

**Charter Township of Brownstown  
Wayne County, Michigan**

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

# Charter Township of Brownstown

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# **Charter Township of Brownstown**

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Brownstown

### **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 Brownstown (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 Brownstown'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 an opinion 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.

### ***Opinions***

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

To the Board of Trustees  
Charter Township of Brownstown

***Emphasis of Matter***

As discussed in Note I to the basic financial statements, during the year ended December 31, 2015, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which establishes 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.

***Required Supplemental Information***

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

***Other Information***

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

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

June 7, 2016

# **Charter Township of Brownstown**

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## **Management's Discussion and Analysis**

Our discussion and analysis of the Charter Township of Brownstown's 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.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2015:

- The DDA still holds title to the land purchased in 2004 for the Town Center Development. Nineteen acres were sold in 2014 and the remainder is expected to be sold to developers in future years.
- State-shared revenue, the General Fund's largest single revenue source at \$2,631,000, was decreased by the State of Michigan by approximately \$34,000 for 2015 from the 2014 figure, and is \$160,000 less than the amount received in 2002.
- The General Fund unassigned fund balance increased by approximately \$775,000 from 2014 to 2015
- The 2014 taxable value of the entire Township increased by one percent (the value used to calculate 2015 tax revenue).

### **Using this Annual Report**

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

The fund financial statements present a short-term view; they tell 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 Township'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.

# Charter Township of Brownstown

## Management's Discussion and Analysis (Continued)

### The Township as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
<b>Assets</b>						
Current and other assets	\$ 23,228,000	\$ 22,544,000	\$ 5,027,000	\$ 4,951,000	\$ 28,255,000	\$ 27,495,000
Noncurrent assets	927,000	897,000	5,738,000	4,585,000	6,665,000	5,482,000
Capital assets	28,108,000	28,109,000	63,202,000	65,069,000	91,310,000	93,178,000
Total assets	52,263,000	51,550,000	73,967,000	74,605,000	126,230,000	126,155,000
Deferred Outflows	1,072,000	-	-	-	1,072,000	-
<b>Liabilities</b>						
Current liabilities	1,649,000	2,482,000	783,000	762,000	2,432,000	3,244,000
Long-term liabilities	33,178,000	26,602,000	16,823,000	17,979,000	50,001,000	44,581,000
Total liabilities	34,827,000	29,084,000	17,606,000	18,741,000	52,433,000	47,825,000
Deferred Inflows	11,259,000	11,009,000	998,000	959,000	12,257,000	11,968,000
<b>Net Position</b>						
Net investment in capital assets	21,974,000	21,603,000	49,125,000	49,714,000	71,099,000	71,317,000
Restricted	1,786,000	639,000	2,383,000	2,100,000	4,169,000	2,739,000
Unrestricted	(16,511,000)	(10,785,000)	3,855,000	3,091,000	(12,656,000)	(7,694,000)
Total net position	<b>\$ 7,249,000</b>	<b>\$ 11,457,000</b>	<b>\$ 55,363,000</b>	<b>\$ 54,905,000</b>	<b>\$ 62,612,000</b>	<b>\$ 66,362,000</b>

\* The Township implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

The Township's combined net position decreased 5.7 percent from a year ago, decreasing from \$66,362,000 to \$62,612,000. As we look at the governmental activities separately from the business-type activities, we can see that net position decreased by \$4,208,000 in governmental activities and decreased by \$458,000 in business-type activities, compared to one year ago.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$5,726,000 for the governmental activities. This represents a decrease of approximately 54 percent. The current level of unrestricted net position for our governmental activities stands at (\$16,511,000) compared to (\$10,785,000) at December 31, 2014. The implementation of GASB Statement No. 68 accounts for \$3.9 million of the decrease in governmental activities unrestricted net position.

# Charter Township of Brownstown

## Management's Discussion and Analysis (Continued)

The following table shows the approximate changes of the net position during the current year and as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 7,111,000	\$ 5,701,000	\$ 10,500,000	\$ 8,824,000	\$ 17,611,000	\$ 14,525,000
Operating grants and contributions	452,000	379,000	-	-	452,000	379,000
Capital grants and contributions	721,000	1,347,000	-	-	721,000	1,347,000
General revenue:						
Property taxes	9,782,000	9,067,000	941,000	934,000	10,723,000	10,001,000
State-shared revenue	2,643,000	2,676,000	-	-	2,643,000	2,676,000
Investment earnings	-	-	10,000	13,000	10,000	13,000
Cable franchise fees	425,000	406,000	-	-	425,000	406,000
Miscellaneous	77,000	109,000	-	-	77,000	109,000
Total revenue	21,211,000	19,685,000	11,451,000	9,771,000	32,662,000	29,456,000
<b>Program Expenses</b>						
General government and district court	3,533,000	5,509,000	-	-	3,533,000	5,509,000
Public safety	11,752,000	12,204,000	-	-	11,752,000	12,204,000
Public works	2,881,000	2,896,000	-	-	2,881,000	2,896,000
Community and economic development	1,581,000	2,054,000	-	-	1,581,000	2,054,000
Recreation and culture	1,548,000	1,759,000	-	-	1,548,000	1,759,000
Interest on long-term debt	211,000	238,000	-	-	211,000	238,000
Water and sewer	-	-	10,994,000	11,355,000	10,994,000	11,355,000
Total program expenses	21,506,000	24,660,000	10,994,000	11,355,000	32,500,000	36,015,000
<b>Change in Net Position</b>	<b>\$ (295,000)</b>	<b>\$ (4,975,000)</b>	<b>\$ 457,000</b>	<b>\$ (1,584,000)</b>	<b>\$ 162,000</b>	<b>\$ (6,559,000)</b>

\* The Township implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

### Governmental Activities

The Township's total governmental revenue increased by approximately \$1,526,000, an increase of 7.8 percent. Property taxes increased by \$715,000 and operating grants and contributions increased by \$73,000. Capital grants and contributions decreased by \$626,000 and revenue sharing decreased by approximately \$33,000.

Expenses decreased by \$3,154,000 (12.8 percent) during the year, which related mainly to the decreased general government expenses. Expenses decrease in many categories because the increase in the net OPEB obligation was not as great as it was in 2014. Overall, governmental net position decreased by \$295,000.

# **Charter Township of Brownstown**

## **Management's Discussion and Analysis (Continued)**

### **Business-type Activities**

The Township's business-type activities consist of the Water and Sewer Funds. We provide water to residents from the Great Lakes Water Authority system. We provide sewage treatment through the South Huron Valley Utility Authority and the Downriver Sewage Disposal System. The combined change in net position of both funds was an increase of \$457,000.

### **The Township's Funds**

Our analysis of the Township's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major governmental-type funds for 2014 include the General Fund, the Police Operation Fund, and the Fire Protection Fund. The major business-type funds are the Sanitary Sewer Fund and the Water Fund.

The General Fund, Police Operation Fund, and Fire Protection Fund pay for most of the Township's governmental services. The most significant costs are police and fire activities, which incurred expenses of approximately \$5,181,000 (3.1 percent decrease over 2014) and \$4,541,000 (3.9 percent increase over 2014), respectively, in 2015. These two services are supported by special millages that are recorded in their individual special revenue funds. In 2015, the Fire Protection Fund eliminated its deficit and finished the year with \$116,000 of fund balance.

During 2015, many of the Township's departments continued to make great strides to better the lives of our residents while continuing to control costs. The Department of Public Works continued to operate and maintain the water mains throughout the Township.

# **Charter Township of Brownstown**

## **Management's Discussion and Analysis (Continued)**

Also, during the year, the Downtown Development Authority (DDA) continued construction and improvements to the Township Recreation Campus. Design and Engineering of Phase 5A began in 2015 with construction in 2016. Phase 5A improvements include additional parking, a drive connecting the Event Center complex to the Community Center, ADA walkways, a soccer field, and site lighting and landscaping. The DDA and Township signed a Purchase Agreement in 2015 with a retail developer to construct approximately 175,000 square feet of retail/services on 30 acres in the Town Center. The DDA continues to work with the developer to execute site development approvals and local, county, and state engineering reviews. Phase I is expected to open in the 4<sup>th</sup> quarter of 2017. The DDA continues working with Telegraph Road property owners to expand and improve their business with DDA façade grants/loans. In 2015, the DDA embarked on a Telegraph Road Corridor Plan and Market Analysis along the 4.5 mile corridor in the DDA District. The Telegraph Road corridor has faced challenges. National and regional economic conditions have impacted the corridor. Anticipated development proposals in the Town Center are just now reaching fruition. Conditions are improving; to a certain extent, both the national and regional economies are recovering, and there is likely to be potential for new corridor development activity based on emerging trends along with Telegraph Road roadway reconstruction and enhanced streetscape improvements.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget to take into account events during the year. The largest increases were to licenses and permits (\$403,000) and property taxes (\$85,000) with partially offsetting decreases to special assessments and state-shared revenue and grants. Actual revenue was approximately \$334,000 over budgeted amounts. Township departments overall expended slightly less than the amended budget amounts by a total of \$365,000. The overall actual revenue was greater than expenditures and transfers; as a result, the General Fund's unassigned fund balance increased from \$6,551,000 a year ago to \$7,219,000. The combined fund balance of the General Fund, Police Operation Fund, and Fire Protection Fund (excluding amounts assigned for retiree insurance) is \$7,962,000 at December 31, 2015, which represents approximately 46.9 percent of 2015 combined expenditures for the three funds. Last year, this figure was 40.8 percent of 2014 combined expenditures for the same funds.

### **Capital Asset and Debt Administration**

At the end of 2015, the Township had \$91,001,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines net of related accumulated depreciation. In addition, the Township has invested significantly in roads within the Township. These assets, worth nearly \$10,603,000, net of related accumulated depreciation, are reported in the Township's financial statements as investment in infrastructure. Because Michigan law makes these roads the property of the Wayne County Road Commission, along with the responsibility to maintain them, they are listed as road usage rights.

# **Charter Township of Brownstown**

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## **Management's Discussion and Analysis (Continued)**

During the year, the Township retired approximately \$2.2 million of debt. At the end of the year, the Township had \$5.8 million in bonds and notes outstanding for governmental activities compared to \$6.5 million at December 31, 2014, while business-type activities had \$14.1 million outstanding at the end of the year compared to \$15.4 million in the prior year. The DDA component unit has \$14.1 million in outstanding debt compared to \$15.3 million in the prior year.

