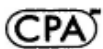


FRENCHTOWN CHARTER TOWNSHIP

Monroe County, Michigan

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

Township Board
Frenchtown Charter Township
2744 Vivian Road
Monroe, MI 48162

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented, component units, each major fund, and the aggregate remaining fund information of Frenchtown Charter Township, Monroe County, Michigan, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends 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 Township'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 Township'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 basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Frenchtown Charter Township, Monroe County, Michigan, as December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and the budgetary comparison information on pages 3-5 and 29-31 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance,

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Frenchtown's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 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 information, is fairly stated in all material respects in relation to the basic financial statements as a whole

McGuire & McDole

McGuire & McDole
Certified Public Accountants

June 5, 2015

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets 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. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 2.0% from a year ago – increasing from \$ 90,752.8 thousand to \$92,607.3 thousand. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase, of approximately \$512.6 thousand during the year (2.2% increase). The business-type activities experienced a \$1,208.1 thousand increase in net assets. In a condensed format, the table below shows a comparison (in thousands of dollars) of the net assets as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 29,532.1	\$ 28,575.7	\$ 24,966.8	\$ 23,330.9	\$ 54,498.9	\$ 51,906.6
Noncurrent Assets	11,922.3	12,646.3	29,671.3	30,107.2	41,593.6	42,753.5
Total Assets	<u>41,454.4</u>	<u>41,222.0</u>	<u>54,638.1</u>	<u>53,438.1</u>	<u>96,092.5</u>	<u>94,660.1</u>
Deferred Outflow of Resources:	-	-	80.5	85.8	80.5	85.8
Long-Term Debt Outstanding	-	-	2,540.0	2,545.0	2,540.0	2,545.0
Other Liabilities	634.4	914.6	391.3	530.5	1,025.7	1,445.1
Total Liabilities	<u>634.4</u>	<u>914.6</u>	<u>2,931.3</u>	<u>3,075.5</u>	<u>3,565.7</u>	<u>3,990.1</u>
Net Assets						
Net Investment in Capital Assets	11,922.4	12,646.3	27,131.3	27,531.1	39,053.7	40,177.4
Restricted	5,815.1	5,121.9	723.3	723.2	6,538.4	5,845.1
Unrestricted	<u>23,082.5</u>	<u>22,539.2</u>	<u>23,932.7</u>	<u>22,191.1</u>	<u>47,015.2</u>	<u>44,730.3</u>
Total Net Assets	<u>\$ 40,820.0</u>	<u>\$ 40,307.4</u>	<u>\$ 51,787.3</u>	<u>\$ 50,445.4</u>	<u>\$ 92,607.3</u>	<u>\$ 90,752.8</u>

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$543.3 for the governmental activities. This represents an increase of approximately 2.4%. The current level of unrestricted net assets for our governmental activities stands at \$23,082.5 or about 263% of expenditures.

Frenchtown Charter Township
Management's Discussion and Analysis
December 31, 2014

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 2,261.3	\$ 2,333.6	\$ 2,261.3	\$ 2,333.6
Operating Grants and Contributions	260.0	232.1	-	21.5	260.0	253.6
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	6,417.5	6,317.1	1,676.8	1,650.4	8,094.3	7,967.5
State-Shared Revenues	1,633.8	1,586.3	-	-	1,633.8	1,586.3
Franchise Fees and Permits	677.6	640.9	-	-	677.6	640.9
Unrestricted Investment Earnings	1.0	33.2	31.5	36.6	32.5	69.8
Transfers and Other Revenue	295.8	408.8	439.2	530.1	735.0	938.9
	<u>9,285.7</u>	<u>9,218.4</u>	<u>4,408.8</u>	<u>4,572.2</u>	<u>13,694.5</u>	<u>13,790.6</u>
Program Expenses						
General Government	1,706.3	1,557.9	-	-	1,706.3	1,557.9
Public Safety	3,993.4	3,632.9	-	-	3,993.4	3,632.9
Public Works	2,745.1	2,499.7	-	-	2,745.1	2,499.7
Recreation and Culture	328.3	319.8	-	-	328.3	319.8
Interest on Long-Term Debt	-	-	-	-	-	-
Water and Sewer	-	-	3,070.0	2,996.9	3,070.0	2,996.9
Total Expenses	<u>8,773.1</u>	<u>8,010.3</u>	<u>3,070.0</u>	<u>2,996.9</u>	<u>11,843.1</u>	<u>11,007.2</u>
Change in Net Assets	<u>\$ 512.6</u>	<u>\$ 1,208.1</u>	<u>\$ 1,338.8</u>	<u>\$ 1,575.3</u>	<u>\$ 1,851.4</u>	<u>\$ 2,783.4</u>

The Township's net assets continue to remain healthy. The total revenues decreased by .6% while expenses increased by 7.5%. As a result, net assets grew by \$1,851,400, compared to a prior year increase of \$2,783,400.

Governmental Activities

The Township's total governmental revenues increased by approximately \$67,300

Expenses increased by \$762,800 during the year.

Business-Type Activities

The Township's business-type activities consist of a Water Fund. Water is produced through our own treatment facility.

The Township's Funds

Our analysis of the Township's major funds begins on page 8, following the entity wide financial statements. The fund financial statements provide detail 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 funds for 2014 include the General Fund, Sewer Fund and the Fire Fund.

The General Fund pays for most of the Township's governmental services. Fire protection is provided by the Fire Fund which receives revenues from a Township tax levy.

General Fund Budgetary Highlights

During the fiscal period 2014, the Township Board amended the budget to reflect changes which took place during the year. There were no material changes in the overall budget.

The expenditure budget reflects a balanced budget. All departments were within budget allocation.

Capital Asset and Debt Administration

Capital Assets - At December 31, 2014, the Township had \$41,593,672 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township.

Long-term Debt - At the end of the current fiscal year Frenchtown Charter Township had total bonded debt of \$2,540,000 consisting of county contracts. Debt decreased by \$125,000 during the year.

Economic Factors and Next Year's Budgets and Rates

The 2015 budget totals \$6,085,100 and anticipates level tax rates and taxable value.

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.

