's Municipal Street Fund and the Debt Service Funds.

Pension - The Township offers defined benefit pension plans to its employees. The Township receives actuarial valuations to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and Sewer and Water Fund are used to liquidate the pension obligation.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note I - Nature of Business and Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - The Township offers retiree healthcare benefits to retirees. The Township uses actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. The General Fund and Sewer and Water Fund are used to liquidate the OPEB obligation.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Due to the implementation of GASB Statement No. 68, the Township has deferred outflows of resources related to the defined benefit pension plans, made up of employer contributions made subsequent to the measurement date, as well as experience differences, changes in assumptions, and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. There are deferred inflows in the governmental funds and in the government-wide statements related to property taxes and special assessments that have been collected by the Township prior to year end but are used to fund 2016 operations. The governmental funds also report unavailable revenue from miscellaneous receivables and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Note I - Nature of Business and Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

In the fund financial statements, governmental funds report the following components of fund balance.

Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed - Amounts that have been formally set aside by the Township for use for specific purposes. Commitments are made and can be rescinded only via resolutions of the Township Board.

Assigned - Intent to spend resources on specific purposes expressed by the Township Board. Assignments must be authorized by resolution and approved by the Township Board.

Unassigned - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note I - Nature of Business and Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Unpaid property taxes become a lien on the property on March 1 of the second year following the year of the levy.

The Township's 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Township totaled \$791.7 million. Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	4.6423	\$ 3,675,287
Police operating (ten years 2007-2016)	.500	395,848
Roads (ten years 2006-2015)	.500	395,848
Fire equipment (five years 2011-2015)	.250	197,924
Police and fire (ten years 2014-2023)	3.8500	3,048,027
Total	9.7423	\$ 7,712,934

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

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

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at January 1, 2015	\$ (799,496)
Current year permit revenue	179,328
Related expenses - Professional services	<u>(221,363)</u>
Current year shortfall	<u>(42,035)</u>
Cumulative shortfall at December 31, 2015	<u>\$ (841,531)</u>

Note 3 - Deposits and Investments

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

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

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

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$16,373,638 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. At year end, all of the bank deposits of the EDC were insured. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
Fiduciary Funds - Mutual fund - Fixed income	\$ 2,302,401	4 - 12 years

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Mutual fund - Fixed income	\$ 2,302,401	Not rated	N/A
Money market	<u>126,079</u>	Not rated	N/A
Total	<u>\$ 2,428,480</u>		

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 4 - Deferred Inflows of Resources

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Governmental Activities
Property taxes levied for the following year	\$ 7,518,967	\$ 7,518,967
Special assessments - Unavailable	312,414	-
Special assessments levied for the following year	1,627,134	1,627,134
Miscellaneous revenue - Unavailable	16,100	-
	<u>\$ 9,474,615</u>	<u>\$ 9,146,101</u>
Total deferred inflows		

Note 5 - Capital Assets

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

	Balance January 1, 2015	Adjustments	Additions	Disposals	Balance December 31, 2015
Governmental Activities					
Capital assets not being depreciated -					
Land	\$ 2,836,802	\$ 328,888	\$ -	\$ -	\$ 3,165,690
Capital assets being depreciated:					
Infrastructure	24,580,150	(265,492)	337,214	-	24,651,872
Buildings and improvements	7,152,428	327,387	82,695	-	7,562,510
Machinery and equipment	3,486,376	(315,813)	61,648	(205,838)	3,026,373
Vehicles	2,472,360	15,365	322,517	(186,688)	2,623,554
Office furnishings	180,203	(45,612)	-	(36,778)	97,813
Subtotal	37,871,517	(284,165)	804,074	(429,304)	37,962,122
Accumulated depreciation:					
Infrastructure	18,929,001	(18,870)	806,049	-	19,716,180
Buildings and improvements	2,826,982	983,635	195,553	-	4,006,170
Machinery and equipment	3,729,861	(1,296,573)	263,479	(194,899)	2,501,868
Vehicles	1,657,552	19,462	225,227	(168,961)	1,733,280
Office furnishings	152,408	(19,883)	842	(36,778)	96,589
Subtotal	27,295,804	(332,229)	1,491,150	(400,638)	28,054,087
Net capital assets being depreciated	10,575,713	48,064	(687,076)	(28,666)	9,908,035
Net capital assets	<u>\$ 13,412,515</u>	<u>\$ 376,952</u>	<u>\$ (687,076)</u>	<u>\$ (28,666)</u>	<u>\$ 13,073,725</u>

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2015	Additions	Disposals	Balance December 31, 2015
Capital assets being depreciated:				
Water and sewer lines	\$ 40,656,461	\$ -	\$ -	\$ 40,656,461
Office furnishings	115,777	2,865	-	118,642
Subtotal	40,772,238	2,865	-	40,775,103
Accumulated depreciation:				
Water and sewer lines	38,159,350	161,109	-	38,320,459
Office furnishings	78,847	3,556	-	82,403
Subtotal	38,238,197	164,665	-	38,402,862
Net capital assets being depreciated	2,534,041	(161,800)	-	2,372,241
Net capital assets	<u>\$ 2,534,041</u>	<u>\$ (161,800)</u>	<u>\$ -</u>	<u>\$ 2,372,241</u>