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

The Township continues to maintain healthy fund balances and will continue to operate conservatively due to future uncertainties in the economy. Our current budget is being continuously reviewed in order to ensure that only necessary expenditures are included. To help offset rising costs and address concerns of the residents, the Township continues to strive for uniformity in health care as it negotiates the union contracts. Currently, not all of the employees are required to pay a portion of their health care upon retirement. Requiring future retirees to contribute to their health care will help lower the Township's OPEB liability.

We anticipate that both water and sewer rates will increase between 7 percent and 12 percent in 2015.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show 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 clerk's office.

# Charter Township of Brownstown

## Statement of Net Position December 31, 2015

	Primary Government			Component Unit - Downtown Development Authority
	Governmental	Business-type	Total	
	Activities	Activities		
<b>Assets</b>				
Cash and investments (Note 3)	\$ 14,752,587	\$ 2,017,427	\$ 16,770,014	\$ 302,764
Receivables - Net (Note 4)	6,971,892	2,590,852	9,562,744	3,136,794
Due from component unit (Note 7)	1,523,082	-	1,523,082	-
Inventory	-	214,800	214,800	-
Prepaid expenses and other assets	288,671	46,042	334,713	58,656
Restricted assets (Note 10)	-	2,454,943	2,454,943	-
Investment in joint ventures (Note 15)	927,350	2,809,668	3,737,018	-
Land held for resale (Note 9)	-	-	-	9,776,782
Current portion of amount receivable from other governmental entities (Note 8)	-	157,850	157,850	-
Capital assets (Note 6):				
Assets not subject to depreciation	4,614,898	203,749	4,818,647	324,631
Assets subject to depreciation - Net	23,184,361	62,998,095	86,182,456	9,125,074
Noncurrent portion of amount due from other governmental entities (Note 8)	-	473,507	473,507	-
<b>Total assets</b>	<b>52,262,841</b>	<b>73,966,933</b>	<b>126,229,774</b>	<b>22,724,701</b>
<b>Deferred Outflows of Resources - Related to pensions</b>	<b>1,071,775</b>	<b>-</b>	<b>1,071,775</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	702,546	639,617	1,342,163	458,716
Due to other governmental units	3,193	-	3,193	-
Due to primary government (Note 7)	-	-	-	1,523,082
Refundable deposits, bonds, etc.	53,093	18,735	71,828	-
Accrued liabilities and other	397,801	63,598	461,399	36,284
Escrows	491,033	60,496	551,529	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets (Note 10)	-	723,457	723,457	-
Compensated absences	447,161	47,642	494,803	-
Current portion of long-term debt (Note 8)	705,000	883,598	1,588,598	1,240,000
Due in more than one year:				
Compensated absences	58,153	27,916	86,069	-
Net OPEB obligation (Note 14)	21,722,176	1,967,856	23,690,032	-
Net pension liability (Note 13)	5,126,144	-	5,126,144	-
Long-term debt (Note 8)	5,120,000	13,173,363	18,293,363	12,862,772
<b>Total liabilities</b>	<b>34,826,300</b>	<b>17,606,278</b>	<b>52,432,578</b>	<b>16,120,854</b>
<b>Deferred Inflows of Resources - Property taxes levied for the following year (Note 5)</b>	<b>11,258,982</b>	<b>997,537</b>	<b>12,256,519</b>	<b>3,071,290</b>
<b>Net Position</b>				
Net investment in capital assets	21,974,259	49,124,865	71,099,124	3,154,705
Restricted for:				
Grants	1,106,757	-	1,106,757	-
Police	366,827	-	366,827	-
Debt service and capital projects	-	2,382,861	2,382,861	-
Fire	163,096	-	163,096	-
Sanitation	149,127	-	149,127	-
Unrestricted	(16,510,732)	3,855,392	(12,655,340)	377,852
<b>Total net position</b>	<b>\$ 7,249,334</b>	<b>\$ 55,363,118</b>	<b>\$ 62,612,452</b>	<b>\$ 3,532,557</b>

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

# Charter Township of Brownstown

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,956,612	\$ 692,999	\$ -	\$ -
District Court	576,031	559,598	-	-
Public safety	11,752,172	1,549,590	142,372	720,941
Public works	2,880,929	2,183,256	-	-
Community and economic development	1,581,299	1,657,045	264,040	-
Recreation and culture	1,547,995	468,034	45,307	-
Interest on long-term debt	210,407	-	-	-
Total governmental activities	<u>21,505,445</u>	<u>7,110,522</u>	<u>451,719</u>	<u>720,941</u>
Business-type activities:				
Water Fund	5,694,861	5,174,697	-	-
Sanitary Sewer Fund	5,298,794	5,325,480	-	-
Total business-type activities	<u>10,993,655</u>	<u>10,500,177</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 32,499,100</u>	<u>\$ 17,610,699</u>	<u>\$ 451,719</u>	<u>\$ 720,941</u>
Component unit - Downtown Development Authority	<u>\$ 2,314,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - As restated - Beginning of year (Note 1)</b>				
<b>Net Position - End of year</b>				

## Statement of Activities Year Ended December 31, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit - Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (2,263,613)	\$ -	\$ (2,263,613)	\$ -
(16,433)	-	(16,433)	-
(9,339,269)	-	(9,339,269)	-
(697,673)	-	(697,673)	-
339,786	-	339,786	-
(1,034,654)	-	(1,034,654)	-
(210,407)	-	(210,407)	-
(13,222,263)	-	(13,222,263)	-
-	(520,164)	(520,164)	-
-	26,686	26,686	-
-	(493,478)	(493,478)	-
(13,222,263)	(493,478)	(13,715,741)	-
-	-	-	(2,314,875)
9,782,094	940,660	10,722,754	2,808,783
2,643,318	-	2,643,318	28,415
459	10,130	10,589	-
424,821	-	424,821	-
58,772	-	58,772	153,774
18,124	-	18,124	-
12,927,588	950,790	13,878,378	2,990,972
(294,675)	457,312	162,637	676,097
7,544,009	54,905,806	62,449,815	2,856,460
<b>\$ 7,249,334</b>	<b>\$ 55,363,118</b>	<b>\$ 62,612,452</b>	<b>\$ 3,532,557</b>

# Charter Township of Brownstown

## Governmental Funds Balance Sheet December 31, 2015

	General Fund	Police Operation Fund	Fire Protection Fund	Nonmajor Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 8,152,143	\$ 3,146,663	\$ 1,941,300	\$ 1,512,481	\$ 14,752,587
Receivables - Net (Note 4)	1,844,415	1,910,000	1,668,757	1,548,720	6,971,892
Due from component unit (Note 7)	1,523,082	-	-	-	1,523,082
Due from other funds (Note 7)	171,970	-	-	-	171,970
Prepaid expenses and other assets	122,435	93,147	73,089	-	288,671
<b>Total assets</b>	<b>\$ 11,814,045</b>	<b>\$ 5,149,810</b>	<b>\$ 3,683,146</b>	<b>\$ 3,061,201</b>	<b>\$ 23,708,202</b>
<b>Liabilities</b>					
Accounts payable	\$ 471,887	\$ 40,648	\$ 27,044	\$ 162,967	\$ 702,546
Due to other governmental units	3,193	-	-	-	3,193
Due to other funds (Note 7)	-	-	-	171,970	171,970
Deposits	53,093	-	-	-	53,093
Accrued liabilities and other	41,589	173,249	142,009	6,957	363,804
Escrows	470,912	-	-	20,121	491,033
<b>Total liabilities</b>	<b>1,040,674</b>	<b>213,897</b>	<b>169,053</b>	<b>362,015</b>	<b>1,785,639</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	534	11,446	47,291	1,226,613	1,285,884
Property taxes levied for the following year	2,337,415	4,569,086	3,350,997	1,001,484	11,258,982
<b>Total deferred inflows of resources</b>	<b>2,337,949</b>	<b>4,580,532</b>	<b>3,398,288</b>	<b>2,228,097</b>	<b>12,544,866</b>
<b>Fund Balances (Deficit)</b>					
Nonspendable - Prepays	122,435	93,147	73,089	-	288,671
Restricted:					
Police	-	262,234	-	-	262,234
Fire	-	-	42,716	-	42,716
Grants	-	-	-	420,033	420,033
Sanitation	149,127	-	-	-	149,127
Assigned:					
Retiree insurance	952,403	-	-	-	952,403
Capital improvements	-	-	-	550,582	550,582
Unassigned	7,211,457	-	-	(499,526)	6,711,931
<b>Total fund balances (deficit)</b>	<b>8,435,422</b>	<b>355,381</b>	<b>115,805</b>	<b>471,089</b>	<b>9,377,697</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 11,814,045</b>	<b>\$ 5,149,810</b>	<b>\$ 3,683,146</b>	<b>\$ 3,061,201</b>	<b>\$ 23,708,202</b>

# Charter Township of Brownstown

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

<b>Fund Balance Reported in Governmental Funds</b>	\$ 9,377,697
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	27,799,259
Investments in joint ventures are not financial resources and are not reported in the funds	927,350
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	1,285,884
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,825,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(33,997)
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	(505,314)
Net pension liabilities and related deferred outflows of resources do not present a claim on current financial resources and are not reported as fund liabilities	(4,054,369)
Net OPEB obligations do not present a claim on current financial resources and are not reported as fund liabilities	<u>(21,722,176)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 7,249,334</u></b>

# Charter Township of Brownstown

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended December 31, 2015

	General Fund	Police Operation Fund	Fire Protection Fund	Nonmajor Funds	Total
<b>Revenue</b>					
Property taxes	\$ 1,104,415	\$ 4,453,572	\$ 3,248,843	\$ 975,264	\$ 9,782,094
Licenses and permits	1,740,815	-	-	-	1,740,815
Federal grants	-	-	-	384,824	384,824
State-shared revenue and grants	2,643,318	-	-	169,108	2,812,426
Charges for services	726,777	-	750,630	-	1,477,407
District Court and other fines	648,273	-	-	-	648,273
Investment income	-	-	-	459	459
Debt charges	-	-	-	654,989	654,989
Other revenue:					
Special assessments	1,649,527	-	-	-	1,649,527
Other miscellaneous income	236,868	347,892	213,429	13,631	811,820
Total revenue	<u>8,749,993</u>	<u>4,801,464</u>	<u>4,212,902</u>	<u>2,198,275</u>	<u>19,962,634</u>
<b>Expenditures</b>					
Current:					
General government	1,868,389	-	-	-	1,868,389
District Court	576,031	-	-	-	576,031
Public safety	270,720	5,181,465	4,540,623	323,305	10,316,113
Public works	2,096,822	-	-	-	2,096,822
Community and economic development	905,100	-	-	268,533	1,173,633
Recreation and culture	1,532,585	-	-	12,212	1,544,797
Capital outlay	-	-	-	1,177,272	1,177,272
Debt service	-	-	-	897,804	897,804
Total expenditures	<u>7,249,647</u>	<u>5,181,465</u>	<u>4,540,623</u>	<u>2,679,126</u>	<u>19,650,861</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	1,500,346	(380,001)	(327,721)	(480,851)	311,773
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	25,000	-	-	-	25,000
Transfers in	-	498,880	475,000	526,207	1,500,087
Transfers out	(758,392)	-	-	(741,695)	(1,500,087)
Total other financing (uses) sources	<u>(733,392)</u>	<u>498,880</u>	<u>475,000</u>	<u>(215,488)</u>	<u>25,000</u>
<b>Net Change in Fund Balances</b>	766,954	118,879	147,279	(696,339)	336,773
<b>Fund Balances (Deficit) - Beginning of year</b>	<u>7,668,468</u>	<u>236,502</u>	<u>(31,474)</u>	<u>1,167,428</u>	<u>9,040,924</u>
<b>Fund Balances - End of year</b>	<u>\$ 8,435,422</u>	<u>\$ 355,381</u>	<u>\$ 115,805</u>	<u>\$ 471,089</u>	<u>\$ 9,377,697</u>

