

# **CHARTER TOWNSHIP OF ANN ARBOR**

Report on Audit of Financial Statements

For the Year Ended December 31, 2014

## **CHARTER TOWNSHIP OF ANN ARBOR**

### **TOWNSHIP OFFICIALS**

Supervisor - Michael Moran

Clerk - Rena Basch

Treasurer - Della DiPietro

### **BOARD OF TRUSTEES**

Michael Moran

Rena Basch

Della DiPietro

John Allison

Kenneth Kohrs

Randolph Perry

Claudia Sedmak

### **LEGAL COUNSEL**

Bodman, LLP

### **TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka

Certified Public Accountants

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**PFEFFER ■ HANNIFORD ■ PALKA**  
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March 30, 2015

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Charter Township of Ann Arbor  
3792 Pontiac Trail  
Ann Arbor, MI 48105

Honorable Board of Trustees:

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Ann Arbor as of 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 require that the management's discussion and analysis and budgetary comparison information on pages 8 - 15 and 48 - 52 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 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 Ann Arbor's basic financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 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 combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## Management Discussion and Analysis December 31, 2014

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This section of the Charter Township of Ann Arbor annual financial report provides a narrative discussion and analysis of the Township's financial activities for the fiscal year ended December 31, 2014. This narrative discusses and analyzes the activity within the context of the financial statements and disclosures that follow this section. The discussion focuses on the Township's primary governmental functions.

### **Overview of the Financial Statements**

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government).

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.



## **The Township has three kinds of funds:**

**Governmental funds** are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report on a modified accrual basis to emphasize short-term fiscal accountability by reporting on the use of current financial resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

**Proprietary funds** are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Fiduciary funds** are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

## ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

## ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

## Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$41,123,064. This is a \$1,336,669 increase over last year's net position of \$39,786,395. A significant portion of this increase came from Public Safety activity which had a surplus in excess of \$635,000.

The following tables provide a summary of the Township's financial activities and changes in net position:

SUMMARY OF NET POSITION DECEMBER 31, 2014 & 2013								
	Governmental Activities			Business Type Activities			Eliminations	
	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13
<b>ASSETS</b>								
Current and other assets	\$ 15,123,627	\$ 13,831,787	\$ 1,291,840	\$ 6,785,314	\$ 6,848,544	\$ (63,230)	\$ (600,000)	\$ (850,000)
Capital assets	12,295,896	12,427,053	(131,157)	11,443,064	11,375,322	67,742		
<b>Total assets</b>	<b>27,419,523</b>	<b>26,258,840</b>	<b>1,160,683</b>	<b>18,228,378</b>	<b>18,223,866</b>	<b>4,512</b>	<b>(600,000)</b>	<b>(850,000)</b>
<b>LIABILITIES</b>								
Other liabilities	284,545	236,685	47,860	750,072	761,087	(11,015)		
Long term liabilities	615,524	886,933	(271,409)				(600,000)	(850,000)
<b>Total liabilities</b>	<b>900,069</b>	<b>1,123,618</b>	<b>(223,549)</b>	<b>750,072</b>	<b>761,087</b>	<b>(11,015)</b>	<b>(600,000)</b>	<b>(850,000)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Taxes levied for the following year	2,874,696	2,811,606	63,090					
<b>NET POSITION</b>								
Invested in capital assets	11,695,896	11,577,053	118,843	11,443,064	11,375,322	67,742		
Restricted	5,473,849	4,852,236	621,613					
Unrestricted	6,475,013	5,894,327	580,686	6,035,242	6,087,457	(52,215)		
<b>Total net position</b>	<b>\$ 23,644,758</b>	<b>\$ 22,323,616</b>	<b>\$ 1,321,142</b>	<b>\$ 17,478,306</b>	<b>\$ 17,462,779</b>	<b>\$ 15,527</b>	<b>\$</b>	<b>\$</b>

**SUMMARY OF NET POSITION (continued)**  
**DECEMBER 31, 2014 & 2013**

	<b>Totals</b>		
	<b>12/31/14</b>	<b>12/31/13</b>	<b>Increase (Decrease)</b>
<b>ASSETS</b>			
Current and other assets	\$ 21,308,941	\$ 19,830,331	\$ 1,478,610
Capital assets	23,738,960	23,802,375	(63,415)
<b>Total assets</b>	<b>45,047,901</b>	<b>43,632,706</b>	<b>1,415,195</b>
<b>LIABILITIES</b>			
Other liabilities	1,034,617	997,772	36,845
Long term liabilities	15,524	36,933	(21,409)
<b>Total liabilities</b>	<b>1,050,141</b>	<b>1,034,705</b>	<b>15,436</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for the following year	2,874,696	2,811,606	63,090
<b>NET POSITION</b>			
Invested in capital assets	23,138,960	22,952,375	186,585
Restricted	5,473,849	4,852,236	621,613
Unrestricted	12,510,255	11,981,784	528,471
<b>Total net position</b>	<b>\$ 41,123,064</b>	<b>\$ 39,786,395</b>	<b>\$ 1,336,669</b>

**SUMMARY OF CHANGES IN NET POSITION  
FOR THE YEARS ENDING DECEMBER 31, 2014 & 2013**

	<b>Governmental Activities</b>			<b>Business Type Activities</b>			<b>Eliminations</b>	
	<b>12/31/14</b>	<b>12/31/13</b>	<b>Increase (Decrease)</b>	<b>12/31/14</b>	<b>12/31/13</b>	<b>Increase (Decrease)</b>	<b>1231/14</b>	<b>12/31/13</b>
<b>REVENUES</b>								
Program revenues								
Charges for services	\$ 587,811	\$ 526,121	\$ 61,690	\$ 1,902,718	\$ 1,835,294	\$ 67,424	\$	\$
Operating grants and contributions	90,483	87,240	3,243					
General revenues								
State shared revenues	310,733	302,341	8,392					
Property taxes	2,813,886	2,822,448	(8,562)					
Interest	130,096	119,281	10,815	78,627	72,067	6,560	(14,875)	(9,570)
Other	298,881	268,928	29,953	232,187	91,077	141,110		
Change in fair value of assets	63,031	(91,006)	154,037	25,574	(40,476)	66,050		
Gain (loss) on disposal of assets		(5,110)	5,110	(16,419)		(16,419)		
<b>Total revenues</b>	<b>4,294,921</b>	<b>4,030,243</b>	<b>264,678</b>	<b>2,222,687</b>	<b>1,957,962</b>	<b>264,725</b>	<b>(14,875)</b>	<b>(9,570)</b>
<b>EXPENSES</b>								
General government	760,228	875,810	(115,582)					
Fire protection	1,296,952	1,267,607	29,345					
Police protection	643,836	640,762	3,074					
Street lighting	4,588	4,795	(207)					
Public works	224,919	109,498	115,421					
Farmland preservation	28,381	30,896	(2,515)					
Interest on debt	14,875	9,570	5,305				(14,875)	(9,570)
Water and sewer systems				2,207,160	2,001,636	205,524		
<b>Total expenses</b>	<b>2,973,779</b>	<b>2,938,938</b>	<b>34,841</b>	<b>2,207,160</b>	<b>2,001,636</b>	<b>205,524</b>	<b>(14,875)</b>	<b>(9,570)</b>
<b>CHANGE IN NET POSITION</b>	<b>1,321,142</b>	<b>1,091,305</b>	<b>229,837</b>	<b>15,527</b>	<b>(43,674)</b>	<b>59,201</b>		
<b>BEGINNING NET POSITION</b>	<b>22,323,616</b>	<b>21,232,311</b>	<b>1,091,305</b>	<b>17,462,779</b>	<b>17,506,453</b>	<b>(43,674)</b>		
<b>ENDING NET POSITION</b>	<b>\$ 23,644,758</b>	<b>\$ 22,323,616</b>	<b>\$ 1,321,142</b>	<b>\$ 17,478,306</b>	<b>\$ 17,462,779</b>	<b>\$ 15,527</b>	<b>\$</b>	<b>\$</b>

**SUMMARY OF CHANGES IN NET POSITION (continued)**  
**FOR THE YEARS ENDING DECEMBER 31, 2014 & 2013**

	<b>Totals</b>		
	<b>12/31/14</b>	<b>12/31/13</b>	<b>Increase (Decrease)</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 2,490,529	\$ 2,361,415	\$ 129,114
Operating grants and contributions	90,483	87,240	3,243
General revenues			
State shared revenues	310,733	302,341	8,392
Property taxes	2,813,886	2,822,448	(8,562)
Interest	193,848	181,778	12,070
Other	531,068	360,005	171,063
Change in fair value of assets	88,605	(131,482)	220,087
Gain (loss) on disposal of assets	(16,419)	(5,110)	(11,309)
<b>Total revenues</b>	<b>6,502,733</b>	<b>5,978,635</b>	<b>524,098</b>
<b>EXPENSES</b>			
General government	760,228	875,810	(115,582)
Fire protection	1,296,952	1,267,607	29,345
Police protection	643,836	640,762	3,074
Street lighting	4,588	4,795	(207)
Public works	224,919	109,498	115,421
Farmland preservation	28,381	30,896	(2,515)
Interest on debt			
Water and sewer systems	2,207,160	2,001,636	205,524
<b>Total expenses</b>	<b>5,166,064</b>	<b>4,931,004</b>	<b>235,060</b>
<b>CHANGE IN NET POSITION</b>	<b>1,336,669</b>	<b>1,047,631</b>	<b>289,038</b>
<b>BEGINNING NET POSITION</b>	<b>39,786,395</b>	<b>38,738,764</b>	<b>1,047,631</b>
<b>ENDING NET POSITION</b>	<b>\$ 41,123,064</b>	<b>\$ 39,786,395</b>	<b>\$ 1,336,669</b>

## **FINANCIAL HIGHLIGHTS OF THE TOWNSHIP'S MAJOR FUNDS**

### **General Fund**

Expenditures from the General Fund included a large road project expenditure for \$224,919. After expenditures, \$367,571 was added to fund balance at the close of 2014 for future services.