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

Governmental activities:

General government	\$ 221,110
Public safety	246,190
Public works	1,018,726
Recreation and culture	<u>5,124</u>

Total governmental activities \$ 1,491,150

Business-type activities - Water and sewer \$ 164,665

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Sewer and Water Fund	\$ 26,779
	Police and Fire Millage Fund	595
	Other governmental funds	<u>2,181</u>
	Total General Fund	<u>\$ 29,555</u>

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

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are composed of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Municipal Street Fund	Other governmental funds	\$ 32,750

The transfer from the Municipal Street Fund to the Road Debt Service Fund is related to the debt payment, which is paid out of the Road Debt Service Fund.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received.

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Building Authority Bonds - Series 2013 Refunded	2.490%	2024	\$ 1,290,000	\$ -	\$ 100,000	\$ 1,190,000	\$ 100,000
Road assessment	n/a	2018	199,812	-	95,436	104,376	87,076
Special assessment - Capital Road Bonds	2%-4.25%	2020	870,000	-	145,000	725,000	145,000
Total bonds payable			2,359,812	-	340,436	2,019,376	332,076
Accumulated compensated absences			203,883	32,105	70,321	165,667	61,132
Total governmental activities			\$ 2,563,695	\$ 32,105	\$ 410,757	\$ 2,185,043	\$ 393,208
Business-type Activities							
Fenton Road Watermain Debt	2.50%	April 1, 2031	\$ 409,633	\$ -	\$ 20,000	\$ 389,633	\$ 20,000

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 7 - Long-term Debt (Continued)

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 332,076	\$ 59,361	\$ 391,437	\$ 20,000	\$ 9,491	\$ 29,491
2017	282,300	47,867	330,167	20,000	8,991	28,991
2018	270,000	38,834	308,834	22,500	8,460	30,960
2019	275,000	30,103	305,103	22,500	7,897	30,397
2020	280,000	20,885	300,885	22,500	7,335	29,835
2021-2025	580,000	36,479	616,479	120,000	27,954	147,954
2026-2030	-	-	-	132,500	12,173	144,673
2031-2035	-	-	-	29,633	370	30,003
Total	<u>\$ 2,019,376</u>	<u>\$ 233,529</u>	<u>\$ 2,252,905</u>	<u>\$ 389,633</u>	<u>\$ 82,671</u>	<u>\$ 472,304</u>

Note 8 - No Commitment Debt

The Economic Development Corporation of the Charter Township of Flint (the "Corporation") has issued limited obligation economic development revenue bonds. Since the bonds are payable solely from the net revenue derived from the project and the bonds are not a general obligation of the Corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of December 31, 2015, there is approximately \$2,500,000 no commitment debt outstanding.

Note 9 - 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 property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, boiler claims, and health care. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan - Firefighters

Plan Administration - The Firefighters' Pension Board administers the Charter Township of Flint Firefighters' Pension Plan - a single-employer defined benefit pension plan that provides pensions for all full-time firefighters of the Township hired prior to January 1, 2012. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process.

Management of the Plan is vested in the Pension Board, which consists of a five-member board of trustees - composed of two members of the Township's administration and three other Township employees.

Plan Membership - At December 31, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>9</u>
Total employees covered by the plan	<u>27</u>

Benefits Provided - The Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 2.5 percent of the member's final three-year average final compensation (AFC) times the member's first 25 years of service plus 1 percent of average final compensation times years of service in excess of 25 years. All plan members are eligible for nonduty disability benefits after five years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined at 50 percent of the average final compensation from the time of disability to age 55 and in the same manner as retirement benefits at age 55 but are payable immediately without an actuarial reduction. Death benefits same as duty disability paid to survivor of member. A plan member who leaves the Township service may withdraw his or her contributions, plus any accumulated interest.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the Township Charter, union contracts, and plan provisions. For the year ended December 31, 2015, the average active member contribution rate was 8.0 percent of annual pay and the Township's average contribution rate was 41.28 percent of annual payroll.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan - Firefighters (Continued)

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The board has not adopted an asset allocation policy.