# Charter Township of Brownstown

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 336,773

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	1,599,526
Depreciation expense	(1,901,803)
Net book value of assets disposed of	(6,876)

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	1,232,660
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Changes in joint ventures are not recorded in the governmental funds, but are recorded in the statement of activities	29,772
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	680,156
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Change in accrued interest payable	7,241
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Decrease in accumulated employee sick and vacation pay expenses reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	29,668
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Increase in net pension liability and deferred outflows reported in the statement of activities does not require the use of resources, and therefore, is not reported in the fund statements until it comes due for payment	(141,781)
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Increase in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until they come due for payment	<u>(2,160,011)</u>
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**Change in Net Position of Governmental Activities** \$ (294,675)

# Charter Township of Brownstown

## Proprietary Funds Statement of Net Position December 31, 2015

	Enterprise Funds		
	Sanitary Sewer Fund	Water Fund	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,548,936	\$ 468,491	\$ 2,017,427
Receivables (Note 4)	1,425,938	1,164,914	2,590,852
Inventory	73,817	140,983	214,800
Prepaid expenses and other assets	22,193	23,849	46,042
Current portion of amounts receivable from other governmental entities	157,850	-	157,850
<b>Total current assets</b>	<b>3,228,734</b>	<b>1,798,237</b>	<b>5,026,971</b>
Noncurrent assets:			
Restricted assets (Note 10)	1,187,673	1,267,270	2,454,943
Investment in joint ventures (Note 15)	2,809,668	-	2,809,668
Capital assets (Note 6):			
Assets not subject to depreciation	203,749	-	203,749
Assets subject to depreciation - Net	39,659,036	23,339,059	62,998,095
Noncurrent portion of amounts due from other governmental entities	473,507	-	473,507
<b>Total noncurrent assets</b>	<b>44,333,633</b>	<b>24,606,329</b>	<b>68,939,962</b>
<b>Total assets</b>	<b>47,562,367</b>	<b>26,404,566</b>	<b>73,966,933</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	108,257	531,360	639,617
Deposits	16,750	1,985	18,735
Accrued liabilities and other	48,199	15,399	63,598
Escrows	-	60,496	60,496
Compensated absences	17,439	30,203	47,642
Current portion of long-term debt (Note 8)	838,598	45,000	883,598
<b>Total current liabilities</b>	<b>1,029,243</b>	<b>684,443</b>	<b>1,713,686</b>
Noncurrent liabilities:			
Payable from restricted assets (Note 10)	419,176	304,281	723,457
Compensated absences	8,581	19,335	27,916
Net OPEB obligation (Note 14)	983,928	983,928	1,967,856
Long-term debt - Net of current portion (Note 8)	6,716,877	6,456,486	13,173,363
<b>Total noncurrent liabilities</b>	<b>8,128,562</b>	<b>7,764,030</b>	<b>15,892,592</b>
<b>Total liabilities</b>	<b>9,157,805</b>	<b>8,448,473</b>	<b>17,606,278</b>
<b>Deferred Inflows of Resources</b> - Property taxes levied for the following year (Note 5)	997,537	-	997,537
<b>Net Position</b>			
Net investment in capital assets	32,527,292	16,597,573	49,124,865
Restricted - Debt service and capital projects	1,179,872	1,202,989	2,382,861
Unrestricted	3,699,861	155,531	3,855,392
<b>Total net position</b>	<b>\$ 37,407,025</b>	<b>\$ 17,956,093</b>	<b>\$ 55,363,118</b>

# Charter Township of Brownstown

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

	Enterprise Funds		
	Sanitary Sewer Fund	Water Fund	Total
<b>Operating Revenue</b>			
Sale of water	\$ -	\$ 5,113,729	\$ 5,113,729
Sewage disposal charges	3,625,858	-	3,625,858
Other	86,693	60,968	147,661
Total operating revenue	3,712,551	5,174,697	8,887,248
<b>Operating Expenses</b>			
Cost of water	-	3,068,237	3,068,237
Cost of sewage treatment	1,963,657	-	1,963,657
Operation and maintenance	772,174	1,066,499	1,838,673
General and administrative	629,830	367,385	997,215
Depreciation	1,730,271	921,820	2,652,091
Total operating expenses	5,095,932	5,423,941	10,519,873
<b>Operating Loss</b>	(1,383,381)	(249,244)	(1,632,625)
<b>Nonoperating Revenue (Expenses)</b>			
Property tax revenue	940,660	-	940,660
Investment income	6,040	4,090	10,130
Interest expense	(202,862)	(270,920)	(473,782)
Change in investment in joint venture	1,568,081	-	1,568,081
Connection fees	44,848	-	44,848
Total nonoperating revenue (expenses)	2,356,767	(266,830)	2,089,937
<b>Change in Net Position</b>	973,386	(516,074)	457,312
<b>Net Position - Beginning of year</b>	36,433,639	18,472,167	54,905,806
<b>Net Position - End of year</b>	<b>\$ 37,407,025</b>	<b>\$ 17,956,093</b>	<b>\$ 55,363,118</b>

# Charter Township of Brownstown

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

	Enterprise Funds		
	Sanitary Sewer Fund	Water Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 3,454,025	\$ 5,055,977	\$ 8,510,002
Payments to suppliers	(2,534,693)	(3,292,088)	(5,826,781)
Payments to employees	(610,389)	(946,800)	(1,557,189)
Other receipts	86,693	60,968	147,661
Net cash provided by operating activities	395,636	878,057	1,273,693
<b>Cash Flows from Capital and Related Financing Activities</b>			
Property taxes (restricted for capital or capital debt)	535,958	-	535,958
Purchase of capital assets	(130,523)	(276,397)	(406,920)
Principal and interest paid on capital debt	(982,028)	(549,978)	(1,532,006)
Connection fees	44,848	-	44,848
Net cash used in capital and related financing activities	(531,745)	(826,375)	(1,358,120)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	17,348	4,090	21,438
Purchase of investment securities	-	(3,421)	(3,421)
Net cash provided by investing activities	17,348	669	18,017
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(118,761)	52,351	(66,410)
<b>Cash and Cash Equivalents - Beginning of year</b>	2,281,607	863,730	3,145,337
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 2,162,846</b>	<b>\$ 916,081</b>	<b>\$ 3,078,927</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 1,548,936	\$ 468,491	\$ 2,017,427
Restricted cash	613,910	1,267,270	1,881,180
Less amounts classified as investments	-	(819,680)	(819,680)
Total cash and cash equivalents	<b>\$ 2,162,846</b>	<b>\$ 916,081</b>	<b>\$ 3,078,927</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (1,383,381)	\$ (249,244)	\$ (1,632,625)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	1,730,271	921,820	2,652,091
Changes in assets and liabilities:			
Receivables	(171,833)	(118,248)	(290,081)
Inventories	9,578	106,631	116,209
Prepaid and other assets	137,745	(21,647)	116,098
Accounts payable	(51,119)	58,800	7,681
Compensated absences, accrued, and other liabilities	(21,545)	(26,471)	(48,016)
Net OPEB obligation	145,920	206,416	352,336
Net cash provided by operating activities	<b>\$ 395,636</b>	<b>\$ 878,057</b>	<b>\$ 1,273,693</b>

**Noncash Investing, Capital, and Financing Activities** - During 2015, the County paid approximately \$422,000 in principal, interest, and fees on behalf of the Township related to Downriver Sewage Disposal System Bonds. The taxes collected for this judgment levy total \$427,003. The County made additional SRF draws for the Downriver Sewage Disposal System. The Township has recorded its share of the draw and related utility improvements in the amount of \$104,991 at December 31, 2015. The Township has also recorded \$378,739 of capital asset additions representing its share of improvements made to the South Huron Valley Utility Authority system from amounts previously paid to SHVUA.

# Charter Township of Brownstown

## Fiduciary Funds Statement of Fiduciary Net Position December 31, 2015

	Other Employee Benefit Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 62,289	\$ 4,967,654
Investments:		
U.S. government securities	127,615	-
Agency securities	95,676	-
Stocks	1,352,891	-
Bonds	332,589	-
Real estate	27,377	-
Municipal bonds	12,971	-
Total assets	2,011,408	<b><u>\$ 4,967,654</u></b>
<b>Liabilities</b> - Due to other governmental units	-	<b><u>\$ 4,967,654</u></b>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b><u>\$ 2,011,408</u></b>	

# Charter Township of Brownstown

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Retiree Health Care Year Ended December 31, 2015

	Retiree Health Care
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 64,593
Net decrease in fair value of investments	(92,110)
Investment-related expenses	<u>(27,895)</u>
Net investment loss	(55,412)
Contributions - Employer	<u>743,478</u>
Total additions	688,066
<b>Deductions - Benefit payments</b>	<u>743,478</u>
<b>Net Decrease in Net Position Held in Trust</b>	(55,412)
<b>Net Position Held in Trust for Other</b>	
<b>Employee Benefits - Beginning of year</b>	<u>2,066,820</u>
<b>Net Position Held in Trust for Other</b>	
<b>Employee Benefits - End of year</b>	<u><u>\$ 2,011,408</u></u>

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

### Note I - Nature of Business and Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Charter Township of Brownstown (the "Township"):

#### **Reporting Entity**

The Charter Township of Brownstown is governed by an elected seven-member board of trustees. 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 Township Building Authority is governed by a board appointed by the Township's board of trustees. Although it is legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

#### **Discretely Presented Component Units**

**Downtown Development Authority** - The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of nine individuals, is selected by the Township's board of trustees. In addition, the DDA's budget is subject to approval by the Township's board of trustees. It is reported in the component unit column in the combined financial statements to emphasize that it is legally separate from the Township. Although no separate financial statements are prepared for this component unit, financial information can be obtained from the Township offices at 21313 Telegraph Road, Brownstown, Michigan.