### **Public Safety Fund**

This fund was created to receive and disburse the public safety tax millage levied for police and fire protection. This fund was designed to accumulate funds in the early years of the millage and, with interest, to break even when the Public Safety millage will expire and have to be renewed. Revenues increased by \$123,057 from 2013 primarily due to increased fire run collections and an increase in the interest and fair market value investment gains. In addition, the Township has been able to work with the Sheriff's Department to keep increases in the cost of contract deputies lower than forecasted. The Township has also reduced health care costs.

### **Farmland Preservation Fund**

The Farmland Preservation Fund did purchase new development rights for \$63,861 in 2014. In June 2012, the Water and Sewer fund advanced funds to the Farmland Preservation Fund in the amount of \$1,400,000. The Farmland Preservation Fund has made interest and principal payments to the Water and Sewer Fund leaving a balance of \$600,000 on the advance of December 21, 2014.

After the above debt service payment the Farmland Preservation Fund was able to add \$9,806 to its fund balance in 2014.

### **Water and Sewer Fund**

This is the Township's major business fund. This fund spent \$594,686 for system capital improvements and equipment. The net position increased by \$15,527, due primarily to a conscious decision by board to defray some of the City of Ann Arbor rates by using reserves. The Township received a significant rate increase from the City of Ann Arbor in 2005 and adopted a 10 year plan to slowly pass that rate increase to the customers - 2014 is the 10<sup>th</sup> year of the plan and as a result a small percentage of the reserves offset the full cost of the services.

### **Budgetary Highlights**

The Township adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Expenditures are budgeted by activity, and several activities exceeded budgeted appropriations in the General and Farmland Preservation Funds. The overall funds were in compliance with the Board approved budget resolution. The budget was amended during the year to account for various projected changes due to Board decisions and economic reality.

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

There was an acquisition of \$63,861 for property for development rights in the Farmland Preservation Fund.

The Water and Sewer Fund recorded \$594,696 in system improvements.

The only debt held by the Township is in the Farmland Preservation Fund which has a December 31, 2014 outstanding balance of \$600,000 due to the Water and Sewer Fund - a principal payment of \$250,000 was made on this loan in 2014.

### **Economic Conditions and Future Activities**

The State's economy is improving slowly but even so, the Township's major source of revenue, property taxes, decreased \$8,562, as a result of the first stage of legislation reducing personal property taxes on business. The Township's other major source of revenue is state revenue sharing, which is based upon a percentage of state sales tax receipts. The amount received in revenue sharing showed a slight increase over 2013 of approximately \$8,392. Pursuant to the Boundary Agreement reached with the City of Ann Arbor in 1994, property subject to taxation continues to be released to the City of Ann Arbor for annexation. The rate of annexation of approved areas is expected to accelerate in 2015. Interest revenue on the Township's reserves remains very low. The State increased the payments that it makes to local governments for providing fire protection to State-owned buildings, that pay no property tax, although the State has never fully funded that program. Ann Arbor Township remains financially healthy. In early 2014, the state legislature adopted the Governor's proposal to eliminate personal property tax on industrial and commercial property. Personal property made up approximately 11% of our tax base. At this time it is difficult to assess the effect of this legislation because the extent of replacement revenue will be determined by rules that are not yet adopted. What is certain, however, is that personal property tax revenues will continue to go down and we may not even receive replacement revenues for our essential police, fire and emergency services as was promised.

The Township continues to work together with our neighbors in Superior Township to pool our deputies in order to better provide police protection. As a result, we are able to provide 24 hour response without increasing the number of deputies that we have under contract from Washtenaw County. In addition, Ann Arbor Township fire fighters and Superior Township fire fighters now jointly respond to fires in certain portions of each of the two townships. Each township's fire fighters have been cross-trained on the other's equipment. Ann Arbor Township is a founding member of the Washtenaw Metro Alliance and the Urban County.

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

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information, please contact the Charter Township of Ann Arbor at 3792 Pontiac Trail, Ann Arbor, MI 48105; telephone 734-663-3418.

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT WIDE – FINANCIAL STATEMENTS**

CHARTER TOWNSHIP OF ANN ARBOR

STATEMENT OF NET POSITION  
DECEMBER 31, 2014

	Primary Government			
	Governmental	Business-type		
	Activities	Activities	Elimination	Total
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 12,429,080	\$ 5,461,537	\$	\$ 17,890,617
Receivables				
Accounts	95,073	494,224		589,297
Special Assessments	45,773	193,354		239,127
Taxes	2,390,664			2,390,664
Accrued interest	54,050	25,355		79,405
State shared revenues	52,959			52,959
Prepaid expenses	56,028	10,844		66,872
Note receivable		600,000	(600,000)	
Capital assets				
Assets not being depreciated	10,270,385			10,270,385
Assets net of depreciation	2,025,511	11,443,064		13,468,575
<b>Total assets</b>	<b>27,419,523</b>	<b>18,228,378</b>	<b>(600,000)</b>	<b>45,047,901</b>
<b>LIABILITIES</b>				
Accounts payable	124,480	453,115		577,595
Accrued connection fees		278,250		278,250
Accrued compensated absences	65,441	18,707		84,148
Unearned revenues	94,624			94,624
Long-term obligations				
Other due within one year	265,524		(250,000)	15,524
Other due in more than one year	350,000		(350,000)	
<b>Total liabilities</b>	<b>900,069</b>	<b>750,072</b>	<b>(600,000)</b>	<b>1,050,141</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Taxes levied for the following year	2,874,696			2,874,696
<b>NET POSITION</b>				
Net investment in capital assets	11,695,896	11,443,064		23,138,960
Restricted	5,473,849			5,473,849
Unrestricted	6,475,013	6,035,242		12,510,255
<b>Total net position</b>	<b>\$ 23,644,758</b>	<b>\$ 17,478,306</b>	<b>\$</b>	<b>\$ 41,123,064</b>

The notes of the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF ANN ARBOR

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Elimination
<b>PRIMARY GOVERNMENT</b>						
<b>Governmental activities</b>						
General government	\$ (760,228)	\$ 176,313	\$ 50,483	\$ (583,915)	\$	\$ (583,915)
Fire protection	(1,296,952)	196,183		(1,050,286)		(1,050,286)
Police protection	(643,836)	210,606		(433,230)		(433,230)
Street lighting	(4,588)	4,709		121		121
Farmland preservation	(28,381)		40,000	11,619		11,619
Public works	(224,919)			(224,919)		(224,919)
Interest on debt	(14,875)			(14,875)		14,875
<b>Total governmental activities</b>	<b>(2,973,779)</b>	<b>587,811</b>	<b>90,483</b>	<b>(2,295,485)</b>		<b>14,875</b>
<b>Business-type activities</b>						
Water and sewer	(2,207,160)	1,902,718			(304,442)	(304,442)
<b>Total primary government</b>	<b>\$ (5,180,939)</b>	<b>\$ 2,490,529</b>	<b>\$ 90,483</b>	<b>(2,295,485)</b>	<b>(304,442)</b>	<b>(2,585,052)</b>
<b>General revenues:</b>						
Property taxes				2,813,886		2,813,886
State shared revenues				310,733		310,733
Franchise/metro fees				98,016		98,016
Rental income				172,004		172,004
Unrestricted investment earnings				130,096	78,627	(14,875)
Other income				28,861	232,187	261,048
Change in fair value of investment				63,031	25,574	88,605
Loss on disposal of capital assets					(16,419)	(16,419)
<b>Total general revenues</b>				<b>3,616,627</b>	<b>319,969</b>	<b>(14,875)</b>
<b>Changes in net position</b>				<b>1,321,142</b>	<b>15,527</b>	<b>1,336,669</b>
<b>Net position, January 1, 2014</b>				<b>22,323,616</b>	<b>17,462,779</b>	<b>39,786,395</b>
<b>Net position, December 31, 2014</b>				<b>\$ 23,644,758</b>	<b>\$ 17,478,306</b>	<b>\$ 41,123,064</b>