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.44 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The Township has chosen to use December 31, 2015 as its measurement date for the net pension liability. The December 31, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 8,354,705	\$ 5,918,165	\$ 2,436,540
Service cost	141,168	-	141,168
Interest	651,942	-	651,942
Differences between expected and actual experience	159,365	-	159,365
Changes in assumptions	333,919	-	333,919
Contributions - Employer	-	556,240	(556,240)
Contributions - Employee	-	60,820	(60,820)
Net investment income	-	23,931	(23,931)
Benefit payments, including refunds	(552,033)	(552,033)	-
Administrative expenses	-	(11,530)	11,530
Net changes	734,361	77,428	656,933
Balance at December 31, 2015	\$ 9,089,066	\$ 5,995,593	\$ 3,093,473

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan - Firefighters (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of \$564,092. At December 31, 2015, the Township reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 92,963
Changes in assumptions	194,786
Net difference between projected and actual earnings on pension plan investments	<u>361,330</u>
Total	<u>\$ 649,079</u>

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

Years Ending <u>June 30</u>	<u>Amount</u>
2016	\$ 295,868
2017	172,547
2018	90,332
2019	90,332

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.5 %	
Salary increases	4.5-7.5%	Average, including inflation
Investment rate of return	8.00 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000, Combined Healthy Mortality projected to 2014.

Discount Rate - The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 10 - Defined Benefit Pension Plan - Firefighters (Continued)

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was not available.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.0 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the Township	\$ 4,029,838	\$ 3,093,473	\$ 2,291,353

Pension Plan Fiduciary Net Position - As of December 31, 2015, the most recent actuarial valuation date, the plan was 70.0 percent funded. The actuarial accrued liability for benefits was \$8,755,147, and the actuarial value of assets was \$6,128,973, resulting in an unfunded actuarial accrued liability of \$2,626,174. The covered payroll (annual payroll to active employees covered by the plan) was \$681,409 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 385.4 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion

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

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion (Continued)

Benefits Provided - The Plan provides certain retirement, 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 police officers, clerical/full-time, and some nonunion employees segregated by the groups as outlined below.

Retirement benefits for clerical union/nonunion employees are calculated as 2.50 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police officer employees (hired on or before January 1, 2012) are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for the police chief are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police command officer employees are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion (Continued)

Retirement benefits for police officer employees (hired after January 1, 2012) are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>50</u>
Total employees covered by MERS	<u>93</u>

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

For clerical union/nonunion, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.94 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 5.94 percent of annual covered payroll.

For police officers (hired on or before January 1, 2012), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 10.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$34,400 per month.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion (Continued)

For the police chief, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. The employee is required to contribute 7.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 14.06 percent of annual covered payroll.

For police command officer employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 10.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 35.19 percent of annual covered payroll.

For police officers (hired after January 1, 2012), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 10.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 3.11 percent of annual covered payroll.

Net Pension Liability

The net pension liability reported at December 31, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 26,809,449	\$ 17,859,138	\$ 8,950,311
Service cost	442,873	-	442,873
Interest	2,172,289	-	2,172,289
Contributions - Employer	-	652,493	(652,493)
Contributions - Employee	-	285,335	(285,335)
Net investment income	-	1,125,359	(1,125,359)
Benefit payments, including refunds	(1,400,211)	(1,400,211)	-
Administrative expenses	-	(41,287)	41,287
Net changes	1,214,951	621,689	593,262
Balance at December 31, 2015	\$ 28,024,400	\$ 18,480,827	\$ 9,543,573

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of \$983,961. At December 31, 2015, the Township reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 261,794
Employer contributions to the plan subsequent to the measurement date	<u>698,562</u>
Total	<u>\$ 960,356</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$698,562), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

<u>Years Ending June 30</u>	<u>Amount</u>
2016	\$ 65,449
2017	65,449
2018	65,448
2019	65,448

Actuarial Assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.50 %	
Salary increases	4.50 %	In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.00 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion (Continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.00 %
Global fixed income	20 %	2.20 %
Real assets	12 %	4.20 %
Diversifying strategies	10 %	6.60 %

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 11 - Defined Benefit Pension Plan - Police Officers and Full-time Clerical/Nonunion (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1 Percent Decrease (7.25%)	Current Discount Rate (8.25%)	1 Percent Increase (9.25%)
Net pension liability of the Township	\$ 12,991,940	\$ 9,543,573	\$ 6,674,684

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

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 12 - Defined Contribution Pension Plan

All other employees not described in a previous plan changed to a defined contribution plan administered through the Michigan Municipal Employees' Retirement System (MERS). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

	Elected Officials and Nonunion Employees	Police Communication Operators
Employer contribution percentage	10 %	5 %
Employee contribution percentage	5	-
Vesting	Immediate	20% per year over five years
Employee contributions for December 31, 2015	\$ 25,552	\$ -
Employer contributions for December 31, 2015	36,503	5,627
Covered payroll	365,032	112,550
Total payroll	4,651,722	4,651,722

Note 13 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to eligible employees and their spouses. Currently, the plan has 117 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Funding Policy - Retiree healthcare costs are recognized when 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. In the current year, the Township paid postemployment healthcare premiums of \$650,794, plus it contributed \$21,700 into a prefunded Retiree Health Care Fund.