**Brownfield Redevelopment Financing Authority** - The Brownfield Redevelopment Financing Authority (the "Authority") was established pursuant to Public Act 381 of 1996. The Authority was created to promote revitalization of environmentally distressed areas within the boundaries of the Township. The Authority had no financial activity during the year ended December 31, 2015; however, the Township is in negotiations for a reimbursement agreement with a developer in regard to a parcel within a Brownfield Redevelopment Financing Authority.

**Jointly Governed Organization** - Jointly governed organizations are discussed in Note 15.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

#### **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 Governmental Accounting Standards Board.

#### **Report Presentation**

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

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sanitary 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.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

#### 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 for. 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, and capital project 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 Operation Fund and the Fire Protection Fund account for activities of the police and fire departments requiring separate accounting because of special tax levies to fund operations.

**Proprietary funds** include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Township reports the Water and Sanitary Sewer Funds as “major” enterprise funds.

- The Water Fund and Sanitary Sewer Fund account for the results of operations for providing water and sewer service to the citizens and businesses of the Township. The funds' primary revenues are generated through user charges from those requesting water and sewer services.

**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 Retiree Health Care Trust Fund accounts for the activities of the other postemployment benefits plan, which accumulates resources for retiree healthcare payments for qualified retirees; and
- Agency funds, which account for assets held by the Township as an agent for individuals, organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

# Charter Township of Brownstown

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## 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 Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

#### **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 year that it is available to pay for obligations outstanding at the end of 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, district court fines, and interest associated with the current fiscal period. Conversely, federal grant reimbursements, ambulance fees, land contracts, and excavation fees will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

# Charter Township of Brownstown

## 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. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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, furniture, equipment, intangible assets, and infrastructure assets (e.g., road usage rights 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 \$2,500 and an estimated useful life in excess of one year, although assets purchased under that threshold may be capitalized at the Township's discretion. 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Lives</u>
Road usage rights	20 years
Land improvements	15 to 20 years
Utility systems	40 to 45 years
Buildings and improvements	20 to 50 years
Vehicles	4 to 15 years
Office furnishings	4 to 15 years
Other tools, machinery, and equipment	5 to 20 years

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. Township Hall Renovation Bonds, Police Facility Refunding Bonds, and Fire Truck contractual obligations are paid through DDA payments to the debt service funds. The debt service funds are generally used to liquidate other governmental long-term debt.

#### **Deferred Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet 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) until then. The Township reports deferred outflows of resources related to pensions representing the net difference between projected and actual earnings on pension plan investments and the employer contributions to the plan made subsequent to the measurement date.

In addition to liabilities, the statement of net position and/or balance sheet 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. The Township has two items that qualify for reporting in this category. The deferred inflows of resources relate to (1) unavailable revenue which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from various sources: grants, land contracts, excavation fees, and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. (2) The Township also has property taxes levied before the period they will finance. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

#### **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.

#### **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 Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, except for governmental funds with dedicated millages, which first apply unrestricted resources. 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**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The Township board of trustees is the highest level of decision-making authority for the Township that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

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

#### **Property Tax Revenue**

Property taxes 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 they are added to the county tax rolls.

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 \$867.2 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of a millage of .8705 mills for general operations, an assessment of 4.00 mills for fire operations, a millage of 1.7410 mills and an assessment of 4.00 mills for police operations, 0.4772 mills for police capital improvement, 0.6100 mills for SHVUA debt service, 0.4772 mills for fire capital improvement, 0.4772 mills for road capital improvement, and 0.4880 mills for EPA debt. This resulted in \$597,000 for operating purposes, \$3.3 million for fire operations, \$4.4 million for police operations, \$323,000 for police capital improvement, \$535,000 for SHVUA debt service, \$323,000 for fire capital improvement, \$323,000 for road capital improvement, and \$427,000 for EPA debt. These amounts, in addition to collection fees, interest, and penalties, are recognized in the respective General Fund, special revenue funds, and enterprise funds financial statements as tax revenue.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

**Pension** - The Township offers a defined benefit pension plan to eligible employees. 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 purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

**Other Postemployment Benefit Costs** - The Township offers retiree healthcare benefits to retirees. The Township receives an 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.

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits, except for employees covered under the collective bargaining unit for fire department employees who are paid for sick leave at their regular pay rate at the end of the year in most circumstances. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**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 revenues of the Water Fund and Sanitary Sewer Fund are charges to customers for sales and services. The Water Fund and Sanitary Sewer Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary 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.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

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

**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.

**New Accounting Standard** - In the current year, the Township implemented Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

As a result of implementing this statement, the beginning net position of governmental activities was restated to \$7,544,009 (a reduction of \$3,912,588).

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

**State Construction Code Act** - 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:

Cumulative shortfall at January 1, 2015		\$	(925,044)
Current year building permit revenue			1,043,545
Related expenses:			
Direct costs	\$	769,342	
Estimated indirect costs		<u>105,628</u>	<u>874,970</u>
Current year surplus			<u>168,575</u>
Cumulative shortfall at December 31, 2015		\$	<u>(756,469)</u>

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

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

**Fund Deficits** - The Township has an accumulated fund deficit in the CDBG Fund. This deficit is a result of unavailable grant revenue recorded as deferred inflows.

The Township also has an accumulated fund deficit in the Road Improvement Fund. This deficit was a result of certain reimbursing cash receipts not being received within the period of availability.

The governmental activities report negative unrestricted net position, although total net position is positive.

### 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 Retiree Health Care Fund is authorized by Michigan Public Act 347 of 2012, 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 accordance with state statutory authority as listed above.

# Charter Township of Brownstown

## 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's deposit policy for custodial credit risk requires all qualified institutions to provide audited financial statements, proof of certification and registration, and certification of having read the Township's investment policy. The Township is also to perform an annual review of financial condition and registration. At year end, the Township and DDA had a combined \$23,020,723 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**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 and maturities:

Investment	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Retiree Health Care Trust Fund:					
Corporate bonds	\$ 313,177	\$ 22,149	\$ 121,435	\$ 113,706	\$ 55,887
U.S. agency bonds	95,676	6,028	9,034	-	80,614
U.S. government bonds	127,615	3,000	61,104	55,821	7,690
Foreign bonds	19,412	-	14,156	5,256	-
Municipal bonds	12,971	-	-	-	12,971
Total	<u>\$ 568,851</u>	<u>\$ 31,177</u>	<u>\$ 205,729</u>	<u>\$ 174,783</u>	<u>\$ 157,162</u>

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 3 - Deposits and Investments (Continued)

**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
<b>Retiree Health Care Trust Fund</b>			
Corporate bonds	\$ 7,993	AAA	S&P
Corporate bonds	18,727	AA+	S&P
Corporate bonds	9,054	AA	S&P
Corporate bonds	4,026	AA-	S&P
Corporate bonds	18,877	A+	S&P
Corporate bonds	43,076	A	S&P
Corporate bonds	14,321	A-	S&P
Corporate bonds	42,935	BBB+	S&P
Corporate bonds	16,058	BBB	S&P
Corporate bonds	38,247	BBB-	S&P
Corporate bonds	24,811	BB+	S&P
Corporate bonds	24,375	BB	S&P
Corporate bonds	33,134	BB-	S&P
Corporate bonds	5,238	B+	S&P
Corporate bonds	3,620	B	S&P
Corporate bonds	8,685	B-	S&P
U.S. agency bonds	15,062	AAA	S&P
U.S. agency bonds	80,614	not rated	n/a
Municipal bonds	12,971	AA-	S&P
Foreign bonds	16,037	BB+	S&P
Foreign bonds	3,375	B+	S&P

**Concentration of Credit Risk** - The Township places no limit on the amount it may invest in any one issuer.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 4 - Receivables and Deferred Inflows

Receivables as of year end for the Township's individual major funds, the nonmajor funds in the aggregate, and the component unit are as follows:

	General Fund	Police Operation Fund	Fire Protection Fund	Nonmajor Governmental Funds	Sanitary Sewer Fund	Water Fund	Downtown Development Authority
Receivables:							
Property taxes receivable	\$ 780,256	\$ 1,897,768	\$ 1,505,976	\$ 322,107	\$ 472,901	\$ -	\$ 3,071,290
Receivables from sales to customers on account	-	-	-	-	953,037	1,146,495	25,504
Liens and other receivables	158,539	12,232	162,781	687,204	-	18,419	40,000
Due from other governmental units	905,620	-	-	539,409	-	-	-
Net receivables	<u>\$ 1,844,415</u>	<u>\$ 1,910,000</u>	<u>\$ 1,668,757</u>	<u>\$ 1,548,720</u>	<u>\$ 1,425,938</u>	<u>\$ 1,164,914</u>	<u>\$ 3,136,794</u>

### Note 5 - Deferred Inflows

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 next fiscal year	\$ 11,415,504	\$ 11,415,504
Land contracts - Unavailable	18,000	-
Grant reimbursements - Unavailable	21,588	-
Liens - Unavailable	661,989	-
Ambulance fees - Net of allowance - Unavailable	47,291	-
Other - Unavailable	19,194	-
Intergovernmental agreement - Unavailable	517,822	-
Total deferred inflows	<u>\$ 12,701,388</u>	<u>\$ 11,415,504</u>

For business-type activities, deferred inflows consist of \$997,537 for property taxes for the subsequent year. For the Downtown Development Authority, deferred inflows consist of \$3,071,290 for property taxes for the subsequent year.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 6 - Capital Assets