The notes of the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

CHARTER TOWNSHIP OF ANN ARBOR

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	General Fund	Public Safety Fund	Farmland Preservation Fund	Nonmajor Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 5,021,845	\$ 5,573,408	\$ 226,691	\$ 1,607,136	\$ 12,429,080
Receivables					
Accrued interest receivable	25,965	22,977		5,108	54,050
Special assessment	45,677			71	45,748
Taxes receivable	340,846	1,484,833	250,402		2,076,081
State shared revenue receivable	52,959				52,959
Accounts receivable - other	13,388	55,814			69,202
Due from other funds	54,819	222,279	37,485	25	314,608
Prepaid expenses	17,542	36,589		1,897	56,028
<b>Total assets</b>	<u>\$ 5,573,041</u>	<u>\$ 7,395,900</u>	<u>\$ 514,578</u>	<u>\$ 1,614,237</u>	<u>\$ 15,097,756</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 19,810	\$ 91,113	\$ 10,297	\$ 3,260	\$ 124,480
Unearned revenue	39,090			55,534	94,624
<b>Total liabilities</b>	<u>58,900</u>	<u>91,113</u>	<u>10,297</u>	<u>58,794</u>	<u>219,104</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes levied for the following year	573,132	1,969,439	332,125		2,874,696
<b>FUND BALANCES</b>					
Nonspendable	17,542	36,589		1,897	56,028
Restricted for:					
Public safety		5,298,759			5,298,759
Farmland preservation			172,156		172,156
Streetlighting				2,934	2,934
Committed for:					
Insurance reserve	1,250,000				1,250,000
Development monitoring	173,320				173,320
Capital improvement				830,911	830,911
Building department				665,711	665,711
Assigned for future budget deficit				53,990	53,990
Unassigned	3,500,147				3,500,147
<b>Total fund balances</b>	<u>4,941,009</u>	<u>5,335,348</u>	<u>172,156</u>	<u>1,555,443</u>	<u>12,003,956</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 5,573,041</u>	<u>\$ 7,395,900</u>	<u>\$ 514,578</u>	<u>\$ 1,614,237</u>	<u>\$ 15,097,756</u>

The notes of the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF ANN ARBOR

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2014

<b>Total governmental fund balances</b>		\$ 12,003,956
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 therefore are not reported in the governmental funds:		
Historical cost	\$ 14,663,759	
Depreciation	<u>(2,367,863)</u>	
<b>Capital assets net of depreciation</b>		12,295,896
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Note payable	(600,000)	
Fire Department HSA buy-out	(15,524)	
Compensated absences	<u>(65,441)</u>	
<b>Total</b>		(680,965)
Revenues that are not received within 60 days of year end and not available to pay for current expenditures		<u>25,871</u>
<b>Net position of governmental activities</b>		<u><u>\$ 23,644,758</u></u>

The notes of the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF ANN ARBOR**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Farmland Preservation Fund</b>	<b>Non-major Funds</b>	<b>Totals</b>
<b>REVENUES</b>					
Taxes	\$ 372,568	\$ 1,926,907	\$ 324,951	\$	\$ 2,624,426
Tax collection fees	186,474				186,474
Penalties and interest	2,986				2,986
State revenue sharing	310,733				310,733
Special assessments	19,773			4,709	24,482
Cable franchise fees	92,383				92,383
Metro fees	5,633				5,633
Annexation fees	6,780				6,780
Service contract - police		210,606			210,606
Inspection fees				140,097	140,097
Grant		50,483	40,000		90,483
Charges for services	9,663	99,186		96,997	205,846
Interest	59,490	55,658	1,972	12,976	130,096
Rental income	103,004			69,000	172,004
Miscellaneous	13,150	1,903		570	15,623
Change in fair value of investment	29,623	27,922		5,486	63,031
<b>Total revenues</b>	<b>1,212,260</b>	<b>2,372,665</b>	<b>366,923</b>	<b>329,835</b>	<b>4,281,683</b>
<b>EXPENDITURES</b>					
Current					
Elected officials	313,939				313,939
General government	305,831				305,831
Sheriff department		643,836			643,836
Roads	224,919				224,919
Fire protection		1,093,643			1,093,643
Building department				104,717	104,717
Street lighting				4,588	4,588
Farmland preservation			28,381		28,381
Capital outlay					
Farmland preservation			63,861		63,861
Debt Service					
Principal			250,000		250,000
Interest			14,875		14,875
<b>Total expenditures</b>	<b>844,689</b>	<b>1,737,479</b>	<b>357,117</b>	<b>109,305</b>	<b>3,048,590</b>
<b>Net change in fund balance</b>	<b>367,571</b>	<b>635,186</b>	<b>9,806</b>	<b>220,530</b>	<b>1,233,093</b>
<b>FUND BALANCE, January 1, 2014</b>	<b>4,573,438</b>	<b>4,700,162</b>	<b>162,350</b>	<b>1,334,913</b>	<b>10,770,863</b>
<b>FUND BALANCE, December 31, 2014</b>	<b>\$ 4,941,009</b>	<b>\$ 5,335,348</b>	<b>\$ 172,156</b>	<b>\$ 1,555,443</b>	<b>\$ 12,003,956</b>

The notes of the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF ANN ARBOR

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

**Net change in fund balances - governmental funds** \$ 1,233,093

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

Governmental funds report capital outlay as expenditures.

However, in the Statement of Activities the cost of  
those assets is allocated over their useful lives as  
depreciation expense. Net book value of fixed assets  
disposed and the amount by which capital  
outlay exceeded depreciation is as follows:

Acquisition of assets	\$ 63,861
Depreciation expense	<u>(195,018)</u>

<b>Total</b>	(131,157)
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Repayments of notes/leases payable is an expenditure in the governmental funds, but reduces the long-term liabilities in the Statement of Net Assets	250,000
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Assessment revenue reported in the statement of activities  
does not provide current financial resources and is not  
reported as revenue in the governmental funds

<b>Change in assessment receivable</b>	13,238
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Compensated absences are recorded in the government-wide  
statements as expenditures, but not in the fund financial  
statements until funds are spent

Current year contribution	21,409
Accrued absences for 2014	<u>(65,441)</u>

<b>Total</b>	<u>(44,032)</u>
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<b>Change in net position of governmental activities</b>	<u><u>\$ 1,321,142</u></u>
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The notes of the financial statements are an integral part of this statement.



CHARTER TOWNSHIP OF ANN ARBOR

STATEMENT OF NET POSITION  
WATER AND SEWER FUND  
DECEMBER 31, 2014

**CURRENT ASSETS**

Cash and cash equivalents	\$ 5,461,537
Accounts receivable	480,319
Interest receivable	25,355
Due from others	11,345
Due from other funds	2,560
Note receivable	600,000
Prepaid expense	<u>10,844</u>

**Total current assets** \$ 6,591,960

**NONCURRENT ASSETS**

Special assessments receivable	193,354
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**PROPERTY, PLANT AND EQUIPMENT**

Water and sewer system	17,882,521
Equipment	<u>3,158,795</u>
	21,041,316
Less accumulated depreciation	<u>9,598,252</u>

Net property, plant and equipment 11,443,064

**Total assets** 18,228,378

**CURRENT LIABILITIES**

Accounts payable	453,115
Accrued compensated absences	18,707
Accrued connection fees	<u>278,250</u>

**Total current liabilities** 750,072

**NET POSITION**

Invested in capital assets	11,443,064
Unrestricted	<u>6,035,242</u>

**Total net position** \$ 17,478,306

The notes of the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF ANN ARBOR**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
WATER AND SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**OPERATING REVENUES**

Charges for services and meters	\$ 1,902,718
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**OPERATING EXPENSES**

Purchases of services	\$ 1,110,283	
Wages	122,995	
Insurance - employees	32,765	
Pension	10,577	
Payroll taxes	9,541	
Office	2,815	
Gasoline and diesel	5,897	
Consultants	40,200	
Legal and accounting	19,827	
Dues and memberships	2,340	
Service contracts	11,569	
Telephone and utilities	23,331	
Insurance and bonds	10,290	
Repairs and maintenance	230,115	
Building, office and personnel allocation	21,085	
Conferences	1,778	
Small equipment	2,766	
Depreciation expense	510,525	
Other operating expenses	26	
Health savings contribution	3,814	
Connection service charges	29,130	
Miscellaneous	3,871	
Meter equipment	1,620	
	<hr/>	
<b>Total operating expenses</b>		<b>2,207,160</b>
		<hr/>
<b>Operating (loss)</b>		<b>(304,442)</b>