Funding Progress - For the year ended December 31, 2015, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 24 years. This valuation's computed contribution and actual funding are summarized as follows:

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 13 - Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 1,361,314
Interest on the prior year's net OPEB obligation	196,078
Less adjustment to the annual required contribution	<u>(321,504)</u>
Annual OPEB cost	1,235,888
Payments of current premiums	(650,794)
Advance funding	<u>(21,700)</u>
Increase in net OPEB obligation	563,394
Net OPEB obligation - Beginning of year	<u>4,901,962</u>
Net OPEB obligation - End of year	<u>\$ 5,465,356</u>

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3 percent initially. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 24 years.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 13 - Other Postemployment Benefits (Continued)

Note 14 - Commitment

Flint Township currently has a contract with Emterra Environmental for waste management services that expires on December 31, 2019. Flint Township pays the vendor a monthly rate for each residential and mobile home. The 2015 monthly rate per residential home was \$9.45 and per mobile home was \$4.75. The monthly residential home rate increased for 2016 to \$9.60 per home. The home counts are adjusted annually. Additionally, the Township pays the vendor a monthly landfill fee of \$214. Also, per the contract a fuel surcharge will be billed to the Township when fuel prices exceed \$3.50 per gallon and will be credited to us when the fuel prices drop below \$2.50 per gallon. For 2015, Flint Township was not charged for any fuel surcharges but received fuel credits for three months. The following amounts are to be paid to the vendor based on the current home count of 9,333 and the current mobile home count of 1,742:

2016	\$ 1,211,588
2017	1,228,927
2018	1,246,266
2019	<u>1,263,606</u>
Total	<u>\$ 4,950,387</u>

Note 15 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2016 fiscal year.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 15 - Upcoming Accounting Pronouncements (Continued)

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Township will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The Township is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016 fiscal year.

Note 16 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. As a result, the government-wide statements and the proprietary fund now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnote for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended December 31, 2015 have been restated in order to reflect this change in accounting. Under GASB Statement Nos. 68 and 71, the Township is now reflecting a liability for the difference between the total pension liability and the value of assets to offset the liability.

Charter Township of Flint

Notes to Financial Statements December 31, 2015

Note 16 - Change in Accounting (Continued)

The effect of these changes are as follows:

	Governmental Activities	Business-type Activities	Sewer and Water Fund
Net position - December 31, 2014 - As previously reported	\$ 13,529,691	\$ 10,077,010	\$ 10,077,010
Adjustment to record beginning net pension liability	(10,647,406)	(86,953)	(86,953)
Adjustment to remove net pension asset	(1,351,226)	-	-
Net position - December 31, 2014 - As restated	<u>\$ 1,531,059</u>	<u>\$ 9,990,057</u>	<u>\$ 9,990,057</u>

Required Supplemental Information

Charter Township of Flint

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,675,625	\$ 3,675,625	\$ 3,615,541	\$ (60,084)
Licenses and permits	345,850	345,850	398,765	52,915
Federal grants	51,831	51,831	40,288	(11,543)
State-shared revenue and grants	2,557,258	2,557,258	2,560,059	2,801
Charges for services	910,493	910,493	931,662	21,169
Fines and forfeitures	155,500	155,500	138,243	(17,257)
Investment income	45,000	45,000	42,899	(2,101)
Rental income	31,200	31,200	16,300	(14,900)
Other revenue:				
Special assessments	1,655,000	1,655,000	1,646,715	(8,285)
Local donations	1,000	1,000	66,100	65,100
Cable franchise fees	521,000	521,000	557,603	36,603
Other miscellaneous income	82,807	82,807	89,001	6,194
Total revenue	10,032,564	10,032,564	10,103,176	70,612
Expenditures - Current				
General government:				
Township Board	57,150	57,150	51,550	5,600
Supervisor's office	142,885	142,885	137,676	5,209
Controller's office	214,208	214,208	211,463	2,745
Treasurer	302,107	302,107	282,408	19,699
Assessing	346,600	346,600	290,611	55,989
Board of Review	8,264	8,264	4,158	4,106
Clerk	167,178	167,178	134,610	32,568
Elections	125,129	125,129	96,943	28,186
Buildings and grounds	114,353	114,353	84,448	29,905
Insurance and other functions	1,373,085	1,541,085	1,523,736	17,349
Planning Commission	8,949	8,949	5,138	3,811
Civil service	2,392	2,392	3,767	(1,375)
Total general government	2,862,300	3,030,300	2,826,508	203,792
Public safety:				
Police	3,804,118	3,804,118	3,595,188	208,930
Fire	1,308,884	1,308,884	1,195,424	113,460
Building department and trade inspections	319,652	391,457	386,670	4,787
Total public safety	5,432,654	5,504,459	5,177,282	327,177
Public works	1,645,000	1,645,000	1,587,074	57,926
Recreation and culture	64,939	64,939	55,217	9,722
Debt services - Principal	6,145	6,145	10,044	(3,899)
Total expenditures	10,011,038	10,250,843	9,656,125	594,718
Excess of Revenue Over (Under)				
Expenditures	21,526	(218,279)	447,051	665,330
Other Financing Sources - Proceeds from sale of capital assets	60,000	60,000	37,519	(22,481)
Net Change in Fund Balance	81,526	(158,279)	484,570	642,849
Fund Balance - Beginning of year	3,767,236	3,767,236	3,767,236	-
Fund Balance - End of year	\$ 3,848,762	\$ 3,608,957	\$ 4,251,806	\$ 642,849