FRENCHTOWN CHARTER TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business - Type Activities</i>	<i>Total</i>	<i>Resort District Authority</i>
Assets				
Cash and Cash Equivalents	\$ 22,664,398	\$ 12,774,927	\$ 35,439,325	\$ 4,233,878
Receivables (Net of Allowance for Uncollectibles):				
Accounts	48,130	609,815	657,945	-
Taxes	6,209,589	1,635,057	7,844,646	1,649,997
Assessments	3,600	68,807	72,407	-
Interest	-	-	-	-
Inventory	-	78,219	78,219	-
Due From State of Michigan	562,536	-	562,536	-
Internal Balances	43,872	(43,872)	-	-
Equity in Joint Ventures	-	9,839,705	9,839,705	-
Restricted Cash With Fiscal Agent	-	4,184	4,184	-
	<u>29,532,125</u>	<u>24,966,842</u>	<u>54,498,967</u>	<u>5,883,875</u>
Capital Assets:				
Land	1,193,752	115,800	1,309,552	6,716
Buildings and System	7,577,065	41,863,339	49,440,404	-
Improvements Other than Buildings	1,311,845	-	1,311,845	108,521
Machinery and Equipment	4,174,219	3,438,420	7,612,639	39,725
Infrastructure	8,773,809	-	8,773,809	6,692,222
Construction in Progress	-	-	-	2,397,324
Less Accumulated Depreciation	(11,108,339)	(15,746,238)	(26,854,577)	(1,074,777)
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,922,351</u>	<u>29,671,321</u>	<u>41,593,672</u>	<u>8,169,731</u>
Total Assets	<u>41,454,476</u>	<u>54,638,163</u>	<u>96,092,639</u>	<u>14,053,606</u>
Deferred Outflow of Resources:				
Bond Refunding, Net of Amortization	-	80,486	80,486	-
Liabilities				
Accounts Payable	286,839	13,702	300,541	226,852
Accrued Liabilities	130,581	-	130,581	-
Due to Others	-	308,487	308,487	-
Accrued Liabilities	-	60,330	60,330	-
Noncurrent Liabilities:				
Due Within One Year	-	125,000	125,000	-
Due in More Than One Year	-	2,415,000	2,415,000	-
Net OPEB Obligation	217,012	8,830	225,842	-
Total Liabilities	<u>634,432</u>	<u>2,931,349</u>	<u>3,565,781</u>	<u>226,852</u>
Net Position				
Net Investment in Capital Assets	11,922,351	27,131,321	39,053,672	8,169,731
Restricted for:				
Improvements	-	723,246	723,246	1,500,000
Metro Funds	123,467	-	123,467	-
Fire Operations	1,131,914	-	1,131,914	-
Sewer Improvements	4,544,759	-	4,544,759	-
Liquor Law Enforcement	725	-	725	-
Street Lighting	14,372	-	14,372	-
Unrestricted	23,082,456	23,932,733	47,015,189	4,157,023
Total Net Position	<u>\$ 40,820,044</u>	<u>\$ 51,787,300</u>	<u>\$ 92,607,344</u>	<u>\$ 13,826,754</u>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Resort District Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 1,706,291	\$ -	\$ -	\$ -	\$ (1,706,291)	\$ -	\$ (1,706,291)	\$ -
Public Safety	3,993,424	-	-	-	(3,993,424)	-	(3,993,424)	-
Public Works	2,745,072	-	259,959	-	(2,485,113)	-	(2,485,113)	-
Culture and Recreation	328,293	-	-	-	(328,293)	-	(328,293)	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>8,773,080</u>	<u>-</u>	<u>259,959</u>	<u>-</u>	<u>(8,513,121)</u>	<u>-</u>	<u>(8,513,121)</u>	<u>-</u>
Business-Type Activities:								
Water	<u>3,069,983</u>	<u>2,261,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(808,670)</u>	<u>(808,670)</u>	<u>-</u>
Total Primary Government	<u>\$ 11,843,063</u>	<u>\$ 2,261,313</u>	<u>\$ 259,959</u>	<u>\$ -</u>	<u>(8,513,121)</u>	<u>(808,670)</u>	<u>(9,321,791)</u>	<u>-</u>
Component Unit								
Resort District Authority	<u>\$ 1,052,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>1,052,768</u>
General Revenues:								
Property Taxes					6,417,500	1,676,843	8,094,343	1,690,738
State Shared Revenues					1,633,762	-	1,633,762	-
Franchise Fees and Permits					677,622	-	677,622	-
Unrestricted Investment Earnings					1,056	31,502	32,558	21,447
Other					295,821	-	295,821	4,498
Net Income - Joint Ventures					-	439,197	439,197	-
Total General Revenues					<u>9,025,761</u>	<u>2,147,542</u>	<u>11,173,303</u>	<u>1,716,683</u>
Change in Net Position					512,640	1,338,872	1,851,512	663,915
Net Position - Beginning					<u>40,307,404</u>	<u>50,448,428</u>	<u>90,755,832</u>	<u>13,162,839</u>
Net Position - Ending					<u>\$ 40,820,044</u>	<u>\$ 51,787,300</u>	<u>\$ 92,607,344</u>	<u>\$ 13,826,754</u>

FRENCHTOWN CHARTER TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General</u>	<u>Fire</u>	<u>Sewer</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Assets</i>					
Cash and Cash Equivalents	\$ 16,761,420	\$ 1,359,421	\$ 4,544,759	\$ (1,202)	\$ 22,664,398
Accounts Receivable	14,086	-	-	34,044	48,130
Taxes and Assessments Receivable	2,939,463	3,270,126	3,600	-	6,213,189
Interest Receivable	-	-	-	-	-
Due From Other Funds	183,407	-	-	-	183,407
Due From State of Michigan	562,536	-	-	-	562,536
Total Assets	<u>\$ 20,460,912</u>	<u>\$ 4,629,547</u>	<u>\$ 4,548,359</u>	<u>\$ 32,842</u>	<u>\$ 29,671,660</u>
<i>Liabilities</i>					
Accounts Payable	\$ 251,129	\$ 17,965	\$ -	\$ 17,745	\$ 286,839
Accrued Liabilities	18,891	32,390	-	-	51,281
Due to Other Funds	-	139,535	-	-	139,535
Total Liabilities	<u>270,020</u>	<u>189,890</u>	<u>-</u>	<u>17,745</u>	<u>477,655</u>
<i>Deferred Inflow of Resources:</i>					
Unavailable Revenue - Taxes	2,995,243	3,307,743	-	-	6,302,986
Unavailable Revenue - Special Assessments	-	-	3,600	-	3,600
	<u>2,995,243</u>	<u>3,307,743</u>	<u>3,600</u>	<u>-</u>	<u>6,306,586</u>
<i>Fund Equity</i>					
Fund Balance :					
Restricted:					
Metro Funds	123,467	-	-	-	123,467
Fire Operations	-	1,131,914	-	-	1,131,914
Sewer Improvements	-	-	4,544,759	-	4,544,759
Liquor Law Enforcement	-	-	-	725	725
Street Lighting	-	-	-	14,372	14,372
Assigned:					
Subsequent Year's Budget	917,468	-	-	-	917,468
Unassigned	16,154,714	-	-	-	16,154,714
Total Fund Equity	<u>17,195,649</u>	<u>1,131,914</u>	<u>4,544,759</u>	<u>15,097</u>	<u>22,887,419</u>
Total Liabilities and Equity	<u>\$ 20,460,912</u>	<u>\$ 4,629,547</u>	<u>4,548,359</u>	<u>\$ 32,842</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 11,922,351