**NON-OPERATING REVENUES**

Interest income - investments	51,858	
Interest income - loan	14,875	
Interest income - special assessments	11,894	
Other	232,187	
Change in fair value of investments	25,574	
Loss on disposal of asset	(16,419)	
	<hr/>	
<b>Total non-operating revenues</b>		<b>319,969</b>
		<hr/>
<b>Change in net position</b>		<b>15,527</b>

<b>NET POSITION, January 1, 2014</b>	<hr/> <b>17,462,779</b>
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<b>NET POSITION, December 31, 2014</b>	<hr/> <b>\$ 17,478,306</b> <hr/>
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The notes of the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF ANN ARBOR**

**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES**

Receipts from customers	\$ 1,821,212	
Receipts from others	232,187	
Payments to employees for services	(176,249)	
Payments to suppliers of goods and services	<u>(1,539,797)</u>	
<b>Net cash from operating activities</b>		<b>\$ 337,353</b>

**CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES**

Special assessments collected	45,353	
Acquisition of property, plant and equipment	(594,686)	
Repayment of loan from farmland preservation fund	<u>250,000</u>	
<b>Net cash (used in) capital and related financing activities</b>		<b>(299,333)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income and realized gains	<u>94,490</u>	
<b>Net increase in cash and cash equivalents</b>		<b>132,510</b>

**CASH AND CASH EQUIVALENTS AT JANUARY 1, 2014**

5,329,027

**CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2014**

\$ 5,461,537

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES**

Operating income (loss)	\$ (304,442)
Miscellaneous income	232,187
Depreciation expense	510,525
Changes in assets and liabilities	
(Increase) in prepaid expenses	(8,396)
Decrease in due from others	15,545
Decrease in accounts receivable	(104,973)
Decrease in due from other funds	7,922
(Decrease) in accounts payable	(10,644)
(Decrease) in accrued compensated absences	<u>(371)</u>
<b>Net cash from operating activities</b>	<u><u>\$ 337,353</u></u>

The notes of the financial statements are an integral part of this statement.

**CHARTER TOWNSHIP OF ANN ARBOR**  
**FIDUCIARY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2014**

**ASSETS**

Cash and investments	\$ 1,280,388
Due from others	<u>31,553</u>
<b>Total assets</b>	<b><u><u>\$ 1,311,941</u></u></b>

**LIABILITIES**

Due to others	\$ 994,773
Due to other funds	<u>317,168</u>
<b>Total liabilities</b>	<b><u><u>\$ 1,311,941</u></u></b>

The notes of the financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Charter Township of Ann Arbor was incorporated August 11, 1986, under the provision of Act 359 of the Public Acts of 1947, as amended. The policies of the Charter Township of Ann Arbor conform to generally accepted accounting principles as applicable to governments.

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

**A. BASIC FINANCIAL STATEMENTS**

In accordance with GASB Statement No. 34 & 63 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net Position is required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. Net Position not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

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

The Public Safety Fund was created to receipt the millage collected for fire and police protection services.

The Farmland Preservation Fund was created to account for funds used to preserve/maintain the Township's farmland.

The Township reports the following major proprietary fund:

The Water and Sewer Fund accounts for all the activity associated with the operations and maintenance of operating these systems.

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary fund's financial statements are prepared on the same basis (economic resources, measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.



**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Proprietary funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under standards set by GASB, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains three (3) fiduciary funds.

**C. CAPITAL ASSETS**

Under standards set by GASB, all capital assets, whether used by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered a capital asset regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between activities are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

**D. ACCRUED COMPENSATED ABSENCES**

The Township has recorded a liability for compensated absences. The policies regarding compensated absences are outlined in the Township's "Rules of Employment".

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. BUDGETARY DATA**

The Board of Trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the controller. The proposed budget is then submitted for discussion and approved by the entire Township board. The budget is approved by fund level rather than activity or line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made, but not expended by year-end, will lapse with the fiscal year-end; capital appropriations carryforward to the subsequent year.

**F. PROPERTY TAXES**

Property tax revenues are recognized in the subsequent year, for which the taxes are levied. Property taxes are levied on December 1 each year. These taxes become liens on the property at that date. These taxes are due on February 14, with the final collection date of February 28. The delinquent real property taxes of the Township are purchased by Washtenaw County. The county sells tax notes, the proceeds of which are used to pay the Township for these property taxes, which has yet to take place for the December 1, 2014 tax roll. The 2013 adjusted taxable value of the Township totaled \$487,570,307. The Township levied the following millage for 2013:

General township	0.7669
Public safety	3.9800
Farmland preservation	<u>0.6712</u>
<b>Total millage</b>	<b><u><u>5.4181</u></u></b>

The 2014 taxable value of the Township totaled \$497,703,275. The Township levied the following millage that will be recognized in 2015.

General township	0.7669
Public safety	3.9800
Farmland preservation	<u>0.6712</u>
<b>Total millage</b>	<b><u><u>5.4181</u></u></b>

**G. OTHER FINANCING SOURCES (USES)**

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as transfers in or (out) unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund.

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. TOTAL COLUMNS ON STATEMENTS - OVERVIEW**

Total columns on the statements which combine more than one fund (overview) does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**I. MANAGEMENT'S ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**J. FUND EQUITY**

Under standards established by GASB, fund balance classifications consist of nonspendable, restricted, committed, assigned, and unassigned. The following defines the aforementioned classifications:

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

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed - Amounts that have been formally set aside by the Township board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township board.
- Assigned - Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned - Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; 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 obligation repurchase agreements; bankers acceptance of United States banks; commercial paper rated by two standard rating agencies 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 investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

The Investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

As of December 31, 2014 cash, cash equivalents and investments custodial balances consist of the following:

<b>Cash and cash equivalents:</b>	
Checking accounts	\$ 6,147,149
Money Market accounts	1,231,210
Certificates of Deposit	4,166,761
Cash held at brokerage	500,000
Money market fund	1,047,100
<b>Total cash and cash equivalents</b>	<b>13,092,220</b>
<b>Investments:</b>	
Municipal bonds	593,813
US government bonds	5,550,992
Negotiable Certificates of Deposit	493,080
<b>Total investments</b>	<b>6,637,885</b>
<b>Total cash, cash equivalents, and investments</b>	<b>\$ 19,730,105</b>

Cash and investments are presented in the financial statements in the following areas:

<b>Statement of Net Assets:</b>	
Cash and cash equivalents	\$ 11,252,732
Investments	6,637,885
<b>Total</b>	<b>17,890,617</b>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	1,280,388
<b>Total cash and investments</b>	<b>\$ 19,171,005</b>

The carrying amount of cash and investments reported in the financial statements is stated at \$19,171,005 as of December 31, 2014. The difference between the carrying amounts and amounts mentioned above stem from cash on hand of \$300, deposits in transit and outstanding checks.

CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)**

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

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a custodian failure the Township will not be able to recover its money. State law does not require and the Township does not have a deposit policy for custodial credit risk. 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. At year-end the Township had an aggregate \$6,888,670 of bank deposits (certificates of deposit, savings, and checking accounts) that were uninsured and uncollateralized. Due to operating cash flow requirements it is impractical to insure all deposits.

Insured by FDIC	\$ 4,656,450
Uninsured and uncollateralized	<u>6,888,670</u>
<b>Total</b>	<u><u>\$ 11,545,120</u></u>

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for U.S. Treasuries and money market accounts. As of December 31, 2014, the Township's investments were exposed to credit risk as follows:

<b><u>Investment Type</u></b>	<b><u>Rating by Standards &amp; Poor's</u></b>	<b><u>Amount</u></b>
U.S. Government Bonds	AA+	\$ 5,550,992
Municipal Bonds	A	593,813
Negotiable Certificates of Deposit	Not Rated	<u>493,080</u>
		<u><u>\$ 6,637,885</u></u>

CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)**

**Interest Rate Risk**

Interest rate risk is the risk that the investment value will decrease as a result of a rise in interest rates during the time an investment has not matured. The Township's investment policy does not limit investment security maturity dates.

At year-end the average maturities of investments subject to interest rate risk are as follows:

<u>Investment Type</u>	<u>Investment Maturity (in years)</u>		
	<u>Value</u>	<u>1 - 5</u>	<u>6 - 10</u>
US Government Bonds	\$ 5,550,992	\$ 2,524,902	\$ 3,026,090
Municipal Bonds	593,813	375,657	218,156
Negotiable Certificates of Deposit	493,080	493,080	
<b>Total</b>	<u>\$ 6,637,885</u>	<u>\$ 3,393,639</u>	<u>\$ 3,244,246</u>

**Concentration of Credit Risk**

Concentration of credit risk is the risk attributed to placing a large portion of the Township's portfolio of cash and investments with a single institution or issuer. The total portfolio includes all investments plus deposits and cash equivalents. The Township's investment policy requires diversification with a primary focus on safety; however, the policy does not place a fixed percentage limit for any one user.