Charter Township of Flint

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Police and Fire Millage Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,968,100	\$ 2,968,100	\$ 2,916,436	\$ (51,664)
Investment income	4,200	4,200	1,008	(3,192)
Other miscellaneous income	-	-	19	19
Total revenue	2,972,300	2,972,300	2,917,463	(54,837)
Expenditures - Public safety	2,416,720	2,416,720	2,004,425	412,295
Net Change in Fund Balance	555,580	555,580	913,038	357,458
Fund Balance - Beginning of year	2	2	2	-
Fund Balance - End of year	\$ 555,582	\$ 555,582	\$ 913,040	\$ 357,458

Charter Township of Flint

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Municipal Street Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 370,498	\$ 370,498	\$ 373,642	\$ 3,144
Investment income	5,253	5,253	5,538	285
Other revenue:				
Special assessments	19,983	19,983	18,967	(1,016)
Other miscellaneous income	14,500	14,500	12,503	(1,997)
Total revenue	410,234	410,234	410,650	416
Expenditures				
Current - Public works - Street construction	293,150	293,150	258,878	34,272
Debt service	104,840	104,840	104,840	-
Total expenditures	397,990	397,990	363,718	34,272
Transfers out	(36,600)	(36,600)	(32,750)	3,850
Net Change in Fund Balance	(24,356)	(24,356)	14,182	38,538
Fund Balance - Beginning of year	25,752	25,752	25,752	-
Fund Balance - End of year	\$ 1,396	\$ 1,396	\$ 39,934	\$ 38,538

Charter Township of Flint

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Police Special Millage Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 370,498	\$ 370,498	\$ 373,803	\$ 3,305
Investment income	500	500	534	34
Total revenue	370,998	370,998	374,337	3,339
Expenditures - Current - Public safety	372,949	372,949	370,646	2,303
Net Change in Fund Balance	(1,951)	(1,951)	3,691	5,642
Fund Balance - Beginning of year	39,206	39,206	39,206	-
Fund Balance - End of year	<u>\$ 37,255</u>	<u>\$ 37,255</u>	<u>\$ 42,897</u>	<u>\$ 5,642</u>

Charter Township of Flint

Required Supplemental Information Pension System Schedule Schedule of Changes in the Township Net Pension Liability and Related Ratios Firefighters Last 10 Fiscal Years

	2015	2014
Total Pension Liability		
Service cost	\$ 141,168	\$ 132,506
Interest	651,942	638,436
Changes in benefit terms	-	-
Differences between expected and actual experience	159,365	(87,442)
Changes in assumptions	333,919	-
Benefit payments, including refunds	(552,033)	(485,978)
Net change in total pension liability	734,361	197,522
Total pension liability - Beginning of year	8,354,705	8,157,183
Total pension liability - End of year	<u>\$ 9,089,066</u>	<u>\$ 8,354,705</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 556,240	\$ 314,986
Contributions - Member	60,820	63,415
Net investment income	23,931	519,178
Administrative expenses	(11,530)	-
Benefit payments, including refunds	(552,033)	(485,978)
Other	-	(7,145)
Net change in plan fiduciary net position	77,428	404,456
Plan fiduciary net position - Beginning of year	5,918,165	5,513,709
Plan fiduciary net position - End of year	<u>\$ 5,995,593</u>	<u>\$ 5,918,165</u>
Township's Net Pension Liability - Ending	<u>\$ 3,093,473</u>	<u>\$ 2,436,540</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.96 %	70.84 %
Covered Employee Payroll	\$ 681,409	\$ 770,313
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	454.0 %	316.3 %

Previous years' data was unavailable.

Charter Township of Flint

Required Supplemental Information Pension System Schedule Schedule of Changes in the Township Net Pension Liability and Related Ratios Police Officers and Full-time Clerical Union/Nonunion Last Ten Fiscal Years

	2015
Total Pension Liability	
Service cost	\$ 442,873
Interest	2,172,289
Benefit payments, including refunds	(1,400,211)
Net change in total pension liability	1,214,951
Total pension liability - Beginning of year	26,809,449
Total pension liability - End of year	\$ 28,024,400
Plan Fiduciary Net Position	
Contributions - Employer	\$ 652,493
Contributions - Member	285,335
Net investment income	1,125,359
Administrative expenses	(41,287)
Benefit payments, including refunds	(1,400,211)
Net change in plan fiduciary net position	621,689
Plan fiduciary net position - Beginning of year	17,859,138
Plan fiduciary net position - End of year	\$ 18,480,827
Township's Net Pension Liability - Ending	\$ 9,543,573
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.95 %
Covered Employee Payroll	\$ 3,035,084
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	314.4 %

Previous years' data was unavailable.