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 6,306,586

Long-term liabilities, including bonds payable and net OPEB obligation, are not due and payable in the current period and therefore are not reported in the funds. (296,312)

Net Assets of Governmental Activities \$ 40,820,044

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Fire</u>	<u>Sewer</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 3,161,372	\$ 3,461,778	\$ -	\$ -	\$ 6,623,150
Licenses and Permits	666,134	-	-	11,488	677,622
Grants	1,577,024	56,738	-	-	1,633,762
Assessments	-	-	1,800	259,959	261,759
Fines and Forfeits	17,713	-	-	-	17,713
Interest	478	196	382	-	1,056
Other Revenues	75,953	133,005	75,000	-	283,958
Total Revenues	<u>5,498,674</u>	<u>3,651,717</u>	<u>77,182</u>	<u>271,447</u>	<u>9,499,020</u>
Expenditures:					
Current:					
General Government	1,737,980	-	-	-	1,737,980
Public Safety	759,770	3,068,695	-	10,835	3,839,300
Public Works	2,152,513	-	759	233,607	2,386,879
Recreational and Cultural	236,799	-	-	-	236,799
Total Expenditures	<u>4,887,062</u>	<u>3,068,695</u>	<u>759</u>	<u>244,442</u>	<u>8,200,958</u>
Excess of Revenue Over (Under)					
Expenditures	<u>611,612</u>	<u>583,022</u>	<u>76,423</u>	<u>27,005</u>	<u>1,298,062</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	<u>611,612</u>	<u>583,022</u>	<u>76,423</u>	<u>27,005</u>	<u>1,298,062</u>
Fund Balance - Beginning	<u>16,584,037</u>	<u>548,892</u>	<u>4,468,336</u>	<u>(11,908)</u>	
Fund Balance - Ending	<u>\$ 17,195,649</u>	<u>\$ 1,131,914</u>	<u>\$ 4,544,759</u>	<u>\$ 15,097</u>	

Amounts reported for governmental activities in the statement of activities are different because:

-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(718,125)
-Deferred tax revenues in the funds that do not provide current financial resources are reported as revenues in the statement of activities	(207,450)
-Increases in net OPEB obligation, accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	146,003
-The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets	<u>(5,850)</u>
Change in Net Assets of Governmental Activities	<u>\$ 512,640</u>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
PROPRIETARY FUNDS STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<i>Water System Current Year</i>	<i>Water System Prior Year</i>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 12,774,927	\$ 11,411,230
Accounts Receivable	609,815	599,097
Assessments Receivable	68,807	112,944
Taxes Receivable	1,635,057	1,627,708
Interest Receivable	-	-
Inventory	78,219	219,055
Total Current Assets:	<u>15,166,825</u>	<u>13,970,034</u>
Noncurrent Assets:		
Cash With Fiscal Agent	4,184	4,184
Equity in Joint Ventures	1,715,574	1,714,951
Total Noncurrent Assets	<u>1,719,758</u>	<u>1,719,135</u>
Property, Plant, and Equipment:		
Construction in Progress	-	-
Land	115,800	115,800
Water & Sewer Lines	22,665,767	22,665,767
Water Plant	18,784,995	18,216,244
Taps	412,577	412,577
Equipment	3,438,420	3,399,042
Less: Accumulated Depreciation	<u>(15,746,238)</u>	<u>(14,702,199)</u>
Net Property, Plant, And Equipment	<u>29,671,321</u>	<u>30,107,231</u>
Total Assets:	<u>46,557,904</u>	<u>45,796,400</u>
Deferred Outflow of Resources:		
Bond Refunding, Net of Amortization	<u>80,486</u>	<u>85,851</u>
Liabilities		
Current Liabilities:		
Accounts Payable	13,702	64,284
Due to Other Funds	43,872	43,872
Due to City	285,511	253,504
Accrued Interest	60,330	60,914
Bonds Payable	125,000	125,000
Due to Others	22,976	22,976
Total Current Liabilities	<u>551,391</u>	<u>570,550</u>
Noncurrent Liabilities:		
Net OPEB Obligation	8,830	8,830
Bonds Payable	<u>2,415,000</u>	<u>2,540,000</u>
Total Liabilities	<u>2,975,221</u>	<u>3,119,380</u>
Net Position		
Net Investment in Capital Asset	27,131,321	27,442,231
Committed For Improvements	723,246	723,246
Unrestricted	<u>15,808,602</u>	<u>14,597,394</u>
Total Net Position	<u>\$ 43,663,169</u>	<u>\$ 42,762,871</u>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Water System Current Year</u>	<u>Water System Prior Year</u>
Operating Revenue:		
Use Charges	\$ 1,802,653	\$ 1,751,942
Charges for Services	433,968	397,892
Other	<u>24,692</u>	<u>183,774</u>
Total Operating Revenue	<u>2,261,313</u>	<u>2,333,608</u>
Operating Expenses:		
Wages and Fringes	1,007,086	978,151
Depreciation	1,044,039	1,019,709
Insurance	56,608	78,163
Pump Station	110,494	98,599
Repairs and Maintenance	276,269	145,460
Raw Water Costs	166,498	165,266
Professional Services	22,507	16,546
Supplies	100,257	101,263
Other	<u>190,109</u>	<u>296,577</u>
Total Operating Expenses	<u>2,973,867</u>	<u>2,899,734</u>
Operating Income (Loss):	<u>(712,554)</u>	<u>(566,126)</u>
Non-Operating Revenue:		
Interest Income	31,502	36,566
Property Taxes	1,676,843	1,650,394
Assessments	-	14,000
Grants	-	7,517
Net Income from Equity in Joint Ventures	<u>623</u>	<u>(1,968)</u>
Total Non-Operating Revenue	<u>1,708,968</u>	<u>1,706,509</u>
Non-Operating Expenses:		
Interest Expense	(90,751)	(91,788)
Amortization Expense	<u>(5,365)</u>	<u>(5,365)</u>
Total Non-Operating Expenses	<u>(96,116)</u>	<u>(97,153)</u>
Change in Net Position	900,298	1,043,230
Net Position - Beginning	<u>42,762,871</u>	<u>41,719,641</u>
Net Position - Ending	<u>\$ 43,663,169</u>	<u>\$ 42,762,871</u>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Water System Current Year</u>	<u>Water System Prior Year</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 2,318,806	\$ 2,280,251
Payments to Suppliers	(832,488)	(852,423)
Payments to Employees	(1,007,086)	(978,151)
Interfund (Payments) Receipts		(130,833)
Net Cash Provided by Operating Activities	<u>479,232</u>	<u>318,844</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Investments	31,502	36,566
Increase in Property, Plant, and Equipment	<u>(608,129)</u>	<u>-</u>
Net Cash (Used) Provided in Investing Activities	<u>(576,627)</u>	<u>36,566</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assessment Revenue	-	14,000
Property Taxes	1,676,843	1,650,394
Grants	-	7,517
Interest Paid	(90,751)	(91,788)
Bonds Paid	<u>(125,000)</u>	<u>(120,000)</u>
Net Cash (Used) Provided For Capital and Related Financing Activities	<u>1,461,092</u>	<u>1,460,123</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,363,697	1,815,533
Cash and Cash Equivalents - Beginning	<u>11,415,414</u>	<u>9,599,881</u>
Cash and Cash Equivalents - Ending	<u>\$ 12,779,111</u>	<u>\$ 11,415,414</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (712,554)	\$ (566,126)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,044,039	1,019,709
Changes In Current Assets & Liabilities:		
Accounts Payable	(50,582)	49,357
Accounts Receivable	(10,718)	(53,357)
Assessments Receivable	44,137	72,146
Taxes Receivable	(7,349)	(93,356)
Interest Receivable	-	-
Accrued Liabilities	(584)	(18,519)
Due to Others	32,007	11,146
Inventory	140,836	28,677
Due to Other Funds	-	(130,833)
Total Adjustments	<u>1,191,786</u>	<u>884,970</u>
Net Cash (Used) Provided By Operating Activities	<u>\$ 479,232</u>	<u>\$ 318,844</u>
Cash interest paid	<u>\$ 91,335</u>	<u>\$ 92,348</u>