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

	Balance January 1, 2015	Additions	Disposals and Adjustments	Balance December 31, 2015
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 4,618,887	\$ -	\$ (3,989)	\$ 4,614,898
Capital assets being depreciated:				
Road usage rights	19,297,010	381,301	-	19,678,311
Buildings and improvements	13,681,083	249,785	-	13,930,868
Vehicles	4,296,387	280,144	(202,455)	4,374,076
Office furnishings	529,850	9,445	-	539,295
Land improvements	2,123,807	655,880	-	2,779,687
Other tools, machinery, and equipment	3,861,212	22,971	(61,810)	3,822,373
Total capital assets being depreciated	43,789,349	1,599,526	(264,265)	45,124,610
Accumulated depreciation:				
Road rights	8,094,071	981,464	-	9,075,535
Buildings and improvements	5,380,096	276,854	-	5,656,950
Vehicles	3,399,383	272,463	(202,455)	3,469,391
Office furnishings	398,999	24,824	-	423,823
Land improvements	992,086	86,915	-	1,079,001
Other tools, machinery, and equipment	2,035,189	259,283	(58,923)	2,235,549
Total accumulated depreciation	20,299,824	1,901,803	(261,378)	21,940,249
Net capital assets being depreciated	23,489,525	(302,277)	(2,887)	23,184,361
Net capital assets	\$ 28,108,412	\$ (302,277)	\$ (6,876)	\$ 27,799,259
<b>Business-type Activities</b>				
Capital assets not being depreciated - Land	\$ 203,749	\$ -	\$ -	\$ 203,749
Capital assets being depreciated:				
Utility systems	97,473,965	605,346	-	98,079,311
Buildings and improvements	11,022,689	10,850	-	11,033,539
Vehicles	1,344,830	-	-	1,344,830
Other tools, machinery, and equipment	1,683,418	169,463	(886)	1,851,995
Total capital assets being depreciated	111,524,902	785,659	(886)	112,309,675
Accumulated depreciation:				
Utility systems	41,240,564	2,202,210	-	43,442,774
Buildings and improvements	3,584,966	252,387	-	3,837,353
Vehicles	768,670	114,593	-	883,263
Other tools, machinery, and equipment	1,065,289	82,901	-	1,148,190
Total accumulated depreciation	46,659,489	2,652,091	-	49,311,580
Net capital assets being depreciated	64,865,413	(1,866,432)	(886)	62,998,095
Net capital assets	\$ 65,069,162	\$ (1,866,432)	\$ (886)	\$ 63,201,844

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 6 - Capital Assets (Continued)

Component Units	Balance	Reclassifications	Additions	Disposals	Balance
	January 1, 2015				December 31, 2015
Capital assets not being depreciated:					
Land	\$ 291,500	\$ -	\$ -	\$ -	\$ 291,500
Construction in progress	2,665,720	(2,867,105)	234,516	-	33,131
Subtotal	2,957,220	(2,867,105)	234,516	-	324,631
Capital assets being depreciated:					
Buildings and improvements	4,589,526	-	20,539	-	4,610,065
Land improvements	1,931,466	2,867,105	-	-	4,798,571
Solar upgrade	355,572	-	-	-	355,572
Total capital assets being depreciated	6,876,564	2,867,105	20,539	-	9,764,208
Accumulated depreciation:					
Buildings and improvements	191,857	-	186,930	-	378,787
Land improvements	79,242	-	108,520	-	187,762
Solar upgrade	54,809	-	17,776	-	72,585
Total accumulated depreciation	325,908	-	313,226	-	639,134
Net capital assets being depreciated	6,550,656	2,867,105	(292,687)	-	9,125,074
Net capital assets	\$ 9,507,876	\$ -	\$ (58,171)	\$ -	\$ 9,449,705

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

#### Governmental activities:

General government	\$ 173,432
Public safety	612,946
Public works	995,761
Community and economic development	10,538
Recreation and culture	109,126
Total governmental activities	<u>\$ 1,901,803</u>

#### Business-type activities:

Water	\$ 921,820
Sewer	1,730,271
Total business-type activities	<u>\$ 2,652,091</u>

**Construction Commitments** - As of December 31, 2015, the DDA had one active construction project. At that time, the DDA had spent \$33,130 on the Township campus project and had a remaining commitment of \$1,196,870.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 7 - Interfund Receivables, Payables, and Transfers

At December 31, 2015, \$171,970 was owed from the nonmajor governmental funds to the General Fund and \$1,523,082 was owed from the Downtown Development Authority to the General Fund.

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Fire Protection Fund	\$ 475,000
	Nonmajor governmental funds	<u>283,392</u>
	Total General Fund	758,392
Nonmajor governmental funds	Police Operation Fund	498,880
	Nonmajor governmental funds	<u>242,815</u>
	Total nonmajor governmental funds	<u>741,695</u>
	Total	<u>\$ 1,500,087</u>

The transfer from the General Fund to the nonmajor governmental funds was for capital projects. The transfer from the General Fund to the Fire Protection Fund and the transfer from nonmajor governmental funds to the Police Operation Fund were transfers of eligible tax dollars from these fund to support the fire and police operations. The transfer from nonmajor governmental funds to other nonmajor governmental funds was for debt payments.

Additionally, the Downtown Development Authority (DDA) is paying certain dollars to the Township for police and fire services based on the area covered by the DDA. The total amount spent by the DDA related to these services during 2015 was \$430,000. The DDA also contributed approximately \$655,000 to pay debt service for the Township Hall Renovation Bonds, Police Facility Refunding Bonds, and Fire Truck contractual obligations.

### Note 8 - 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. County contractual agreements and installment purchase agreements are also general obligations of the government.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 8 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
General obligations:							
Police Facility Refunding Bonds - 2006							
Amount of issue - \$5,610,000		\$390,000-					
Maturing through 2022	4.00%	\$450,000	\$ 3,470,000	\$ -	\$ 405,000	\$ 3,065,000	\$ 420,000
Township Hall Renovation Bonds							
Amount of issue - \$1,200,000	4.250%-	\$100,000-					
Maturing through 2017	4.625%	\$115,000	330,000	-	105,000	225,000	110,000
Road Improvement Bonds - 2012							
Amount of issue - \$2,870,000	2.00%-	\$165,000-					
Maturing through 2027	3.150%	\$260,000	2,705,000	-	170,000	2,535,000	175,000
Contractual obligations - Fire truck - 2000							
Loan amount - \$750,000		\$156-					
Maturing through 2015	5.020%	\$77,209	156	-	156	-	-
Total bonds payable			6,505,156	-	680,156	5,825,000	705,000
Accumulated compensated absences			534,982	459,873	489,541	505,314	447,161
Total governmental activities			\$ 7,040,138	\$ 459,873	\$ 1,169,697	\$ 6,330,314	\$ 1,152,161

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund, Police Operation Fund, and Fire Protection Fund. The net OPEB obligation will be liquidated from the funds from which the individual employee's salaries are paid, generally, the General Fund, Police Operation Fund, and Fire Protection Fund.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
Water:							
DWRF Water Main Bonds - 2009							
Amount of issue - \$478,337		\$40,000-					
Maturing through 2019	2.50%	\$70,000	\$ 813,354	\$ -	\$ 40,000	\$ 773,354	\$ 45,000
Water Capital Improvement Bonds - 2011							
Amount of issue - \$6,700,000	2.00%-	\$215,000-					
Maturing through 2031	4.75%	\$525,000	6,085,000	-	230,000	5,855,000	240,000
Add - Unamortized premium			120,431	-	7,299	113,132	-
Sewer:							
SHVUA Plant Expansion Bonds - 1998							
Amount of issue - \$8,606,758		\$454,349-					
Maturing through 2020	2.250%	\$521,334	2,956,384	-	465,667	2,490,717	475,369
SHVUA Sewer System Improvement Bonds - 2010							
Amount of issue - \$567,760	3.50%-	\$21,291-					
Maturing through 2030	6.375%	\$47,905	505,661	-	23,065	482,596	23,065
SHVUA Sewer System Improvement Bonds - 2011							
Amount of issue - \$840,906		\$34,297-					
Maturing through 2031	2.500%	\$52,080	726,010	-	34,297	691,713	35,567
Contractual obligations -							
SHVUA Installment Agreement							
Amount of issue \$1,540,000							
Maturing through 2019	4.800%	-	1,540,000	-	308,000	1,232,000	308,000
EPA Judgment - Brownstown Share of							
Downriver Sewage Disposal System Bonds:							
SRF #2 Project 5117-03 - \$877,052; 2015	2.250%	\$52,797-					
		\$53,729	53,729	-	53,729	-	-
SRF #5 Project 5117-15 - \$2,698,311; 2018	2.250%	\$151,193-					
		\$165,631	641,001	-	155,006	485,995	158,275
SRF #6 Project 5117-18, 19, 21 - \$192,776; 2017	2.250%	\$10,768 -					
		\$11,014	32,180	-	10,998	21,182	10,955
		\$42 -					
SRF #7 Project 5117-23; \$731; 2017	2.250%	\$45	134	-	44	90	44
		\$16,549 -					
SRF #9 Project 5117-24, 31 - \$291,996; 2020	2.250%	\$17,748	74,735	-	16,609	58,126	16,985
SRF #10 Project 5117-25, 32 - \$691,456; 2020	2.250%	\$37,417 -					
		\$41,455	199,583	-	38,302	161,281	39,153
		\$233 -					
SRF #11 Project 5117-20 - \$4,313; 2020	2.250%	\$271	1,528	-	238	1,290	246
SRF #12 1999 A & B Refunding - \$887,593; 2018	4.750% -	\$50,337 -					
	5.125%	\$63,702	219,973	-	50,840	169,133	53,609
		\$389 -					
SRF #13 Project 5117-01 - \$7,321; 2020	2.500%	\$454	2,597	-	762	1,835	389
		\$16,445-					
SRF #14 Project 5117-34 - \$315,567; 2021	2.500%	\$19,948	125,772	-	14,066	111,706	17,376
	4.000% -	\$21,114 -					
	5.400%	\$39,918	393,075	-	22,268	370,807	23,423
Series 2007B - \$520,912							
Brownstown Share of Downriver Sewage							
Disposal System Bonds paid through rates:							
SRF #5217-01 - \$131,040; 2026	1.625%	\$6,593-					
	4.250% -	\$11,224	98,627	-	6,703	91,924	7,038
	5.750%	\$7,978 -					
SRF #5217-15 (2011A) - \$452,160*		\$28,320	391,257	12,999	16,831	387,425	17,289
		\$14,357-					
SRF # 5419-01 (2013) - \$350,282*	2.00%	\$21,096	179,304	91,992	-	271,296	14,994
	1.250% -	\$4,981 -					
Series 2007D - \$128,950*	2.500%	\$10,080	111,265	-	5,362	105,903	5,661
	1.250% -	\$5,421 -					
Series 2008A 5217-02 - \$139,620*	2.500%	\$8,960	117,676	-	5,511	112,165	5,814
	1.250% -	\$13,039 -					
Series 2008B 5217-03 - \$348,660*	2.500%	\$22,400	309,994	-	13,554	296,440	14,382
	1.250% -	\$14,943 -					
Series 2008C 5217-04 - \$377,988*	2.500%	\$24,230	332,036	-	15,640	316,396	16,371
	1.250% -	\$5,419 -					
Series 2008D 5217-05 - \$135,096*	2.500%	\$8,640	112,490	-	5,660	106,830	5,968
Subtotal - Downriver Sewage			3,396,956	104,991	432,123	3,069,824	407,972
Disposal System Bonds							
Less current amount payable from restricted			(705,524)	-	(54,149)	(651,375)	(651,375)
assets							
Total bonds payable			15,438,272	104,991	1,486,302	14,056,961	883,598
Accumulated compensated absences			84,040	61,130	69,612	75,558	47,642
Total business-type activities			\$ 15,522,312	\$ 166,121	\$ 1,555,914	\$ 14,132,519	\$ 931,240