Charter Township of Flint

Required Supplemental Information Pension System Schedule Schedule of Township Contributions Police Officers and Full-time Clerical Union/Nonunion Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 652,492	\$ 563,117	\$ 473,065	\$ 416,282	\$ 353,075	\$ 332,933	\$ 317,338	\$ 293,480	\$ 292,394	\$ 227,945
Contributions in relation to the actuarially determined contribution	652,492	563,117	474,457	418,553	353,075	332,933	317,338	293,480	292,394	227,945
Contribution Excess	\$ -	\$ -	\$ (1,392)	\$ (2,271)	\$ -					
Covered Employee Payroll	\$ 3,035,084	\$ 2,970,733	\$ 3,022,784	\$ 2,839,225	\$ 3,195,422	\$ 3,648,451	\$ 3,684,448	\$ 3,411,692	\$ 3,409,798	\$ 3,094,973
Contributions as a Percentage of Covered Employee Payroll	21.5 %	19.0 %	15.7 %	14.7 %	11.0 %	9.1 %	8.6 %	8.6 %	8.6 %	7.4 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended December 31, 2015 were determined based on the actuarial valuation as of December 31, 2013. The most recent valuation is as of December 31, 2014.

Methods and assumptions used to determine contribution rates:

Actuarial-cost method	Entry age
Amortization method	Level percent
Remaining amortization period	24 years
Asset-valuation method	10-year smoothed market
Inflation	4.50 percent
Salary increases	4.50 percent
Investment rate of return	8.0 percent - Net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates is specific to the type of eligibility condition
Mortality	Mortality rates were based on the RP 2000, Combined Healthy Mortality projected to 2014
Other information	None

Charter Township of Flint

Required Supplemental Information Schedule of Funding Progress - OPEB Year Ended December 31, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual OPEB Costs	Percentage of OPEB Costs Contributed
1/1/14	\$ 97,322	\$ 15,912,562	\$ 15,815,240	0.6	\$ 1,246,227	1,269.0
1/1/11	60,209	13,876,220	13,816,011	0.4	1,150,486	1,200.9
1/1/08	25,000	13,806,492	13,781,492	0.2	1,139,164	1,209.8

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/15	1/1/14	\$ 1,361,314	49.4
12/31/14	1/1/14	1,332,392	48.8
12/31/13	1/1/11	1,231,465	46.7
12/31/12	1/1/11	1,203,350	43.2

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2014, the latest actuarial valuation, is as follows:

Amortization method	Level percent
Amortization period	24 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
*Includes inflation at	4.5%
Cost of living adjustments	None

Charter Township of Flint

Note to Required Supplemental Information Year Ended December 31, 2015

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds. The supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts; however, any revisions that alter the total expenditures of any department must be approved by the Township Board.

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

The following is a comparison of budget on a project (grant) length basis and actual expenditures for the Community Development Fund for the year ended December 31, 2015.

	Revised Project (Grant) Length Budget	Project Funds Expended During 2015	Total Project Funds Expended Through December 31, 2015	Unexpended Balance at December 31, 2015
Special Revenue Fund type -				
Community Development Fund:				
Public works projects 2014	\$ 121,226	\$ 109,045	\$ 121,222	\$ 4
Public safety projects 2014	110,983	99,838	110,977	6
Recreation and cultural projects 2014	13,497	6,555	13,497	-
Recreation and cultural projects 2015	13,497	5,473	5,473	8,024
Total Community Development Fund	<u>\$ 259,203</u>	<u>\$ 220,912</u>	<u>\$ 251,169</u>	<u>\$ 8,034</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, there were the following budget overruns:

	Amended Budget	Actual	Variance
General Fund:			
General Government - Civil service	\$2,392	\$3,767	(\$1,375)
Debt service	6,145	10,044	(3,899)

These overruns were due to unanticipated expenditures and the budget was not amended.

Other Supplemental Information

Charter Township of Flint

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2015

	Special Revenue Funds				Debt Service Funds		Total Nonmajor Governmental Funds
	Community Development	JAG Grant Fund	Police Grants Fund	Fire Safety Equipment	Road Debt Service	Building Authority Debt	
Assets							
Cash and investments	\$ -	\$ 552,612	\$ -	\$ 905,259	\$ 339,460	\$ 21,055	\$ 1,818,386
Receivables:							
Property taxes receivable	-	-	-	150,376	-	-	150,376
Special assessments receivable	-	-	-	-	256,384	-	256,384
Due from other governmental units	2,181	-	-	-	-	-	2,181
Total assets	\$ 2,181	\$ 552,612	\$ -	\$ 1,055,635	\$ 595,844	\$ 21,055	\$ 2,227,327
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 4,483	\$ -	\$ -	\$ 4,483
Due to other funds	2,181	-	-	-	-	-	2,181
Total liabilities	2,181	-	-	4,483	-	-	6,664
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	256,384	-	256,384
Property taxes levied for the following year	-	-	-	201,168	-	-	201,168
Total deferred inflows of resources	-	-	-	201,168	256,384	-	457,552
Fund Balances							
Restricted:							
Public safety	-	552,612	-	849,984	-	-	1,402,596
Debt service	-	-	-	-	339,460	-	339,460
Assigned	-	-	-	-	-	21,055	21,055
Total fund balances	-	552,612	-	849,984	339,460	21,055	1,763,111
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,181	\$ 552,612	\$ -	\$ 1,055,635	\$ 595,844	\$ 21,055	\$ 2,227,327