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
FIDUCIARY FUNDS -- STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<i>Pension Trust Fund</i>	<i>Retirees Health Insurance Fund</i>	<i>Agency Fund Type (Property Tax Collection Fund)</i>
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Cash Equivalents	\$ -	\$ 3,618,876	\$ 4,115,521
Investments at Fair Value:			
Mutual Funds	5,789,502	-	-
Accounts Receivable	-	-	-
Taxes Receivable	-	-	21,977,849
	<u> </u>	<u> </u>	<u> </u>
Total Assets	5,789,502	3,618,876	<u>\$ 26,093,370</u>
Liabilities			
Due to County	-	-	1,987,776
Due to State	-	-	-
Due to Schools	-	-	21,235,567
Due to Others	-	-	2,870,027
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	-	-	<u>\$ 26,093,370</u>
Net Position			
Held in Trust for Benefits	<u>\$ 5,789,502</u>	<u>\$ 3,618,876</u>	

See Accompanying Notes to the Financial Statements.

FRENCHTOWN CHARTER TOWNSHIP
FIDUCIARY FUNDS STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Pension Trust Fund</i>	<i>Retirees Health Insurance Trust</i>
	<u> </u>	<u> </u>
Additions:		
Contributions		
Employer	\$ 292,506	\$ 699,191
Plan Members	25,120	-
	<u>317,626</u>	<u>699,191</u>
Total Contributions	317,626	699,191
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	<u>357,894</u>	<u>107,170</u>
Total Additions	<u>675,520</u>	<u>806,361</u>
Deductions:		
Benefits Paid	42,412	229,113
Administrative Fees	<u>22,087</u>	<u>-</u>
Total Deductions	<u>64,499</u>	<u>229,113</u>
Net Change	611,021	577,248
Net Position - Beginning	<u>5,178,481</u>	<u>3,041,628</u>
Net Position - Ending	<u>\$ 5,789,502</u>	<u>\$ 3,618,876</u>

See Accompanying Notes to the Financial Statements.

Frenchtown Charter Township
NOTES TO THE FINANCIAL STATEMENTS

- NOTE 1 - *Summary of Significant Accounting Policies*
- NOTE 2 - *Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - *Stewardship, Compliance and Accountability*
- NOTE 4 - *Deposits and Investments*
- NOTE 5 - *Receivables*
- NOTE 6 - *Capital Assets*
- NOTE 7 - *Interfund Receivables, Payables and Transfers*
- NOTE 8 - *Leases*
- NOTE 9 - *Long-term Debt*
- NOTE 10 - *Restricted Assets*
- NOTE 11 - *Risk Management*
- NOTE 12 - *Other Post-Employment Benefits*
- NOTE 13 - *Employee Retirement Plan*
- NOTE 14 - *Pending Litigation*
- NOTE 15 - *Deferred Compensation Plan*
- NOTE 16 - *Economic Dependence*
- NOTE 17 - *Prior Year Restatement*
- NOTE 18 - *Joint Ventures*
- NOTE 19 - *Accounting and Reporting*

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A - Reporting Entity

Frenchtown Charter Township is a municipal corporation governed by an elected seven member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units

The Frenchtown Charter Township Resort District Authority is a special district of Frenchtown Charter Township. For financial reporting purposes they are a discretely presented component unit of Frenchtown Charter Township, and the Frenchtown Charter Township Resort District Authority issues its own separate financial statements. Copies of these financial statements can be obtained at:

Administrative Office:
2979 Nadeau Road
Monroe, MI 48161

Establishment of the Frenchtown Charter Township Resort District Authority -- Act 59 of the Public Acts of Michigan - 1986, authorized the establishment of a resort authority by a township. The purpose is to prevent deterioration, encourage historic preservation, and promote rehabilitation within the resort district. As organized, the Frenchtown Charter Township Resort District Authority performs the following functions:

1. Manages drainage, road improvements and construction that are bonded.
2. Oversees debt retirement of bonded debt that was used to finance the construction project and improvements.
3. Provides certain services including street lighting and garbage collection.
4. Performs other services as needed to fulfill its duties.

B - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue. 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.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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

Frenchtown Charter Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Frenchtown Charter Township as of the preceding December 31st. Although the Frenchtown Charter Township 2014 ad valorem tax is levied and collectible on December 1, 2014, it is the Frenchtown Charter Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). The 2014 taxable valuation of the Frenchtown Charter Township totaled \$1,120.9 million, on which ad valorem taxes levied consisted of 2.7166 mills for the Frenchtown Charter Township operating purposes, 1.500 mills for water debt, 3.000 mills for fire protection, and .7456 for bus transportation. The taxes generated are recognized in the respective General, Special Revenue and Enterprise Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

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

The Fire Fund accounts for specific revenues and fire protection expenses.

The Sewer Fund accounts for tap and assessment revenues, and related debt service.

The government reports the following major proprietary fund:

The Water Fund accounts for the activities of the water treatment and distribution system.

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

The retirees health insurance trust fund provides health insurance for retired employees.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water fund also recognizes tap fees as operating revenue. 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 non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

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

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

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.

Restricted Assets--The bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Frenchtown Charter Township's water and sewer lines.