The following investments and deposits exceed 5% of total portfolio assets available for investment:

<u>Investment Type</u>	<u>Percent of Portfolio</u>
Bank of Ann Arbor Money Market Funds	6.24%
Comerica Money Market Funds	5.31%
Bank of Ann Arbor Demand Checking Accounts	31.16%

CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the governmental funds for the year ended December 31, 2014 was as follows:

	Governmental Funds		
	Balance 1/1/14	Additions	Balance 12/31/14
<b>Capital assets not being depreciated</b>			
Land	\$ 309,860	\$	\$ 309,860
Intangible assets	9,896,664	63,861	9,960,525
<b>Total non-depreciable assets</b>	<b>10,206,524</b>	<b>63,861</b>	<b>10,270,385</b>
<b>Capital assets being depreciated</b>			
General government	649,430		649,430
Building department	43,000		43,000
Fire protection	3,700,944		3,700,944
<b>Total depreciable assets</b>	<b>4,393,374</b>		<b>4,393,374</b>
<b>Total capital assets</b>	<b>14,599,898</b>	<b>63,861</b>	<b>14,663,759</b>
<b>Accumulated depreciation</b>	<b>(2,172,845)</b>	<b>(195,018)</b>	<b>(2,367,863)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 12,427,053</b>	<b>\$ (131,157)</b>	<b>12,295,896</b>
<b>Related long-term obligation outstanding at December 31, 2014</b>			<b>(600,000)</b>
<b>Capital assets, net related long-term debt</b>			<b>\$ 11,695,896</b>

Intangible assets represent "Development Right Easements" purchased by and donated to the Farmland Preservation Fund.

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives.

Depreciation expense was distributed to the various activities as follows:

General government	\$ 20,214
Fire protection	174,804
<b>Total</b>	<b>\$ 195,018</b>

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

A summary of changes in fixed assets and depreciation for the enterprise fund is as follows:

Depreciation is charged as an expense against operations.

Water and Sewer Systems	50 years
Equipment	5 to 10 years

The Township approved an interfund borrowing by the Farmland Preservation Fund from the Township Utility Fund in the amount of \$1,400,000, principal is payable annually in installments of \$50,000 to \$250,000 and interest is charged annually at the mid-term Applicable Federal Rate which was 1.75% on December 31, 2014. The interfund borrowing will be paid with Farmland Preservation Fund tax revenue.

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CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables exist at December 31, 2014. These represent short-term borrowings and amounts owed for reimbursements between other funds.

As of December 31, 2014 the following interfund balances were outstanding.

	<b><u>Interfund Receivable</u></b>		<b><u>Interfund Payable</u></b>
General Fund	\$ 54,819	Current Tax Fund	\$ 54,819
Public Safety Fund	222,279	Current Tax Fund	222,279
Farmland Preservation Fund	37,485	Current Tax Fund	37,485
Utilities Fund	2,560	Current Tax Fund	2,560
Street lights Fund	25	Current Tax Fund	25
<b>Total</b>	<b><u>\$ 317,168</u></b>	<b>Total</b>	<b><u>\$ 317,168</u></b>

**NOTE 6 - STATEMENT OF CASH FLOWS**

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to represent cash flows from operations. The following is a schedule of beginning and ending cash and cash equivalents:

	<b><u>12/31/13</u></b>	<b><u>12/31/14</u></b>
<b>Current assets</b>		
Cash and cash equivalents	<u>\$ 5,329,027</u>	<u>\$ 5,461,537</u>

**CHARTER TOWNSHIP OF ANN ARBOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 7 - PENSION PLAN - DEFINED CONTRIBUTION PLAN**

On May 15, 1989, the Charter Township of Ann Arbor signed a single employer defined contribution pension plan and trust agreement with Massachusetts Mutual Life Insurance Company in order to establish a pension plan which will provide retirement and incidental life insurance benefits for its employees. The effective date of this plan was August 1, 1989.

A defined contribution pension plan provides pension benefits in return for services rendered. It also provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits a participant will receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns on the investments of those contributions.

Employees currently eligible for participation in the plan include all officers of the Charter Township of Ann Arbor including the Supervisor, Treasurer and Clerk and all Township employees who are employed at least twenty hours per week on a regular basis.

Employees currently eligible must be eighteen years of age. Hours of service is computed on the basis of actual hours for which an employee is paid or entitled payment.

No pension provision changes occurred during the year that affected the required contributions to be made.

The plan year is January 1 through December 31.

In the event of termination of employment or participation of a participant prior to his or her normal retirement age, the vested interest in that portion of the participant's account derived from employer contributions is 100%.

The Township is required to contribute 10% of compensation per participant. There is no mandatory employee contribution.

Normal retirement age of a participant shall be his sixty-fifth birthday. Retirement prior to normal retirement age will be permitted upon the attainment of age fifty-five and the completion of one year of service.

A summary of the most recent available plan's activity for the period January 1, 2014 to December 31, 2014 is as follows:

<b>BALANCE IN GUARANTEED ACCOUNT, JANUARY 1, 2014</b>	\$ 1,887,769
Contributions	95,917
Loan activity	4,941
Withdrawals	(36,766)
Investment income (loss)	139,407
<b>BALANCE IN GUARANTEED ACCOUNT, DECEMBER 31, 2014</b>	<b><u>\$ 2,091,268</u></b>

The Township made contributions totaling \$95,917 for the year ended December 31, 2014. Total covered payroll was \$958,893 and total payroll was \$1,049,152 for the year ended December 31, 2014.

CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 8 - DEFERRED COMPENSATION PLAN**

Ann Arbor Township participates in a deferred compensation plan established by the Michigan Township Association Master Deferral Compensation Plan pursuant to Section 457(b) of the Internal Revenue Code. All full-time Township employees are eligible to participate. Participants may elect to contribute, and revoke the election to contribute, at any time. The plan is administered by the Township and serviced through ING. Total contributions made for the year ended December 31, 2014 was \$32,282.

**NOTE 9 - OTHER POST EMPLOYMENT PAYROLL**

In addition to Pension Benefits described in Notes 7 and 8, the Township provided post employment salary in lieu of health care benefits, in accordance with Township ordinances, to all employees who retired from the Fire Department prior to 2012 with twenty (20) or more years of service, and were at least fifty-five (55) years of age. Only one (1) retiree meets those eligibility requirements.

During 2014, the Township paid for the cost of covering this retiree. The cost for the retiree was \$1,800 which was paid through the payroll process. Management has taken the stance that since the annual pay-out by the Township for post employment salary in lieu of health coverage is so minimal; the accrual of expense (actuarial calculation) has not been done.

When the new Fire Contract was signed in 2012, this benefit was eliminated. The Township agreed to buy out the six firefighters that met the eligibility requirements. The Township and Union agreed to pay the eligible firefighters a total of \$108,000 divided between these firefighters based upon their years of service. The Township will make annual contributions to a Healthcare Savings Account for these firefighters in an amount up to the annual maximum allowed in Code Section 223(b) for a calendar year until the liability is paid.

Activity for year ended December 31, 2014 is as follows:

Buy out agreement	\$ 108,000
Prior year contributions	71,067
2014 contributions	<u>21,409</u>
<b>Liability remaining as of December 31, 2014</b>	<b><u>\$ 15,524</u></b>

**NOTE 10 - HEALTH SAVINGS PLAN**

In August of 2014 the Township switched to a high deductible health care plan. The Township agreed to fund a Healthcare Savings Account (HSA) for qualified employees. Annual HSA contributions are \$2,500 for family coverage and \$1,250 for single coverage. When the plan was adopted the Township funded all employee accounts in advance for the year. If any employee leaves the Township before the end of the plan year, the Township will not receive a refund of any unearned contributions. Beginning in August 2014, when the new insurance plan year begins, the Township will fund employee HSA accounts on a monthly basis.

HSA funding for 2014	<u>\$ 16,784</u>
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**CHARTER TOWNSHIP OF ANN ARBOR**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 10 - HEALTH SAVINGS PLAN (continued)**

The HSA funding plan was determined to be non-compliant with the Federal Affordable Care Act (ACA). The Township ceased HSA contributions in July, 2014 and began making Health Equivalent Adjustment payments to eligible employees in the form of taxable wages to compensate for the lost benefits.

**NOTE 11 - MERS HEALTH CARE SAVINGS PROGRAM**

The Township adopted the MERS post employment health care savings plan effective April 1, 2009. The program is available to all full-time union fire fighter employees. The Township requires employees to contribute a pre-tax amount of at least \$5.00 per month with the ability to elect up to 100% of their salary. Participants may increase their contributions, but never decrease their contributions.