\* The Township's share of the debt is calculated each year based on the five-year average flow of the Township compared to the other participating communities in the system.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 8 - Long-term Debt (Continued)

Component Unit	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation:							
DDA Bonds - 2004							
Amount of issue - \$15,000,000		\$905,000-					
Maturing through 2022	Variable	\$1,245,000	\$ 8,695,000	\$ -	\$ 940,000	\$ 7,755,000	\$ 980,000
DDA Township Campus Bonds - 2012							
Amount of issue - \$7,000,000	3.00%-	\$235,000-					
Maturing through 2032	3.625%	\$510,000	6,540,000	-	245,000	6,295,000	260,000
Add unamortized premium			55,970	-	3,198	52,772	-
Total bonds payable			<u>\$ 15,290,970</u>	<u>\$ -</u>	<u>\$ 1,188,198</u>	<u>\$ 14,102,772</u>	<u>\$ 1,240,000</u>

Total interest expense for the year was \$1,013,200. 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**			Component Unit Activities***		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 705,000	\$ 191,358	\$ 896,358	\$ 1,534,973	\$ 467,815	\$ 2,002,788	\$ 1,240,000	\$ 446,850	\$ 1,686,850
2017	735,000	165,524	900,524	1,578,705	432,640	2,011,345	1,290,000	405,180	1,695,180
2018	620,000	141,765	761,765	1,601,439	395,792	1,997,231	1,340,000	369,887	1,709,887
2019	630,000	119,565	749,565	1,399,031	356,007	1,755,038	1,395,000	343,132	1,738,132
2020	635,000	96,190	731,190	1,085,139	321,401	1,406,540	1,455,000	287,466	1,742,466
2021-2025	1,990,000	200,700	2,190,700	3,096,619	1,206,965	4,303,584	4,175,000	775,622	4,950,622
2026-2030	510,000	16,098	526,098	3,634,454	525,512	4,159,966	2,155,000	368,759	2,523,759
2031-2035	-	-	-	664,844	16,412	681,256	1,000,000	36,613	1,036,613
Total	<u>\$ 5,825,000</u>	<u>\$ 931,200</u>	<u>\$ 6,756,200</u>	<u>\$ 14,595,204</u>	<u>\$ 3,722,544</u>	<u>\$ 18,317,748</u>	<u>\$ 14,050,000</u>	<u>\$ 3,033,509</u>	<u>\$ 17,083,509</u>

\*\* Net of unamortized premium on bonds of \$113,132

\*\*\* Net of unamortized premium on bonds of \$52,772

**Advance and Current Refundings** - In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. The old bonds are not callable. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2015, \$3,075,000 of bonds outstanding is considered defeased.

### Note 9 - Land Held for Resale

During the year ended December 31, 2004, the Downtown Development Authority issued \$15,000,000 in bonds to purchase \$14,265,000 of land which has been recorded at the lower of cost or market value. In addition, the DDA purchased additional adjoining land for \$423,000. Portions of the land were sold in 2014 and management anticipates the remaining land will be sold to developers in conjunction with the Town Center Project and, accordingly, it has been included as an asset in the Downtown Development Authority in the accompanying financial statements. The Downtown Development Authority had an appraisal conducted in 2010. The appraisal report, dated November 1, 2010, indicated a value of \$10,600,000, or an average value of \$136,000 per acre.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 9 - Land Held for Resale (Continued)

An updated appraisal was performed in June 2013 and revised in July 2013 which valued the parcel at \$10,167,000. The appraisal report indicates the following: "The appraisal is based on the assumption that the vacant land is intended to be developed with a variety of uses. The value analysis that was conducted estimates the value contribution of each type of land by examining sales of properties with similar potential highest and best use. The value of the property is derived by summing the value contribution of the individual components and comparing that sum to the value per acre indicated by sales of land acquired or being marketed for mixed-use development. The analysis incorporates the demand and supply conclusions of the appraiser based on an analysis of economic factors impacting future demand and competing supply of sites suited for development." Given the speculative nature of the project and the impact on the longer-term development prospects, management views the project as an economic development stimulator. As a result, the selling price of specific parcels may be higher or lower than the estimate of fair market value arrived at in the appraisal. The analysis is premised on the appraiser's conclusion that the expected mixed-use development will create synergies and thus increase the relative appeal of the development.

In October 2014, the DDA sold 19 acres of land with an adjusted cost basis of approximately \$414,000. The property sold for \$950,000 and a gain on the sale of approximately \$536,000 was recorded. After the sale, the remaining adjusted cost basis for the land held for resale by the DDA totals approximately \$9,777,000.

### Note 10 - Restricted Assets

The balances of the restricted asset accounts reflected as business-type activities (Sanitary Sewer and Water Funds) are as follows:

Sanitary sewer restricted assets - Cash and cash equivalents:	
To repay South Huron Valley Plant Expansion bonds	\$ 90,919
For future sewer capital improvements	522,991
Prepaid and accrued interest	5,388
Downriver sewage disposal system - Assets held by the	
County for future EPA debt payments	558,375
South Huron Valley Utility Authority - Start-up costs	10,000
Water restricted assets - Cash and cash equivalents -	
To repay 2011 Water Capital Improvement bonds and	
for water system capital improvements	<u>1,267,270</u>
Total restricted assets	<u>\$ 2,454,943</u>

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 10 - Restricted Assets (Continued)

Current liabilities to be paid from restricted assets of the Sanitary Sewer and Water Funds consist of the following:

Bond principal payments:	
SHVUA Plant Expansion bonds	\$ 90,919
EPA Sewage Disposal System bonds	320,456
2011 Water Capital Improvement bonds	240,000
Accrued interest	<u>72,082</u>
Total current liabilities payable from restricted assets	<u>\$ 723,457</u>

### Note 11 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefits claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority state risk pool for property loss, torts, and errors and omissions. 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 Municipal League risk pool program and the Michigan Municipal Risk Management Authority (MMRMA) state risk pool program operate as common risk-sharing management programs for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. For the MMRMA program, a portion of the excess insurance coverage is underwritten by the authority itself.

### Note 12 - Defined Contribution Pension Plan

The Township provides pension benefits to all of its full-time employees who are at least 18 years of age. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is a 457(b) deferred compensation plan administered by MBC retirement services. Salaried employees are eligible to participate the first of the month 30 days after hire. Union employees are eligible to participate the first of the month 90 days after hire. As established by the Township board, the Township contributes 11 percent to 15 percent of employees' base earnings for AFSCME union employees.

In addition, the Township contributed 14 percent to 15 percent of base earnings for MAP union employees. AFSCME union employees, nonunion employees, and board members are required to contribute 5 percent of base earnings before taxes.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

### Note 12 - Defined Contribution Pension Plan (Continued)

Also, 8 percent to 15 percent of base earnings are contributed for administrative nonunion personnel and board members. All participants may voluntarily contribute an additional amount, on an after-tax basis, not to exceed the Internal Revenue Service guidelines.

In accordance with these requirements, the Township contributed \$396,020 and employees contributed \$166,738.

### Note 13 - Pension Plan

**Plan Description** - The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS or MERS of Michigan), that covers IAFF fire department, COAM, and patrol and dispatch employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

**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.

Retirement benefits for all participants are calculated as 2.5 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 50 with 25 years of service or 55 with 15 years of service. Vesting period is 10 years.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, noncompounding.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Township board, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 13 - Pension Plan (Continued)

**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	7
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>65</u>
Total employees covered by MERS	<u><u>77</u></u>

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

For the year ended December 31, 2015, the average active employee contribution rate was 3.1 percent of annual pay and the Township's average contribution rate was 18.2 percentage of annual 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.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 13 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2013</b>	\$ 19,991,541	\$ 15,285,043	\$ 4,706,498
Service cost	635,762	-	635,762
Interest	1,660,389	-	1,660,389
Contributions - Employer	-	793,910	(793,910)
Contributions - Employee	-	135,442	(135,442)
Net investment income	-	986,585	(986,585)
Benefit payments, including refunds	(293,556)	(293,556)	-
Administrative expenses	-	(36,523)	36,523
Miscellaneous other charges	-	(2,909)	2,909
Net changes	2,002,595	1,582,949	419,646
<b>Balance at December 31, 2014</b>	<u>21,994,136</u>	<u>\$ 16,867,992</u>	<u>\$ 5,126,144</u>

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

For the year ended December 31, 2015, the Township recognized pension expense of \$974,331. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 239,225
Employer contributions to the plan subsequent to the measurement date	832,550
Total	<u>\$ 1,071,775</u>

Amounts reported as deferred outflows of resources and deferred inflows 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 (\$832,550), which will impact the net pension liability in year 2016, rather than pension expense.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 13 - Pension Plan (Continued)

<u>Years Ending December 31</u>	<u>Amount</u>
2016	\$ 59,806
2017	59,806
2018	59,806
2019	59,807

**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	3.0 - 4.0 %
Salary increases	4.5 % 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	8.25 % Gross 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.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering 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.

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 13 - Pension Plan (Continued)

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 %	2.00 %
Real assets	12 %	4.20 %
Diversifying strategies	10 %	6.60 %

**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	\$ 8,603,211	\$ 5,126,144	\$ 2,278,856

**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 Brownstown

## Notes to Financial Statements December 31, 2015

### Note 14 - Other Postemployment Benefits

**Plan Description** - The Township provides retiree healthcare and life insurance benefits to retirees. The Township includes both retirees and their spouses in its insurance healthcare plan but only retirees in the life insurance plan. Currently, the plan has 190 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 labor contracts. The plan does not issue a separate stand-alone financial statement.

**Funding Policy** - The collective bargaining agreements require a contribution of 3 percent premiums from police and some fire employees. 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 \$743,478.