Capital Assets--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Buildings	20 to 50 years
Improvements Other than Buildings	20 years
Machinery and Equipment	5 to 20 years
Water and Sewer Lines	30 to 50 years
Infrastructure	20 years

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick leave pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

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

Fund Equity -- The following classifications describe the relative strength of the spending constraints placed on the purposes for which re- sources can be used:

Nonspendable Fund Balance - amounts that are not in a spendable form or legally or contractually required to maintain intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - Intent to spend resources on specific purposes expressed by the governing body or official to which the governing body has delegated the authority to assign amounts.

Unassigned Fund Balance - amounts that are available for any purpose. Amounts remaining after all funds have been allocated based on the above classifications. Positive amounts are reported only in the general fund

Deferred Outflows/Inflows of Resources -- In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data/Reclassifications --Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure through June 5, 2015, which is the same date the financial statements were available to be issued.

Use of Estimates

-- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$296,312 are as follows:

Compensated absences	\$ (79,300)
Net OPEB obligation	(217,012)
	<u>\$ (296,312)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$718,125 are as follows:

Capital outlay	\$ 30,898
Depreciation	(749,023)
	<u>\$ (718,125)</u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information --Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of September the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

Excess of Expenditures Over Appropriations in Budgeted Funds-- During the year, Frenchtown Charter Township incurred no expenditures which was in excess of the amounts appropriated.

Fund Deficits--The Local Governmental Unit has no accumulated fund balance/retained earning deficits.

NOTE 4--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated three banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Cash and Cash Equivalents	\$ 22,664,398	\$ 12,774,927	\$ 7,734,397	\$ 43,173,722	\$ 43,327,910
Restricted Cash	-	4,184	-	4,184	4,184
Total	<u>\$ 22,664,398</u>	<u>\$ 12,779,111</u>	<u>\$ 7,734,397</u>	<u>\$ 43,177,906</u>	<u>\$ 43,332,094</u>
				Federal Depository Insurance Coverage	<u>\$ 23,750,000</u>
<u>Component Units</u>	<u>Resort District Authority</u>		<u>Bank Balance</u>		
Cash and Cash Equivalents	<u>\$ 4,233,878</u>		<u>\$ 4,195,501</u>		
			Federal Depository Insurance Coverage	<u>\$ 503,460</u>	

NOTE 4--DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township evaluates each financial institution and assesses the risk level of each one, those with adequate risk levels are used for deposits. The Township has no policy for this risk.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not recover the value of its investments or collateral securities that are in the custody of an outside party. The Township has only investments in mutual funds in the amount of \$5,789,502 which are uninsured, unregistered and held by counterparties for the particular securities. The Township has no policy for this risk.

Interest Rate Risk

Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. The Township has no policy for this risk. The Township has no policy with respect to investment maturities.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organizations. The Township follows the state guidelines and has no investments in this category. The Township has no policy for this risk.

NOTE 5--RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Accounts	\$ 14,086	\$ -	\$ -	\$ 609,815	\$ 34,044	\$ 657,945
Special Assessments	-	-	3,600	68,807	-	72,407
Taxes	2,969,724	3,303,546	-	1,651,765	-	7,925,035
Interest	-	-	-	-	-	-
Gross Receivables	<u>2,983,810</u>	<u>3,303,546</u>	<u>3,600</u>	<u>2,330,387</u>	<u>34,044</u>	<u>8,655,387</u>
Less: Allowance for Uncollectibles	<u>(30,261)</u>	<u>(33,420)</u>	<u>-</u>	<u>(16,708)</u>	<u>-</u>	<u>(80,389)</u>
Net Receivables	<u>\$ 2,953,549</u>	<u>\$ 3,270,126</u>	<u>\$ 3,600</u>	<u>\$ 2,313,679</u>	<u>\$ 34,044</u>	<u>\$ 8,574,998</u>

NOTE 6--CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated :				
Land	\$ 1,193,752	\$ -	\$ -	\$ 1,193,752
Construction in Progress	-	-	-	-
	<u>1,193,752</u>	<u>-</u>	<u>-</u>	<u>1,193,752</u>
Capital Assets Being Depreciated :				
Buildings	7,577,065	-	-	7,577,065
Improvements Other Than Buildings	1,311,845	-	-	1,311,845
Infrastructure	8,773,809	-	-	8,773,809
Machinery and Equipment	4,155,021	30,898	(11,700)	4,174,219
Subtotal	<u>21,817,740</u>	<u>30,898</u>	<u>(11,700)</u>	<u>21,836,938</u>
Less Accumulated Depreciation for :				
Buildings	3,152,140	154,811	-	3,306,951
Improvements Other Than Buildings	748,709	47,023	-	795,732
Infrastructure	3,524,255	358,194	-	3,882,449
Machinery and Equipment	2,940,062	188,995	(5,850)	3,123,207
Subtotal	<u>10,365,166</u>	<u>749,023</u>	<u>(5,850)</u>	<u>11,108,339</u>
Net Capital Assets Being Depreciated	<u>11,452,574</u>	<u>(718,125)</u>	<u>(5,850)</u>	<u>10,728,599</u>
Governmental Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 12,646,326</u>	<u>\$ (718,125)</u>	<u>\$ (5,850)</u>	<u>\$ 11,922,351</u>
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated :				
Land	\$ 115,800	\$ -	\$ -	\$ 115,800
Construction in Progress	-	-	-	-
	<u>115,800</u>	<u>-</u>	<u>-</u>	<u>115,800</u>
Capital Assets Being Depreciated :				
Buildings and System	41,294,588	568,751	-	41,863,339
Machinery and Equipment	3,399,042	39,378	-	3,438,420
	<u>44,693,630</u>	<u>608,129</u>	<u>-</u>	<u>45,301,759</u>
Less Accumulated Depreciation for :				
Buildings and System	11,972,091	866,690	-	12,838,781
Machinery and Equipment	2,730,108	177,349	-	2,907,457
	<u>14,702,199</u>	<u>1,044,039</u>	<u>-</u>	<u>15,746,238</u>
Net Capital Assets Being Depreciated	<u>29,991,431</u>	<u>(435,910)</u>	<u>-</u>	<u>29,555,521</u>
Business-Type Activities Total				
Capital Assets--Net of Depreciation	<u>\$ 30,107,231</u>	<u>\$ (435,910)</u>	<u>\$ -</u>	<u>\$ 29,671,321</u>

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

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General Government	\$ 110,135		
Public Safety	189,201	Water	<u>\$ 1,044,039</u>
Public Works	358,193		
Recreation and Culture	91,494		
Total Governmental Activities	<u>\$ 749,023</u>		

NOTE 6--CAPITAL ASSETS (Continued)

Construction Commitments

The Township has no construction contract commitments at December 31, 2014.