The Township has elected the MERS Total Market Fund to be the default fund for participants that do not have a valid investment direction on file.

The monies held in the MERS Health Care Savings Program Trust Fund are held and invested for the sole purpose of paying health care benefits and any expenses for administration for eligible employees and shall not be used for any other purpose.

The Township does not have a financial obligation to the MERS Health Care Savings Program other than an annual administration fee of \$25.00 for each full time fire fighter.

**NOTE 12 - POTENTIAL LOST TAX REVENUES - ANNEXATION**

The Township and the City of Ann Arbor have reached an agreement regarding the annexation of certain Township properties into the city with a Boundary Agreement signed in 1994. The Agreement conforms with precedence from state courts and provides for systemic planning of services for contiguous areas. Management for the Township has been estimating the lost tax revenue to the Township because of the annexation activities. In 2014, the Township did not release any amount of taxable value (properties) to the City of Ann Arbor.

**CHARTER TOWNSHIP OF ANN ARBOR**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 13 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

The Township has adopted GASB #65 "Items Previously Reported as Assets and Liabilities". Under this standard the Township will report two new sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called Deferred Outflows (previously called assets) and Deferred Inflows (previously called liabilities).

These separate financial statement elements which meet the definition of deferred outflows and inflows are no longer considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met. The Township currently does not have any items that qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met. The Township has two transaction types which consist of elements considered deferred inflows listed on the balance sheets of various funds and the Statement of Net Position.

The first transaction type listed as Deferred Inflow of Resources are property taxes received or reported as receivables before the period in which the levy was to apply. Thus, property taxes levied in December 2014 will not be recognized as revenue until the year 2015. This type of transaction is listed on both the Statement of Net Position as well as the Balance Sheets under Fund Accounting.

The second transaction type listed as a Deferred Inflow of Resources are special assessments levied over a period of years in which the future principle collections exceeding one year are unavailable for fund accounting purposes. Therefore, is only listed on the Balance Sheets under Fund Accounting.

CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUND**

The Township maintains a proprietary fund which is financed by user charges. Segment information as of December 31, 2014 follows:

	<b><u>Water and Sewer System</u></b>
Operating revenues	1,902,718
Depreciation	510,525
Operating (loss)	(304,442)
Non-operating revenues and (expenses) net	319,969
Change in net assets	15,527
Current assets	6,591,960
Current liabilities	750,072
Net working capital	5,841,888
Total assets	18,228,378
Total liabilities	750,072
Net assets	17,478,306

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF ANN ARBOR**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Budget Amount</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 372,568	\$
Tax collection fees			186,474	
State revenue sharing			310,733	
Planning and zoning fees			9,663	
Special assessment			19,773	
Cable TV - franchise fees			92,383	
Metro fees			5,633	
Annexation fees			6,780	
Sale of books, maps, etc.			500	
Interest			59,490	
Penalties and interest			2,986	
Rental income			103,004	
Miscellaneous			12,650	
Change in fair value of investments			29,623	
<b>Total revenues</b>	<b>1,086,200</b>	<b>1,086,200</b>	<b>1,212,260</b>	<b>126,060</b>
<b>EXPENDITURES</b>				
Board of Trustees		34,500	23,285	11,215
Supervisor		108,420	110,025	(1,605)
Election		14,500	9,011	5,489
Assessor		65,520	59,206	6,314
Clerk		117,422	109,441	7,981
Treasurer		87,565	71,188	16,377
Legal and professional		63,550	65,619	(2,069)
Technology		24,500	24,802	(302)
Buildings and grounds		25,510	9,710	15,800
Operations		43,460	35,015	8,445
Planning commission		40,000	42,504	(2,504)
Zoning board of appeals		55,250	53,266	1,984
Roads		253,377	224,919	28,458
Metro expense		6,000	6,698	(698)
<b>Total expenditures</b>	<b>821,197</b>	<b>939,574</b>	<b>844,689</b>	<b>94,885</b>
<b>Net change in fund balance</b>	<b>265,003</b>	<b>146,626</b>	<b>367,571</b>	<b>220,945</b>
<b>FUND BALANCE, JANUARY 1, 2014</b>	<b>4,573,438</b>	<b>4,573,438</b>	<b>4,573,438</b>	
<b>FUND BALANCE, DECEMBER 31, 2014</b>	<b>\$ 4,838,441</b>	<b>\$ 4,720,064</b>	<b>\$ 4,941,009</b>	<b>\$ 220,945</b>



CHARTER TOWNSHIP OF ANN ARBOR

PUBLIC SAFETY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 1,926,907	\$
Interest			55,658	
Grants			50,483	
Miscellaneous			1,903	
Service contracts			210,606	
Charges for service			99,186	
Change in fair value of investments			27,922	
<b>Total revenues</b>	<u>2,226,400</u>	<u>2,326,643</u>	<u>2,372,665</u>	<u>46,022</u>
<b>EXPENDITURES</b>				
Police protection			643,836	
Fire protection			1,093,643	
<b>Total expenditures</b>	<u>1,789,320</u>	<u>1,850,996</u>	<u>1,737,479</u>	<u>113,517</u>
<b>Net change in fund balance</b>	437,080	475,647	635,186	159,539
<b>FUND BALANCE, JANUARY 1, 2014</b>	<u>4,700,162</u>	<u>4,700,162</u>	<u>4,700,162</u>	
<b>FUND BALANCE DECEMBER 31, 2014</b>	<u>\$ 5,137,242</u>	<u>\$ 5,175,809</u>	<u>\$ 5,335,348</u>	<u>\$ 159,539</u>

CHARTER TOWNSHIP OF ANN ARBOR

FARMLAND PRESERVATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$	\$	\$ 324,951	\$
Grant			40,000	
Interest			1,972	
<b>Total revenues</b>	<u>328,300</u>	<u>328,300</u>	<u>366,923</u>	<u>38,623</u>
<b>EXPENDITURES</b>				
Professional fees			28,381	
Debt service - principal			250,000	
Debt service - interest			14,875	
Capital outlay			63,861	
<b>Total expenditures</b>	<u>271,100</u>	<u>287,100</u>	<u>357,117</u>	<u>(70,017)</u>
<b>Net change in fund balance</b>	57,200	41,200	9,806	(31,394)
<b>FUND BALANCE, JANUARY 1, 2014</b>	<u>162,350</u>	<u>162,350</u>	<u>162,350</u>	
<b>FUND BALANCE, DECEMBER 31, 2014</b>	<u>\$ 219,550</u>	<u>\$ 203,550</u>	<u>\$ 172,156</u>	<u>\$ (31,394)</u>

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHARTER TOWNSHIP OF ANN ARBOR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE - BUDGETARY INFORMATION**

Highlights of the budgetary process are disclosed in Note 1 of the Notes to the Financial Statements.

**Budget Overruns**

In funds that were required by law to adopt budgets, during the year ended December 31, 2014 expenditures exceeded appropriations in a few areas as follows:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
<b>General Fund:</b>			
Supervisor	\$ 108,420	\$ 110,025	\$ (1,605)
Professional fees	63,550	65,619	(2,069)
Technology	24,500	24,802	(302)
Planning Commission	40,000	42,504	(2,504)
Metro expense	6,000	6,698	(698)
<b>Farmland Preservation</b>	<u>287,100</u>	<u>357,117</u>	<u>(70,017)</u>
<b>Total</b>	<u>\$ 529,570</u>	<u>\$ 606,765</u>	<u>\$ (77,195)</u>

The overruns in the General and streetlight fund was relatively immaterial and the result of miscellaneous expenditure accruals made at year end that were not anticipated in the amended budget.