**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, 2015. 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 not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,812,242
Interest on the prior year's net OPEB obligation	637,146
Less adjustment to the annual required contribution	<u>(1,254,060)</u>
Annual OPEB cost	3,195,328
Amounts contributed - Payments of current premiums	<u>(743,478)</u>
Increase in net OPEB obligation	2,451,850
OPEB obligation - Beginning of year	<u>21,238,182</u>
OPEB obligation - End of year	<u>\$ 23,690,032</u>

# Charter Township of Brownstown

## Notes to Financial Statements December 31, 2015

### Note 14 - Other Postemployment Benefits (Continued)

Employer contributions and annual OPEB cost data for the current and preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
12/31/13	1/1/13	\$ 6,892,134	\$ 6,669,718	7.0 %	7.3 %	\$ 14,820,737
12/31/14	1/1/13	7,374,187	6,967,684	7.5	7.9	21,238,182
12/31/15	1/1/15	3,812,242	3,195,328	19.5	23.3	23,690,032

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 1,506,399	\$ 28,683,957	\$ 27,177,558	5.3 %	Not available	Not available
1/1/13	1,682,028	59,629,862	57,947,834	2.8	Not available	Not available
1/1/15	2,066,820	37,846,011	35,779,191	5.5	Not available	Not available

**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, presented 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.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

### **Note 14 - Other Postemployment Benefits (Continued)**

In the January 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3 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 0.0 percent initially for 2015, then 7.5 percent grading down to 4.0 percent (in 0.5 percent increments) in 2023. There was a dental trend of 3.0 percent for all years. The actuarial value of assets was determined using market value. The UAAL is being amortized on a level dollar, closed basis. The remaining amortization period at January 1, 2015 was 23 years.

### **Note 15 - Joint Ventures**

The Township is a member of the 33rd District Court (the "Court"), which provides services to the member communities. The Court receives its operating revenue mainly from fines and fees, in addition to annual funding provided by member communities.

During the current year, the Township contributed approximately \$576,000 for its operations. The Township received approximately \$560,000 in revenue from Court collections. Complete financial statements for the Court can be obtained from the administrative offices at 19000 Van Horn Road, Woodhaven, MI 48183. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating communities in the near future. The Township's total interest in this joint venture (including the Township's share of working capital) is \$927,350.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

### Note 15 - Joint Ventures (Continued)

The Township is a member of the South Huron Valley Utility Authority (the "Authority"). The Authority is a joint venture of the charter townships of Brownstown, Huron, and Van Buren, the cities of Flat Rock, Gibraltar, Romulus, and Woodhaven, and the village of South Rockwood. The Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. During the year, the Township contributed \$1,351,000 toward the operation of the system. In addition, debt payments of \$956,000, including both principal and interest, were made to the Authority. The Township's portion of the debt is recorded in the Township's Sewer Fund. The Township's share of the capital assets and net operating excess is also reflected in the Sewer Fund. The Township's interest in this joint venture is \$439,395, exclusive of capital assets and debt. During 2014, the Township entered into an installment purchase agreement in order to finance the Trenton Arm Pump rebuild and Sludge Tank Thickener projects. The installment purchase agreement covers Brownstown Township's portion of the projects along with three other member communities. As of December 31, 2015, the total outstanding balance of the installment purchase agreement was \$1,232,000, with \$600,600 of the principal attributable to Brownstown Township and the remaining \$631,400 attributable to other communities. The full amount of this debt is recorded as a liability within these financial statements and the amount of principal attributable to other communities is recorded as an intergovernmental receivable. Complete financial statements for the Authority can be obtained from the administrative offices at 46425 Tyler Road, Belleville, MI 48111. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

### Note 15 - Joint Ventures (Continued)

The Township, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The Township's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Sewer Fund. During the year, the Township paid \$612,000 for operations of the system and \$530,000 for debt service. The Township's interest in this joint venture is \$2,370,273, exclusive of capital assets and debt. Complete financial statements can be obtained from the administrative offices at 415 Clifford, Detroit, MI 48226. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

### Note 16 - 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.

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.

# Charter Township of Brownstown

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## Notes to Financial Statements December 31, 2015

### **Note 16 - Upcoming Accounting Pronouncements (Continued)**

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 17 - Contingencies**

The Township has been named as a defendant in certain lawsuits and claims requesting damages of various amounts, the majority of which do not state a specific maximum. The ultimate effect on the financial statements is, in the opinion of management and legal counsel, not expected to be material considering available insurance coverage.

### **Note 18 - Subsequent Events**

On January 15, 2016, Wayne County issued a bond in the amount of \$17,705,000 to fund improvements to the Downriver Sewage Disposal System. Brownstown Township's approximate share of the debt issuance is \$563,000. Payments will begin in April 2018.

## **Required Supplemental Information**

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# Charter Township of Brownstown

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 969,198	\$ 1,054,198	\$ 1,104,415	\$ 50,217
Licenses and permits	1,200,000	1,603,000	1,740,815	137,815
State-shared revenue and grants	2,696,879	2,546,879	2,643,318	96,439
Charges for services	706,900	711,000	726,777	15,777
Fines and forfeitures	652,000	662,000	648,273	(13,727)
Other revenue:				
Special assessments	1,759,524	1,666,524	1,649,527	(16,997)
Other miscellaneous income	80,100	170,000	234,047	64,047
Total revenue	8,064,601	8,413,601	8,747,172	333,571
<b>Expenditures</b>				
Current:				
General government:				
Legislative	104,092	99,092	94,804	4,288
Executive	216,776	216,776	209,905	6,871
Accounting	223,571	223,571	218,056	5,515
Treasurer	209,786	259,786	257,831	1,955
Assessing	190,246	170,246	160,022	10,224
Board of Review	2,660	2,660	1,716	944
Clerk	214,762	210,762	196,277	14,485
Elections	166,526	119,526	102,479	17,047
Buildings and grounds	130,400	170,400	172,740	(2,340)
Legal	45,000	48,000	43,679	4,321
Human resources	98,688	98,688	94,718	3,970
Tax collection	54,927	33,927	26,660	7,267
Nondepartmental	74,800	94,800	97,179	(2,379)
Employee benefits and insurance	131,200	165,200	154,267	10,933
Total general government	1,863,434	1,913,434	1,830,333	83,101
Judicial	600,000	580,000	576,031	3,969
Public safety - Animal control	256,063	193,063	198,852	(5,789)
Public works:				
Sanitation	1,619,398	1,619,398	1,428,787	190,611
Public works	604,400	780,400	747,835	32,565
Total public works	2,223,798	2,399,798	2,176,622	223,176

# Charter Township of Brownstown

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Current (Continued):				
Community and economic development:				
Community development	\$ 771,755	\$ 773,051	\$ 761,056	\$ 11,995
Planning	25,168	32,168	27,656	4,512
Economic development opportunities	24,000	21,000	15,937	5,063
Zoning board of appeals	11,160	13,160	8,626	4,534
Total community and economic development	832,083	839,379	813,275	26,104
Recreation and culture:				
Library	100,000	190,000	189,356	644
Parks and recreation	896,595	1,106,948	1,086,997	19,951
Community center	267,626	233,126	220,489	12,637
Beautification commission	2,826	2,826	1,555	1,271
Total recreation and culture	1,267,047	1,532,900	1,498,397	34,503
Total expenditures	7,042,425	7,458,574	7,093,510	365,064
<b>Excess of Revenue Over Expenditures</b>	1,022,176	955,027	1,653,662	698,635
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	25,000	25,000	-
Transfers out	(1,016,000)	(892,000)	(758,392)	133,608
Total other financing uses	(1,016,000)	(867,000)	(733,392)	133,608
<b>Net Change in Fund Balance</b>	6,176	88,027	920,270	832,243
<b>Fund Balance - Beginning of year</b>	6,562,750	6,562,750	6,562,750	-
<b>Fund Balance - End of year</b>	<b>\$ 6,568,926</b>	<b>\$ 6,650,777</b>	<b>\$ 7,483,020</b>	<b>\$ 832,243</b>

# Charter Township of Brownstown

## Required Supplemental Information Budgetary Comparison Schedule - Major Funds Police Operation Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 4,340,607	\$ 4,380,607	\$ 4,453,572	\$ 72,965
State-shared revenue and grants	3,000	3,000	-	(3,000)
Other revenue	275,500	275,500	347,892	72,392
Total revenue	4,619,107	4,659,107	4,801,464	142,357
<b>Expenditures - Current - Public safety - Police</b>	5,597,546	5,546,426	5,181,465	364,961
<b>Excess of Expenditures Over Revenue</b>	(978,439)	(887,319)	(380,001)	507,318
<b>Other Financing Sources - Transfers in</b>	955,000	863,880	498,880	(365,000)
<b>Net Change in Fund Balance</b>	(23,439)	(23,439)	118,879	142,318
<b>Fund Balance - Beginning of year</b>	236,502	236,502	236,502	-
<b>Fund Balance - End of year</b>	<u>\$ 213,063</u>	<u>\$ 213,063</u>	<u>\$ 355,381</u>	<u>\$ 142,318</u>

# Charter Township of Brownstown

## Required Supplemental Information Budgetary Comparison Schedule - Major Funds Fire Protection Fund Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,207,210	\$ 3,242,210	\$ 3,248,843	\$ 6,633
Charges for services	600,000	600,000	750,630	150,630
Other miscellaneous income	215,000	215,000	213,429	(1,571)
Total revenue	4,022,210	4,057,210	4,212,902	155,692
<b>Expenditures - Current - Public safety - Fire</b>	4,531,543	4,490,043	4,540,623	(50,580)
<b>Excess of Expenditures Over Revenue</b>	(509,333)	(432,833)	(327,721)	105,112
<b>Other Financing Sources - Transfers in</b>	510,000	475,000	475,000	-
<b>Net Change in Fund Balance</b>	667	42,167	147,279	105,112
<b>Fund Balance (Deficit) - Beginning of year</b>	(31,474)	(31,474)	(31,474)	-
<b>Fund Balance (Deficit) - End of year</b>	<u>\$ (30,807)</u>	<u>\$ 10,693</u>	<u>\$ 115,805</u>	<u>\$ 105,112</u>

# **Charter Township of Brownstown**

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## **Note to Required Supplemental Information Year Ended December 31, 2015**

**Budgetary Information** - The Township is legally subject to the budgetary control requirements of the Charter Township Act 359 of 1947.

The Township adopts its budget by budgetary center (activity/department), which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. A comparison of actual results of operations to the General Fund and major special revenue funds budgets adopted by the Township board is included as required supplemental information. This comparison includes expenditure budget overruns. A comparison of actual results of operations, including budget overruns, to the nonmajor fund budgets as adopted by the Township board is available at the clerk's office for inspection.