Discretely Presented Component Units

Capital asset activity of the Resort District Authority for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated :				
Land	\$ 6,716	\$ -	\$ -	\$ 6,716
Construction in Progress	-	2,397,324	-	2,397,324
	<u>6,716</u>	<u>2,397,324</u>	<u>-</u>	<u>2,404,040</u>
Capital Assets Being Depreciated :				
Machinery and Equipment	39,725	-		39,725
Improvements - Other	108,521	-	-	108,521
Infrastructure	6,692,222	-	-	6,692,222
	<u>6,840,468</u>	<u>-</u>	<u>-</u>	<u>6,840,468</u>
Less Accumulated Depreciation for :				
Machinery and Equipment	38,762	121		38,883
Improvements - Other	48,834	5,426		54,260
Infrastructure	807,272	174,362		981,634
	<u>894,868</u>	<u>179,909</u>	<u>-</u>	<u>1,074,777</u>
Net Capital Assets Being Depreciated	<u>5,945,600</u>	<u>(179,909)</u>	<u>-</u>	<u>5,765,691</u>
Resort District Authority - Total Capital Assets - Net of Depreciation	<u>\$ 5,952,316</u>	<u>\$ 2,217,415</u>	<u>\$ -</u>	<u>\$ 8,169,731</u>

NOTE 7--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<i>Due To/From Other Funds</i>		<u>Amount</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Fire Fund	\$ 139,535
	Water	43,872
Total		<u>\$ 183,407</u>

Interfund Transfers

The Township had no interfund transfers for the year.

NOTE 8--LEASES

Frenchtown Charter Township had no lease obligations at December 31, 2014.

NOTE 9--LONG-TERM DEBT

The government 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 government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

<i>Business-Type Activities</i>	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
County Contractual Obligations						
Water Plant Refunding (2011)	0.6 -5.0%	2029	\$ 2,665,000	\$ (125,000)	\$ 2,540,000	\$ 125,000

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

<i>Year Ending December 31,</i>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 125,000	\$ 89,991
2016	125,000	88,273
2017	135,000	86,154
2018	140,000	83,397
2019	140,000	80,072
2020 and after	<u>1,875,000</u>	<u>457,279</u>
Total	<u>\$ 2,540,000</u>	<u>\$ 885,166</u>

NOTE 10--RESTRICTED ASSETS

The balances of the restricted asset (cash with fiscal agent) accounts in the proprietary fund are as follows:

Debt	<u>\$ 4,184</u>
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NOTE 11--RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

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

NOTE 12--OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The Township has post-employment health and dental benefits provided to eligible employees, spouses and dependents. The plan currently has 62 members, including retirees, survivors and and active members.

The Frenchtown Charter Township Post-Retirement Plan is a single employer post-retirement plan administered by Frenchtown Charter Township. Benefits are provided in accordance with labor contracts and policies approved by the Township Board. The plan does not issue stand-alone financial statements. Administrative costs are paid by the plan through employer contributions. The plan is established by the Frenchtown Charter Township Board and can be amended at its discretion.

Funding Policy - Contributions will be made at the discretion of Frenchtown Charter Township as able. There is no long-term contract for contributions to the plan and the plan has no legally required reserves.

Funding Progress - The Township has estimated for the year ended December 31, 2014, providing retiree healthcare costs through an actuarial valuation as of December 31, 2012. The valuation calculates an annual required contribution, if paid on an ongoing basis, is estimated to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's estimated contribution and actual funding are presented below.

	Governmental Activities		Water Fund	Total
	General	Fire		
Annual required contribution (recommended)	\$ 117,632	\$ 383,115	\$ 52,441	\$ 553,188
Amounts contributed - Advance funding	(245,000)	(401,750)	(52,441)	(699,191)
Increase in net OPEB obligation	(127,368)	(18,635)	-	(146,003)
OPEB obligation - beginning of year	(162,597)	525,612	8,830	371,845
OPEB obligation - end of year	\$ (289,965)	\$ 506,977	\$ 8,830	\$ 225,842

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Annual OPEB costs	\$ 553,188	\$ 553,188	\$ 553,188	\$ 810,725	\$ 810,725
Percentage contributed	126.39%	114.86%	79.36%	127.42%	50.94%
Net OPEB obligation	\$ 225,482	\$ 371,845	\$ 454,057	\$ 339,906	\$ 562,180

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of December 31, 2012:

Market value of assets	\$ 2,330,514
Actuarial accrued liability (AAL)	\$ 6,339,905
Unfunded AAL (UAAL)	\$ 4,009,391
Funded ratio	37.00%
Annual covered payroll	\$ 2,783,000
Ratio of UAAL to covered payroll	144.07%

NOTE 12--OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial methods and assumptions - 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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility and actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit (level dollar) cost method was used. The actuarial assumptions included 7% investment rate of return on plan assets (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially reduced by decrements to an ultimate rate of 5% after four years. Both rates include a 5% inflation rate inflation assumption. The UAAL is being amortized as a percentage of payroll. The remaining amortization period at December 31, 2012, was 26 years.

NOTE 13--EMPLOYEE RETIREMENT PLAN

Defined Contribution Pension Plan

The Township provides pension benefits for all of its permanent employees through a defined contribution plan. In defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For employees hired after 2000, the Township contributes a maximum of 10% of base wages for each employee, as follows: no contribution the first year, 2% the second year, with an additional 2% for years 3-6 until the employee reaches the maximum of 10%. Employees may voluntarily contribute up to a maximum of 10% of wages. An employee is fully vested after five years of service. An insurance company administers the Plan.

For employees hired prior to 2001, the Township contributes 15% of base wages for each employee. Employees may voluntarily contribute up to a maximum of 10% of wages. An employee is fully vested after three years of service. An insurance company administers the Plan.

The Township's total payroll for the year ended December 31, 2014 was \$2,842,995. The Township made the required contributions of \$292,506 on covered payroll.

NOTE 14 -- PENDING LITIGATION

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

NOTE 15--DEFERRED COMPENSATION PLAN

The Frenchtown Charter Township Board offers all Frenchtown Charter Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Frenchtown Charter Township's financial statements.

NOTE 16 -- ECONOMIC DEPENDENCE

The Township receives 41.7% of its tax revenue from one taxpayer.

NOTE 18 -- JOINT VENTURES

Monroe - Frenchtown Raw Water Intake Supply Partnership

Frenchtown Charter Township owns an 8/26 interest in the Monroe - Frenchtown Raw Water Intake Supply Partnership. (costs are allocated based on water consumption. The Partnership provides water to the Township's treatment plant.

Summary financial information as of, and for the fiscal year ended June 30, 2014 is as follows:

Total Assets	\$ 5,605,779
Total Liabilities	30,162
Total Equity	5,575,617
Total Revenue	412,389
Total Operating Expenses	411,331
Increase in Equity	1,058

The Township's equity interest is recorded in the Water Fund in the amount of \$1,715,574.

Complete financial statements can be obtained from the City of Monroe, 120 E. First Street, Monroe, Michigan.