## **SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

CHARTER TOWNSHIP OF ANN ARBOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	General Fund Pre GASB 54 Consolidation	Insurance Reserve Fund	Development Rights Monitoring Fund	Elimination	Totals Restated General Fund
<b>ASSETS</b>					
Cash and investments	\$ 3,607,332	\$ 1,242,280	\$ 172,233	\$	\$ 5,021,845
Accrued interest receivable	17,158	7,720	1,087		25,965
Taxes receivable	340,846				340,846
State shared revenue receivable	52,959				52,959
Due from other funds	54,819				54,819
Prepaid expense	17,542				17,542
Other receivables	13,388				13,388
Special assessment receivable	45,677				45,677
<b>Total assets</b>	<u>\$ 4,149,721</u>	<u>\$ 1,250,000</u>	<u>\$ 173,320</u>	<u>\$</u>	<u>\$ 5,573,041</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 19,810	\$	\$	\$	\$ 19,810
Unearned revenue	39,090				39,090
<b>Total liabilities</b>	<u>58,900</u>				<u>58,900</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	573,132				573,132
<b>FUND BALANCES</b>					
Nonspendable	17,542				17,542
Committed for:					
Insurance reserve		1,250,000			1,250,000
Development rights monitoring			171,320	2,000	173,320
Assigned for future budget deficit			2,000	(2,000)	
Unassigned	3,500,147				3,500,147
<b>Total fund balance</b>	<u>3,517,689</u>	<u>1,250,000</u>	<u>173,320</u>		<u>4,941,009</u>
<b>Total liabilities and fund balance</b>	<u>\$ 4,149,721</u>	<u>\$ 1,250,000</u>	<u>\$ 173,320</u>	<u>\$</u>	<u>\$ 5,573,041</u>

CHARTER TOWNSHIP OF ANN ARBOR

ALL FUNDS INCLUDED IN GASB 54 PUBLIC SAFETY FUND CONSOLIDATION  
COMBING BALANCE SHEET  
DECEMBER 31, 2014

	Public Safety Pre GASB 54 Consolidation	Fire Fund	Fire Consolidation Study	Elimination	Totals Restated Public Safety Fund
<b>ASSETS</b>					
Cash and investments	\$ 5,366,473	\$ 187,622	\$ 19,313	\$	\$ 5,573,408
Taxes receivable	1,484,833				1,484,833
Due from other funds	297,279			(75,000)	222,279
Accrued interest receivable	22,977				22,977
Prepaid expense		36,589			36,589
Due from other units of government			55,814		55,814
<b>Total assets</b>	<u>\$ 7,171,562</u>	<u>\$ 224,211</u>	<u>\$ 75,127</u>	<u>\$ (75,000)</u>	<u>\$ 7,395,900</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,670	\$ 85,316	\$ 127		\$ 91,113
Due to other funds			75,000	(75,000)	
<b>Total liabilities</b>	<u>5,670</u>	<u>85,316</u>	<u>75,127</u>	<u>(75,000)</u>	<u>91,113</u>
<b>DEFERRED INLFOWS OF RESOURCES</b>					
Property taxes levied for following year	<u>1,969,439</u>				<u>1,969,439</u>
<b>FUND BALANCES</b>					
Nonspendable		36,589			36,589
Restricted for public safety	5,196,453	78,726		23,580	5,298,759
Assigned for future budget deficit		23,580		(23,580)	
<b>Total fund balance</b>	<u>5,196,453</u>	<u>138,895</u>			<u>5,335,348</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 7,171,562</u>	<u>\$ 224,211</u>	<u>\$ 75,127</u>	<u>\$ (75,000)</u>	<u>\$ 7,395,900</u>



CHARTER TOWNSHIP OF ANN ARBOR

ALL NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	Building Department Fund	Street Lighting Fund	Capital Improvement Fund	Totals
<b>ASSETS</b>				
Cash and investments	\$ 746,070	\$ 3,601	\$ 857,465	\$ 1,607,136
Due from other funds		25		25
Accrued interest receivable	2,443		2,665	5,108
Prepaid expense	1,897			1,897
Special assessment receivable		71		71
<b>Total assets</b>	<u>\$ 750,410</u>	<u>\$ 3,697</u>	<u>\$ 860,130</u>	<u>\$ 1,614,237</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,497	\$ 763	\$	\$ 3,260
Unearned revenue	26,315		29,219	55,534
<b>Total liabilities</b>	<u>28,812</u>	<u>763</u>	<u>29,219</u>	<u>58,794</u>
<b>FUND BALANCE</b>				
Non-spendable	1,897			1,897
Restricted for:				
Streetlighting		2,934		2,934
Committed for:				
Capital improvement			830,911	830,911
Building department	665,711			665,711
Assigned for future budget deficit	53,990			53,990
<b>Total fund balance</b>	<u>721,598</u>	<u>2,934</u>	<u>830,911</u>	<u>1,555,443</u>
<b>Total liabilities and fund balance</b>	<u>\$ 750,410</u>	<u>\$ 3,697</u>	<u>\$ 860,130</u>	<u>\$ 1,614,237</u>

CHARTER TOWNSHIP OF ANN ARBOR

ALL FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	Escrow Fund	Tax Collection Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 497,288	\$ 783,100	\$ 1,280,388
Due from others	31,553		31,553
<b>Total assets</b>	<u>\$ 528,841</u>	<u>\$ 783,100</u>	<u>\$ 1,311,941</u>
<b>LIABILITIES</b>			
Due to other funds	\$	\$ 317,168	\$ 317,168
Due to others	528,841	465,932	994,773
<b>Total liabilities</b>	<u>\$ 528,841</u>	<u>\$ 783,100</u>	<u>\$ 1,311,941</u>

**CHARTER TOWNSHIP OF ANN ARBOR**

**ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General Fund Pre GASB 54 Consolidation</b>	<b>Insurance Reserve Fund</b>	<b>Development Rights Monitoring Fund</b>	<b>Total Restated General Fund</b>
<b>REVENUES</b>				
Taxes	\$ 372,568	\$	\$	\$ 372,568
Tax collection fees	186,474			186,474
State revenue sharing	310,733			310,733
Planning and zoning fees	9,663			9,663
Special assessment	19,773			19,773
Cable TV - franchise fees	92,383			92,383
Metro fees	5,633			5,633
Annexation fees	6,780			6,780
Sale of books, maps, etc	500			500
Interest	59,490			59,490
Penalties and interest	2,986			2,986
Rental income	103,004			103,004
Miscellaneous	12,650			12,650
Change in fair value of investments	29,623			29,623
<b>Total revenues</b>	<b>1,212,260</b>			<b>1,212,260</b>
<b>EXPENDITURES</b>				
Board of Trustees	23,285			23,285
Supervisor	110,025			110,025
Election	9,011			9,011
Assessor	59,206			59,206
Clerk	109,441			109,441
Treasurer	71,188			71,188
Legal and professional	64,660		959	65,619
Technology	24,802			24,802
Buildings and grounds	9,710			9,710
Operations	35,015			35,015
Planning commission	42,504			42,504
Zoning board of appeals	53,266			53,266
Roads	224,919			224,919
Metro expense	6,698			6,698
<b>Total expenditures</b>	<b>843,730</b>		<b>959</b>	<b>844,689</b>
<b>Net change in fund balance</b>	<b>368,530</b>		<b>(959)</b>	<b>367,571</b>
<b>FUND BALANCE, JANUARY 1, 2014</b>	<b>3,149,159</b>	<b>1,250,000</b>	<b>174,279</b>	<b>4,573,438</b>
<b>FUND BALANCE, DECEMBER 31, 2014</b>	<b>\$ 3,517,689</b>	<b>\$ 1,250,000</b>	<b>\$ 173,320</b>	<b>\$ 4,941,009</b>

**CHARTER TOWNSHIP OF ANN ARBOR**

**ALL FUNDS INCLUDED IN GASB 54 - PUBLIC SAFETY FUND CONSOLIDATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Public Safety Fund Pre GASB 54 Consolidation</b>	<b>Fire Fund</b>	<b>Fire Consolidation Study</b>	<b>Elimination</b>	<b>Total Restated Public Safety Fund</b>
<b>REVENUES</b>					
Taxes	\$ 1,926,907	\$	\$	\$	\$ 1,926,907
Interest	54,670	988			55,658
Grants		44,378	6,105		50,483
Miscellaneous		1,903			1,903
Service contracts	210,606				210,606
Charges for service	11,159	36,383	51,644		99,186
Change in fair value of investments	27,523	399			27,922
<b>Total revenues</b>	<b>2,230,865</b>	<b>84,051</b>	<b>57,749</b>		<b>2,372,665</b>
<b>EXPENDITURES</b>					
Police protection	643,836				643,836
Fire protection		984,250	109,393		1,093,643
<b>Total expenditures</b>	<b>643,836</b>	<b>984,250</b>	<b>109,393</b>		<b>1,737,479</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,587,029</b>	<b>(900,199)</b>	<b>(51,644)</b>		<b>635,186</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (out)	(700,000)	(51,644)		751,644	
Transfer in		700,000	51,644	(751,644)	
<b>Total other financing sources (uses)</b>	<b>(700,000)</b>	<b>648,356</b>	<b>51,644</b>		
<b>Net change in fund balance</b>	<b>887,029</b>	<b>(251,843)</b>			<b>635,186</b>
<b>FUND BALANCE, JANUARY 1, 2014</b>	<b>4,309,424</b>	<b>390,738</b>			<b>4,700,162</b>
<b>FUND BALANCE, DECEMBER 31, 2014</b>	<b>\$ 5,196,453</b>	<b>\$ 138,895</b>	<b>\$</b>	<b>\$</b>	<b>\$ 5,335,348</b>