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

1. The Township supervisor, on or before 120 days prior to the commencement of the fiscal and budgetary year (January 1), shall prepare and submit to the board a complete itemized proposed budget for the next fiscal year.
2. A public hearing on the budget shall be held before its final adoption, at such time and place as the board shall direct, and notice of such public hearing shall be published at least one week in advance thereof by the clerk.
3. The board shall, prior to the commencement of the next fiscal year, adopt a budget for the ensuing fiscal year.

The annual budget is prepared by the Township management and adopted by the Township board; subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that transfers to/from other funds have been included in revenue and expenditures, rather than as other financing sources (uses), and reimbursing transfers have been included as other financing sources (uses) rather than revenue and expenditures.

The budget statements are presented on the same basis of accounting used in preparing the adopted budget.

# Charter Township of Brownstown

## Note to Required Supplemental Information (Continued) Year Ended December 31, 2015

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 8,749,993	\$ 7,249,647
Amounts in Retiree Insurance Fund (former special revenue fund combined with General Fund for GASB No. 54 purposes)	<u>(2,821)</u>	<u>(156,137)</u>
Amounts per budget statement	<u>\$ 8,747,172</u>	<u>\$ 7,093,510</u>

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Charter Township of Brownstown incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government - Buildings and grounds	\$ 170,400	\$ 172,740	\$ (2,340)
General Government - Nondepartmental	94,800	97,179	(2,379)
General Government - Public safety - Animal control	193,063	198,852	(5,789)
Fire Fund - Public safety	4,490,043	4,540,623	(50,580)

# Charter Township of Brownstown

## Required Supplemental Information OPEB System Schedule 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)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 1,506,399	\$ 28,683,957	\$ 27,177,558	5.3	Not available	Not available
1/1/13	1,682,028	59,629,862	57,947,834	2.8	Not available	Not available
1/1/15	2,066,820	37,846,011	35,779,191	5.5	Not available	Not available

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/13	1/1/13	\$ 6,892,134	7.0
12/31/14	1/1/13	7,374,187	7.5
12/31/15	1/1/15	3,812,242	19.5

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2013, the latest actuarial valuation, follows:

Amortization method	Level dollar - Closed
Amortization period	23 years
Actuarial assumptions:	
Investment rate of return	3.0%
Annual healthcare cost trend rate	4.0 - 7.5%
Annual dental care rate	3.0%
Mortality	RP 2014 white collar

# Charter Township of Brownstown

## Required Supplemental Information Schedule of Changes in the Net Pension Liability Last Fiscal Year

	2015 (12/31/2014 Measurement Date)
<b>Total Pension Liability</b>	
Service cost	\$ 635,762
Interest	1,660,389
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	<u>(293,556)</u>
Net change in total pension liability	2,002,595
Total pension liability - Beginning of year	<u>19,991,541</u>
Total pension liability - End of year	<u><b>\$ 21,994,136</b></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 793,910
Contributions - Member	135,442
Net investment income	986,585
Administrative expenses	(36,523)
Benefit payments, including refunds	(293,556)
Other	<u>(2,909)</u>
Net change in plan fiduciary net position	1,582,949
Plan fiduciary net position - Beginning of year	<u>15,285,043</u>
Plan fiduciary net position - End of year	<u><b>\$ 16,867,992</b></u>
Township's net pension liability - Ending	<u><b>\$ 5,126,144</b></u>
Plan fiduciary net position as a percentage of total pension liability	76.69 %
Covered employee payroll	\$ 4,353,923
Township's net pension liability as a percentage of covered employee payroll	117.7 %

# Charter Township of Brownstown

## Required Supplemental Information Schedule of Pension Contributions Last Eight Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 793,910	\$ 803,818	\$ 794,578	\$ 789,967	\$ 778,640	\$ 716,878	\$ 739,951	\$ 387,129
Contributions in relation to the actuarially determined contribution	793,910	803,818	794,578	789,967	778,640	716,878	739,951	387,129
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 4,353,923	\$ 4,468,030	\$ 4,497,875	\$ 4,431,802	\$ 4,076,878	\$ 4,001,540	\$ 4,088,322	\$ 3,749,066
Contributions as a percentage of covered employee payroll	18.2 %	18.0 %	17.7 %	17.8 %	19.1 %	17.9 %	18.1 %	10.3 %

### 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.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll - Closed
Remaining amortization period	25 years
Asset valuation method	10-year smoothed
Inflation	3.0 - 4.0 percent
Salary increases	4.5 percent
Investment rate of return	8.25 percent - Gross of administrative expenses
Retirement age	None
Mortality	50% female/50% male 1994 Group Annuity Mortality Table
Other information	Table above displays all eight years of the plan. The plan was not in existence previously

## **Other Supplemental Information**

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# Charter Township of Brownstown

	Special Revenue Funds			Debt Service Funds	
	CDBG Fund	Drug Forfeiture Fund	Housing Assistance Fund	Debt Service Fund	Building Authority Fund
<b>Assets</b>					
Cash and investments	\$ 2,354	\$ 411,002	\$ 37,290	\$ -	\$ -
Receivables - Net	12,403	7,215	671,174	-	-
Total assets	<b>\$ 14,757</b>	<b>\$ 418,217</b>	<b>\$ 708,464</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 6,422	\$ 27,159	\$ 1,100	\$ -	\$ -
Due to other funds	-	-	-	-	-
Accrued liabilities and other	-	-	-	-	-
Escrows	-	-	-	-	-
Total liabilities	6,422	27,159	1,100	-	-
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	12,403	7,215	671,174	-	-
Property taxes levied for the following year	-	-	-	-	-
Total deferred inflows of resources	12,403	7,215	671,174	-	-
<b>Fund Balances (Deficit)</b>					
Restricted - Grants	-	383,843	36,190	-	-
Assigned - Capital improvements	-	-	-	-	-
Unassigned	(4,068)	-	-	-	-
Total fund balances (deficit)	(4,068)	383,843	36,190	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<b>\$ 14,757</b>	<b>\$ 418,217</b>	<b>\$ 708,464</b>	<b>\$ -</b>	<b>\$ -</b>

# Charter Township of Brownstown

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

Capital Projects Funds				Total Nonmajor Governmental Funds
Capital Improvement Fund	Police Improvement Fund	Fire Improvement Fund	Road Improvement Fund	
\$ 18,129	\$ 475,272	\$ 528,883	\$ 39,551	\$ 1,512,481
18,000	107,369	107,369	625,190	1,548,720
<b>\$ 36,129</b>	<b>\$ 582,641</b>	<b>\$ 636,252</b>	<b>\$ 664,741</b>	<b>\$ 3,061,201</b>
\$ -	\$ 2,698	\$ 8,138	\$ 117,450	\$ 162,967
-	-	-	171,970	171,970
-	2,319	2,319	2,319	6,957
3,310	-	-	16,811	20,121
3,310	5,017	10,457	308,550	362,015
18,000	-	-	517,821	1,226,613
-	333,828	333,828	333,828	1,001,484
18,000	333,828	333,828	851,649	2,228,097
-	-	-	-	420,033
14,819	243,796	291,967	-	550,582
-	-	-	(495,458)	(499,526)
14,819	243,796	291,967	(495,458)	471,089
<b>\$ 36,129</b>	<b>\$ 582,641</b>	<b>\$ 636,252</b>	<b>\$ 664,741</b>	<b>\$ 3,061,201</b>

# Charter Township of Brownstown

	Special Revenue Funds			Debt Service Funds	
	CDBG Fund	Drug Forfeiture Fund	Housing Assistance Fund	Debt Service Fund	Building Authority Fund
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	188,981	142,372	53,471	-	-
State-shared revenue and grants	-	169,108	-	-	-
Investment income	-	-	-	-	-
Debt charges	-	-	-	158	654,831
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>188,981</b>	<b>311,480</b>	<b>53,471</b>	<b>158</b>	<b>654,831</b>
<b>Expenditures</b>					
Current:					
Public safety	-	321,214	-	-	-
Community and economic development	253,732	-	14,801	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	242,973	654,831
<b>Total expenditures</b>	<b>253,732</b>	<b>321,214</b>	<b>14,801</b>	<b>242,973</b>	<b>654,831</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(64,751)</b>	<b>(9,734)</b>	<b>38,670</b>	<b>(242,815)</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	59,343	-	-	242,815	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>59,343</b>	<b>-</b>	<b>-</b>	<b>242,815</b>	<b>-</b>
<b>Net Change in Fund Balances (Deficit)</b>	<b>(5,408)</b>	<b>(9,734)</b>	<b>38,670</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>1,340</b>	<b>393,577</b>	<b>(2,480)</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ (4,068)</b>	<b>\$ 383,843</b>	<b>\$ 36,190</b>	<b>\$ -</b>	<b>\$ -</b>

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

Capital Projects Funds				Total
Capital Improvement Fund	Police Improvement Fund	Fire Improvement Fund	Road Improvement Fund	Nonmajor Governmental Funds
\$ -	\$ 325,088	\$ 325,088	\$ 325,088	\$ 975,264
-	-	-	-	384,824
-	-	-	-	169,108
-	-	459	-	459
-	-	-	-	654,989
6,000	-	-	7,631	13,631
<u>6,000</u>	<u>325,088</u>	<u>325,547</u>	<u>332,719</u>	<u>2,198,275</u>
-	2,091	-	-	323,305
-	-	-	-	268,533
12,212	-	-	-	12,212
8,286	150,236	201,472	817,278	1,177,272
-	-	-	-	897,804
<u>20,498</u>	<u>152,327</u>	<u>201,472</u>	<u>817,278</u>	<u>2,679,126</u>
(14,498)	172,761	124,075	(484,559)	(480,851)
14,498	-	-	209,551	526,207
-	(498,880)	-	(242,815)	(741,695)
<u>14,498</u>	<u>(498,880)</u>	<u>-</u>	<u>(33,264)</u>	<u>(215,488)</u>
-	(326,119)	124,075	(517,823)	(696,339)
<u>14,819</u>	<u>569,915</u>	<u>167,892</u>	<u>22,365</u>	<u>1,167,428</u>
<u>\$ 14,819</u>	<u>\$ 243,796</u>	<u>\$ 291,967</u>	<u>\$ (495,458)</u>	<u>\$ 471,089</u>

# Charter Township of Brownstown

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## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds - Agency Funds December 31, 2015

	<u>School and County Fund</u>	<u>Tax Collection Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b> - Cash and cash equivalents	<u>\$ 102,812</u>	<u>\$ 4,864,842</u>	<u>\$ 4,967,654</u>
<b>Liabilities</b> - Due to other governmental units	<u>\$ 102,812</u>	<u>\$ 4,864,842</u>	<u>\$ 4,967,654</u>