Charter Township of Flint

	Special Revenue Funds			
	Community Development	JAG Grant Fund	Police Grants Fund	Fire Safety Equipment
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ 186,793
Federal grants	220,912	224,247	139,268	-
Investment income	-	1,155	-	2,199
Rental income	-	-	-	-
Other revenue - Special assessments	-	-	-	-
Total revenue	220,912	225,402	139,268	188,992
Expenditures				
Current:				
General government	-	-	-	-
Public safety	99,838	284,652	126,802	31,717
Public works	109,045	-	-	-
Recreation and culture	12,029	-	-	-
Debt service	-	-	-	-
Total expenditures	220,912	284,652	126,802	31,717
Excess of Revenue (Under) Over Expenditures	-	(59,250)	12,466	157,275
Other Financing Sources -				
Transfers in	-	-	-	-
Net Change in Fund Balances	-	(59,250)	12,466	157,275
Fund Balances - Beginning of year	-	611,862	(12,466)	692,709
Fund Balances - End of year	\$ -	\$ 552,612	\$ -	\$ 849,984

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2015

Debt Service Funds			Total Nonmajor Governmental Funds
Road Debt Service	Building Authority Debt	Total	
\$ -	\$ -	\$ -	\$ 186,793
-	-	-	584,427
18,797	31	18,828	22,182
-	132,121	132,121	132,121
99,452	-	99,452	99,452
<u>118,249</u>	<u>132,152</u>	<u>250,401</u>	<u>1,024,975</u>
-	150	150	150
-	-	-	543,009
-	-	-	109,045
-	-	-	12,029
<u>174,362</u>	<u>132,121</u>	<u>306,483</u>	<u>306,483</u>
<u>174,362</u>	<u>132,271</u>	<u>306,633</u>	<u>970,716</u>
(56,113)	(119)	(56,232)	54,259
<u>32,750</u>	<u>-</u>	<u>32,750</u>	<u>32,750</u>
(23,363)	(119)	(23,482)	87,009
<u>362,823</u>	<u>21,174</u>	<u>383,997</u>	<u>1,676,102</u>
<u>\$ 339,460</u>	<u>\$ 21,055</u>	<u>\$ 360,515</u>	<u>\$ 1,763,111</u>

Charter Township of Flint

Other Supplemental Information Nonmajor Governmental Fund - Community Development Budgetary Comparison Schedule Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 214,955	\$ 214,955	\$ 220,912	\$ 5,957
Expenditures - Current				
Public safety	82,832	84,232	99,838	(15,606)
Public works	114,626	114,626	109,045	5,581
Recreation and culture	16,097	16,097	12,029	4,068
Total expenditures	<u>213,555</u>	<u>214,955</u>	<u>220,912</u>	<u>(5,957)</u>
Net Change in Fund Balance	1,400	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 1,400</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Charter Township of Flint

Other Supplemental Information Nonmajor Governmental Fund - JAG Grant Fund Budgetary Comparison Schedule Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 225,000	\$ 225,000	\$ 224,247	\$ (753)
Investment income	2,000	2,000	1,155	(845)
Total revenue	227,000	227,000	225,402	(1,598)
Expenditures - Current - Public safety	386,000	386,000	284,652	101,348
Net Change in Fund Balance	(159,000)	(159,000)	(59,250)	99,750
Fund Balance - Beginning of year	611,862	611,862	611,862	-
Fund Balance - End of year	<u>\$ 452,862</u>	<u>\$ 452,862</u>	<u>\$ 552,612</u>	<u>\$ 99,750</u>

Charter Township of Flint

Other Supplemental Information Nonmajor Governmental Fund - Police Grants Fund Budgetary Comparison Schedule Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 175,000	\$ 175,000	\$ 139,268	\$ (35,732)
Expenditures - Current - Public safety	<u>175,000</u>	<u>175,000</u>	<u>126,802</u>	<u>48,198</u>
Net Change in Fund Balance	-	-	12,466	12,466
Fund Balance - Beginning of year	<u>(12,466)</u>	<u>(12,466)</u>	<u>(12,466)</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ (12,466)</u></u>	<u><u>\$ (12,466)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,466</u></u>