**CHARTER TOWNSHIP OF ANN ARBOR**

**ALL NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDING DECEMBER 31, 2014**

	<b>Building Department Fund</b>	<b>Street Lighting Fund</b>	<b>Capital Improvement Fund</b>	<b>Totals</b>
<b>REVENUES</b>				
Special assessments	\$	\$ 4,709	\$	\$ 4,709
Service contract			96,997	96,997
Building permits	140,097			140,097
Interest	6,252	11	6,713	12,976
Rental income			69,000	69,000
Miscellaneous	570			570
Change in fair value of investments	2,623		2,863	5,486
<b>Total revenues</b>	149,542	4,720	175,573	329,835
<b>EXPENDITURES</b>	104,717	4,588		109,305
<b>Net change in fund balance</b>	44,825	132	175,573	220,530
<b>FUND BALANCE, JANUARY 1, 2014</b>	676,773	2,802	655,338	1,334,913
<b>FUND BALANCE, DECEMBER 31, 2014</b>	<u>\$ 721,598</u>	<u>\$ 2,934</u>	<u>\$ 830,911</u>	<u>\$ 1,555,443</u>

## **INDIVIDUAL FUNDS**

**GENERAL FUND**  
**(PRE GASB 54 - RESTATEMENT)**

**CHARTER TOWNSHIP OF ANN ARBOR**

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$	\$ 372,568	\$
Tax collection fees		186,474	
Special assessment		19,773	
State revenue sharing		310,733	
Planning and zoning fees		9,663	
Cable TV - franchise fees		92,383	
Metro fees		5,633	
Annexation fees		6,780	
Sale of books, maps, etc		500	
Interest		59,490	
Penalties and interest		2,986	
Rental income		103,004	
Miscellaneous		12,650	
Change in fair value of investments		29,623	
<b>Total revenues</b>	<u>1,086,200</u>	<u>1,212,260</u>	<u>126,060</u>
<b>EXPENDITURES</b>			
Board of Trustees	34,500	23,285	11,215
Supervisor	108,420	110,025	(1,605)
Election	14,500	9,011	5,489
Assessor	65,520	59,206	6,314
Clerk	117,422	109,441	7,981
Treasurer	87,565	71,188	16,377
Legal and professional	60,550	64,660	(4,110)
Technology	24,500	24,802	(302)
Buildings and grounds	25,510	9,710	15,800
Operations	43,460	35,015	8,445
Planning commission	40,000	42,504	(2,504)
Zoning board of appeals	55,250	53,266	1,984
Roads	253,377	224,919	28,458
Metro expense	6,000	6,698	(698)
<b>Total expenditures</b>	<u>936,574</u>	<u>843,730</u>	<u>92,844</u>
<b>Net change in fund balance</b>	<u>149,626</u>	<u>368,530</u>	<u>218,904</u>
<b>FUND BALANCE, JANUARY 1, 2014</b>	<u>3,149,159</u>	<u>3,149,159</u>	
<b>FUND BALANCE, DECEMBER 31, 2014</b>	<u>\$ 3,298,785</u>	<u>\$ 3,517,689</u>	<u>\$ 218,904</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.



CHARTER TOWNSHIP OF ANN ARBOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>BOARD OF TRUSTEES</b>			
Per diem - salaries	\$	\$ 5,375	\$
Payroll taxes		411	
Membership dues		10,328	
Service contracts		2,000	
Advertising		1,055	
Legal fees		3,144	
Miscellaneous		972	
<b>Total board of trustees</b>	<u>34,500</u>	<u>23,285</u>	<u>11,215</u>
<b>SUPERVISOR</b>			
Department head - salary		72,250	
Medical		19,369	
Insurance benefits		2,827	
Pension		7,225	
Payroll taxes		5,492	
Personnel allocation		1,920	
Convention and conferences		309	
Mileage		633	
<b>Total supervisor</b>	<u>108,420</u>	<u>110,025</u>	<u>(1,605)</u>
<b>ELECTION</b>			
Per Diem		5,048	
Payroll taxes		24	
Election		1,778	
Operating expense		2,161	
<b>Total election</b>	<u>14,500</u>	<u>9,011</u>	<u>5,489</u>
<b>ASSESSOR</b>			
Service contract		45,202	
Operating expense		3,284	
Per diem		1,200	
Personnel reallocation		9,520	
<b>Total assessor</b>	<u>65,520</u>	<u>59,206</u>	<u>6,314</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF ANN ARBOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CLERK</b>			
Department head - salary		42,282	
Salaries		41,139	
Insurance benefits		23,736	
Pension		8,858	
Payroll taxes		6,835	
Health savings contribution		2,460	
Personnel allocation		(16,160)	
Membership and dues		50	
Mileage		204	
Conventions and conferences		7	
Miscellaneous		30	
<b>Total clerk</b>	<u>117,422</u>	<u>109,441</u>	<u>7,981</u>
<b>TREASURER</b>			
Department head - salary		41,515	
Salaries		39,714	
Insurance benefits		22,179	
Pension		8,123	
Payroll taxes		6,276	
Health savings contribution		2,460	
Personnel allocation		(52,800)	
Mileage		282	
Tax billing service		3,278	
Software		149	
Miscellaneous		12	
<b>Total treasurer</b>	<u>87,565</u>	<u>71,188</u>	<u>16,377</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF ANN ARBOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>LEGAL AND PROFESSIONAL</b>			
Engineering consulting fees		12,929	
Accounting services		7,700	
Audit fees		5,400	
Legal fees		38,631	
<b>Total legal and professional</b>	<u>60,550</u>	<u>64,660</u>	<u>(4,110)</u>
<b>TECHNOLOGY</b>			
Service contracts		23,728	
Repairs and maintenance		584	
Purchases		490	
<b>Total technology</b>	<u>24,500</u>	<u>24,802</u>	<u>(302)</u>
<b>BUILDINGS AND GROUNDS</b>			
Service contracts		2,653	
Electricity		4,119	
Heating		1,427	
Repairs and maintenance		417	
Ground care and maintenance		2,198	
Miscellaneous		96	
Building allocation		(1,200)	
<b>Total building and grounds</b>	<u>25,510</u>	<u>9,710</u>	<u>15,800</u>
<b>OPERATIONS</b>			
Office supplies		3,269	
Postage		3,300	
Telephone		1,703	
Service contracts		14,212	
Insurance and bonds		18,015	
Payroll expense		2,202	
Building allocation		(7,686)	
<b>Total operations</b>	<u>43,460</u>	<u>35,015</u>	<u>8,445</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF ANN ARBOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PLANNING COMMISSION</b>			
Per diem - wages		9,600	
Payroll taxes		734	
Consultants		18,548	
Legal fees		10,410	
Advertising and publishing		715	
Service contracts		2,050	
Subscriptions/books		380	
Miscellaneous		67	
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total planning commission</b>	<u>40,000</u>	<u>42,504</u>	<u>(2,504)</u>
<b>ZONING BOARD OF APPEALS</b>			
Per diem - wages		10,475	
Payroll taxes		801	
Personnel allocation		40,800	
Legal fees		1,116	
Miscellaneous		74	
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total zoning board of appeals</b>	<u>55,250</u>	<u>53,266</u>	<u>1,984</u>
<b>ROADS</b>			
Service contracts	<u>253,377</u>	<u>224,919</u>	<u>28,458</u>
<b>METRO EXPENSES</b>	<u>6,000</u>	<u>6,698</u>	<u>(698)</u>
<b>Total expenditures</b>	<u>\$ 936,574</u>	<u>\$ 843,730</u>	<u>\$ 92,844</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**FIRE FUND**  
**(PRE GASB 54 - RESTATEMENT)**

**CHARTER TOWNSHIP OF ANN ARBOR**

**FIRE FUND (PRE GASB 54 - RESTATEMENT)**

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>			
Salaries	\$	\$ 434,795	\$
Insurance benefit		142,847	
Longevity		7,375	
Emergency medical team bonus		2,000	
Retiree health benefits		1,800	
Pension		49,417	
Payroll taxes		40,034	
Health savings contributions		38,626	
Legal expense		2,257	
Paid on-call		23,024	
Office supplies		1,287	
Fire fighting supplies		41,755	
Uniform allowances		4,268	
Gasoline		22,891	
Janitorial supplies		1,804	
Audit/accounting		3,450	
Membership and dues		300	
Personnel reallocation		7,000	
Dispatch		17,140	
Service contracts		12,790	
Telephone		3,634	
Insurance and bonds		50,660	
Electricity		15,476	
Repairs and maintenance - building and grounds		12,884	
Repairs and maintenance - equipment		1,636	
Repairs and maintenance - truck		27,752	
Training and improvements		3,026	
Grant expense		9,679	
Miscellaneous		4,643	
<b>Total expenditures</b>	<u>\$ 1,052,185</u>	<u>\$ 984,250</u>	<u>\$ 67,935</u>

This supplementary information shows the Fire Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.