Monroe Metropolitan Water Pollution Control System

Frenchtown Charter Township owns a 33.02% interest in the Monroe Metropolitan Water Pollution Control System. A joint consisting of Frenchtown Charter Township, Monroe Charter Township and the City of Monroe to provide sewerage treatment services.

Summary financial information as of, and for the fiscal year ended June 30, 2014 is as follows:

Total Assets	\$ 71,406,679
Total Liabilities	46,803,010
Total Equity	24,603,669
Total Revenue	8,192,640
Total Operating Expenses	6,864,433
Increase in Equity	1,328,207

The Township's equity of \$8,124,131 is included in the Statement of Activities in the business-type activities.

Complete financial statements can be obtained from the City of Monroe, 120 E. First Street, Monroe, Michigan.

NOTE 19--ACCOUNTING AND REPORTING

The Township adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The purpose of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions.

The Township's Revolving and Budget Stabilization Funds are maintained for accounting purposes but do not qualify to be as a separate special revenue funds. These funds have been rolled into the General Fund which has caused budgetary as stated below:

	<u>Fund Balance</u> <u>Ending</u>	<u>Net Change in</u> <u>Fund Balances</u>
General Fund Schedule of Revenue and Expenditures - Budget	\$ 12,469,163	\$ 611,489
Statement of Revenues, Expenditures and Changes in Fund Balances	<u>17,195,649</u>	<u>611,612</u>
	<u>\$ (4,726,486)</u>	<u>\$ (123)</u>
Revolving Fund	\$ 4,410,013	\$ 91
Budget Stabilization Fund	<u>316,473</u>	<u>32</u>
	<u>\$ 4,726,486</u>	<u>\$ 123</u>

Required Supplementary Information

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Fund Balance	\$ 11,857,674	\$ 11,857,674	\$ 11,857,674	\$ -
Resources (Inflows)				
Taxes and Penalties	2,957,620	2,957,620	3,161,372	203,752
Licenses and Permits	493,000	493,000	666,134	173,134
State Grants	1,528,611	1,528,611	1,577,024	48,413
Interest	30,000	30,000	355	(29,645)
Fines and Forfeitures	5,000	5,000	17,713	12,713
Other Revenue:	83,500	83,500	75,953	(7,547)
Total Resources (Inflows)	<u>5,097,731</u>	<u>5,097,731</u>	<u>5,498,551</u>	<u>400,820</u>
Amounts Available for Appropriation	<u>16,955,405</u>	<u>16,955,405</u>	<u>17,356,225</u>	<u>400,820</u>
Charges to Appropriations (Outflows)				
General Government :				
Township Board	52,000	52,000	49,139	2,861
Supervisor	93,635	93,635	89,636	3,999
Elections	75,450	75,450	44,502	30,948
Clerk	164,283	164,283	149,627	14,656
Treasurer	146,839	146,839	128,065	18,774
Auditing	30,000	30,000	24,100	5,900
Legal	170,000	170,000	95,854	74,146
Board of Review	4,000	4,000	785	3,215
Assessing	221,430	221,430	171,226	50,204
Building and Grounds	282,080	282,080	117,731	164,349
General Operating	967,900	967,900	783,150	184,750
Senior Citizens	23,500	23,500	16,228	7,272
Industrial Park	6,000	6,000	-	6,000
Planning and Zoning	101,165	101,165	67,937	33,228
Total General Government	<u>2,338,282</u>	<u>2,338,282</u>	<u>1,737,980</u>	<u>600,302</u>
Public Safety				
Building Department	377,726	377,726	322,643	55,083
Police Protection	472,200	472,200	437,127	35,073
	<u>849,926</u>	<u>849,926</u>	<u>759,770</u>	<u>90,156</u>
Public Works	<u>2,475,000</u>	<u>2,557,000</u>	<u>2,152,513</u>	<u>404,487</u>
Cultural & Recreation				
Library	59,800	59,800	54,089	5,711
Recreation	330,510	330,510	182,710	147,800
Total Cultural & Recreation	<u>390,310</u>	<u>390,310</u>	<u>236,799</u>	<u>153,511</u>
Transfers to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>6,053,518</u>	<u>6,135,518</u>	<u>4,887,062</u>	<u>1,193,373</u>
Budgetary Fund Balance - Ending	<u>\$ 10,901,887</u>	<u>\$ 10,819,887</u>	<u>\$ 12,469,163</u>	<u>\$ 1,594,193</u>

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	<i>Variance with Final Budget - Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
<i>Beginning Fund Balance</i>	\$ 548,892	\$ 548,892	\$ 548,892	\$ -
<i>Resources (Inflows)</i>				
Taxes and Penalties	3,266,164	3,266,164	3,461,778	195,614
Licenses and Permits	5,000	5,000	-	-
Charges for services	62,500	62,500	57,720	(4,780)
Interest	1,000	1,000	196	(804)
Grants	60,000	60,000	56,738	(3,262)
Other Revenue:	24,000	24,000	75,285	51,285
<i>Total Resources (Inflows)</i>	<u>3,418,664</u>	<u>3,418,664</u>	<u>3,651,717</u>	<u>238,053</u>
<i>Amounts Available for Appropriation</i>	<u>3,967,556</u>	<u>3,967,556</u>	<u>4,200,609</u>	<u>238,053</u>
<i>Charges to Appropriations (Outflows)</i>				
Public Safety				
Wages			1,340,370	
Benefits			1,208,836	
Professional Fees			24,736	
Utilities			34,389	
Repair and Maintenance			65,012	
Supplies			131,269	
Other			158,875	
Interest			-	
Capital			105,208	
<i>Total Charges to Appropriations</i>	<u>3,418,664</u>	<u>3,418,664</u>	<u>3,068,695</u>	<u>349,969</u>
<i>Budgetary Fund Balance - Ending</i>	<u>\$ 548,892</u>	<u>\$ 548,892</u>	<u>\$ 1,131,914</u>	<u>\$ 588,022</u>

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i> <i>Positive</i> <i>(Negative)</i>
Beginning Fund Balance	\$ 4,468,336	4,468,336	\$ 4,468,336	\$ -
Resources (Inflows)				
Special Assessments	2,500	2,500	1,800	(700)
Tap-in Fees	26,500	26,500	75,000	48,500
Interest	15,000	15,000	382	(14,618)
Total Resources (Inflows)	<u>44,000</u>	<u>44,000</u>	<u>77,182</u>	<u>33,182</u>
Amounts Available for Appropriation	<u>4,512,336</u>	<u>4,512,336</u>	<u>4,545,518</u>	<u>33,182</u>
Charges to Appropriations (Outflows)				
Public Works	60,000	60,000	759	59,241
Transfers to Other Funds	-	-	-	-
Total Charges to Appropriations	<u>60,000</u>	<u>60,000</u>	<u>759</u>	<u>59,241</u>
Budgetary Fund Balance - Ending	<u>\$ 4,452,336</u>	<u>\$ 4,452,336</u>	<u>\$ 4,544,759</u>	<u>\$ 92,423</u>