Charter Township of Flint

Other Supplemental Information Nonmajor Governmental Fund - Fire Safety Equipment Budgetary Comparison Schedule Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 185,250	\$ 185,250	\$ 186,793	\$ 1,543
Investment income	2,000	2,000	2,199	199
Total revenue	187,250	187,250	188,992	1,742
Expenditures - Current - Public safety	200,500	200,500	31,717	168,783
Net Change in Fund Balance	(13,250)	(13,250)	157,275	170,525
Fund Balance - Beginning of year	692,709	692,709	692,709	-
Fund Balance - End of year	\$ 679,459	\$ 679,459	\$ 849,984	\$ 170,525

Charter Township of Flint

Other Supplemental Information Nonmajor Governmental Fund - Road Debt Service Budgetary Comparison Schedule Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 18,575	\$ 18,575	\$ 18,797	\$ 222
Other revenue	76,600	76,600	99,452	22,852
Total revenue	95,175	95,175	118,249	23,074
Expenditures - Current - Debt service	174,363	174,363	174,362	1
Excess of Expenditures Over Revenue	(79,188)	(79,188)	(56,113)	23,075
Other Financing Sources - Transfers in	36,600	36,600	32,750	(3,850)
Net Change in Fund Balance	(42,588)	(42,588)	(23,363)	19,225
Fund Balance - Beginning of year	362,823	362,823	362,823	-
Fund Balance - End of year	<u>\$ 320,235</u>	<u>\$ 320,235</u>	<u>\$ 339,460</u>	<u>\$ 19,225</u>

Charter Township of Flint

Other Supplemental Information Nonmajor Governmental Fund - Building Authority Debt Budgetary Comparison Schedule Year Ended December 31, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 40	\$ 40	\$ 31	\$ (9)
Rental income	132,121	132,121	132,121	-
Total revenue	132,161	132,161	132,152	(9)
Expenditures				
Current - General government	150	150	150	-
Debt service	132,121	132,121	132,121	-
Total expenditures	132,271	132,271	132,271	-
Net Change in Fund Balance	(110)	(110)	(119)	(9)
Fund Balance - Beginning of year	21,174	21,174	21,174	-
Fund Balance - End of year	\$ 21,064	\$ 21,064	\$ 21,055	\$ (9)

Charter Township of Flint

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds December 31, 2015

	Trust Funds			Agency Funds		
	Firefighters' Pension Trust Fund	Retiree Healthcare Trust Fund	Total Pension and Other Employee Benefit Trust Funds	General Agency	Tax Collection	Total Agency Funds
Assets						
Cash and cash equivalents	\$ 92,436	\$ -	\$ 92,436	\$ 198,183	\$ 104,982	\$ 303,165
Investments - Mutual funds	5,903,158	126,079	6,029,237	-	-	-
Receivables		-		338,239	-	338,239
Total assets	5,995,595	126,079	6,121,674	<u>\$ 536,422</u>	<u>\$ 104,982</u>	<u>\$ 641,404</u>
Liabilities						
Due to other governmental units	-	-	-	\$ 229,660	-	\$ 229,660
Undistributed taxes	-	-	-	82,965	104,982	187,947
Refundable deposits, bonds, etc.	-	-	-	173,309	-	173,309
Accrued liabilities and other	-	-	-	50,488	-	50,488
Total liabilities	-	-	-	<u>\$ 536,422</u>	<u>\$ 104,982</u>	<u>\$ 641,404</u>
Net Position Held in Trust for Pension and Postemployment Benefits	<u>\$ 5,995,595</u>	<u>\$ 126,079</u>	<u>\$ 6,121,674</u>			

Charter Township of Flint

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2015

	Firefighters' Pension Trust Fund	Retiree Healthcare Trust Fund	Total
Additions			
Investment income:			
Interest and dividends	\$ 457,334	\$ -	\$ 457,334
Net decrease in fair value of investments	<u>(433,402)</u>	<u>(2,023)</u>	<u>(435,425)</u>
Net investment income	23,932	(2,023)	21,909
Contributions:			
Employer	556,240	672,494	1,228,734
Employee	<u>60,820</u>	<u>-</u>	<u>60,820</u>
Net contributions	<u>617,060</u>	<u>672,494</u>	<u>1,289,554</u>
Total additions	640,992	670,471	1,311,463
Deductions			
Benefit payments	552,033	650,794	1,202,827
Administrative expenses	<u>11,530</u>	<u>530</u>	<u>12,060</u>
Total deductions	<u>563,563</u>	<u>651,324</u>	<u>1,214,887</u>
Net Increase in Net Position Held in Trust	77,429	19,147	96,576
Net Position Held in Trust for Pension and Postemployment Benefits - Beginning of year	<u>5,918,166</u>	<u>106,932</u>	<u>6,025,098</u>
Net Position Held in Trust for Pension and Postemployment Benefits - End of year	<u>\$ 5,995,595</u>	<u>\$ 126,079</u>	<u>\$ 6,121,674</u>