Additional Information

FRENCHTOWN CHARTER TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Enforcement</u>	<u>Street Lighting</u>	
<i>Assets</i>			
Cash and Cash Equivalents	\$ 725	\$ (1,927)	\$ (1,202)
Accounts Receivable	-	34,044	34,044
Total Assets	<u>\$ 725</u>	<u>\$ 32,117</u>	<u>\$ 32,842</u>
 <i>Liabilities & Fund Balances</i>			
<i>Liabilities:</i>			
Accounts Payable	\$ -	\$ 17,745	\$ 17,745
Due to Other Funds	-	-	-
Accrued Liabilities	-	-	-
Total Liabilities	<u>-</u>	<u>17,745</u>	<u>17,745</u>
<i>Fund Balances:</i>			
Restricted	<u>725</u>	<u>14,372</u>	<u>15,097</u>
Total Fund Balance	<u>725</u>	<u>14,372</u>	<u>15,097</u>
Total Liabilities & Fund Balance	<u>\$ 725</u>	<u>\$ 32,117</u>	<u>\$ 32,842</u>

FRENCHTOWN CHARTER TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Enforcement</u>	<u>Street Lighting</u>	
Revenues:			
Licenses & Permits	\$ 11,488	\$ -	\$ 11,488
Intergovernmental:			
Special Assessments	-	259,959	259,959
Interest	-	-	-
Other	-	-	-
	<u>11,488</u>	<u>259,959</u>	<u>271,447</u>
Expenditures:			
Current:			
Public Safety	10,835	-	10,835
Public Works	-	233,607	233,607
	<u>10,835</u>	<u>233,607</u>	<u>244,442</u>
Excess of Revenue Over (Under) Expenditures	<u>653</u>	<u>26,352</u>	<u>27,005</u>
Other Financing Sources			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	653	26,352	27,005
Fund Balance - Beginning	<u>72</u>	<u>(11,980)</u>	<u>(11,908)</u>
Fund Balance - Ending	<u>\$ 725</u>	<u>\$ 14,372</u>	<u>\$ 15,097</u>

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
REVOLVING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i> <i>Positive</i> <i>(Negative)</i>
Beginning Fund Balance	\$ 4,409,922	4,409,922	\$ 4,409,922	\$ -
Resources (Inflows)				
Interest	-	-	91	91
Transfers from Other Funds	-	-	-	-
Total Resources (Inflows)	<u>-</u>	<u>-</u>	<u>91</u>	<u>91</u>
Amounts Available for Appropriation	4,409,922	4,409,922	4,410,013	91
Charges to Appropriations (Outflows)				
Public Works	-	-	-	-
Transfers to Other Funds	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary Fund Balance - Ending	<u>\$ 4,399,922</u>	<u>\$ 4,409,922</u>	<u>\$ 4,410,013</u>	<u>\$ 91</u>

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
BUDGET STABILIZATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i> <i>Positive</i> <i>(Negative)</i>
Beginning Fund Balance	\$ 316,441	316,441	\$ 316,441	\$ -
Resources (Inflows)				
Interest	-	-	32	32
Total Resources (Inflows)	-	-	32	32
Amounts Available for Appropriation	316,441	316,441	316,473	32
Charges to Appropriations (Outflows)				
Transfers to Other Funds	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Budgetary Fund Balance - Ending	<u>\$ 316,441</u>	<u>\$ 316,441</u>	<u>\$ 316,473</u>	<u>\$ 32</u>

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
LIQUOR LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i> <i>Positive</i> <i>(Negative)</i>
Beginning Fund Balance	\$ 72	72	\$ 72	\$ -
Resources (Inflows)				
Licenses & Permits	14,000	14,000	11,488	(2,512)
Interest	-	-	-	-
Total Resources (Inflows)	<u>14,000</u>	<u>14,000</u>	<u>11,488</u>	<u>(2,512)</u>
Amounts Available for Appropriation	14,072	14,072	11,560	(2,512)
Charges to Appropriations (Outflows)				
Public Safety	<u>14,000</u>	<u>14,000</u>	<u>10,835</u>	<u>3,165</u>
Total Charges to Appropriations	<u>14,000</u>	<u>14,000</u>	<u>10,835</u>	<u>3,165</u>
Budgetary Fund Balance - Ending	<u>\$ 72</u>	<u>\$ 72</u>	<u>\$ 725</u>	<u>\$ 653</u>

FRENCHTOWN CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget -</i> <i>Positive</i> <i>(Negative)</i>
<i>Beginning Fund Balance</i>	\$ (11,980)	(11,980)	\$ (11,980)	\$ -
<i>Resources (Inflows)</i>				
Special Assessments	323,000	323,000	259,959	(63,041)
Interest	-	-	-	-
<i>Total Resources (Inflows)</i>	<u>323,000</u>	<u>323,000</u>	<u>259,959</u>	<u>(63,041)</u>
<i>Amounts Available for Appropriation</i>	311,020	311,020	247,979	(63,041)
<i>Charges to Appropriations (Outflows)</i>				
Public Works	310,000	310,000	233,607	76,393
<i>Total Charges to Appropriations</i>	<u>310,000</u>	<u>310,000</u>	<u>233,607</u>	<u>76,393</u>
<i>Budgetary Fund Balance - Ending</i>	<u>\$ 1,020</u>	<u>\$ 1,020</u>	<u>\$ 14,372</u>	<u>\$ 13,352</u>



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June 5, 2015

Frenchtown Charter Township
2744 Vivian Road
Monroe, MI 48162

We have audited the financial statements of the governmental activities of Frenchtown Charter Township for the year ended December 31, 2014, and have issued our report thereon dated June 5 2015. Professional standards require that we provide you with the following information related to our audit.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting with management.

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Frenchtown Charter Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The disclosures in the financial statements are neutral, consistent and clear.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

We have requested certain representations from management that are included in the management representation letter.

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

We generally discuss a variety of matters, including the application of accounting principles, and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audit of the financial statements of Frenchtown Charter Township as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Frenchtown Charter Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

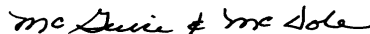
Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency in controls that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected. We deem the following a material weakness.

Financial Statements --The Township does not maintain personnel or procedures to prepare financial statements required by generally accepted accounting principles in the United States of America including capital assets, accruals and disclosures.

This information is intended solely for the use of Frenchtown Charter Township Board and management of Frenchtown Charter Township and is not intended to be and should not be used by anyone other than these specified parties.



Sincerely
McGuire & McDole
Certified Public Accountants