
Charter Township of Chesterfield

Macomb County, Michigan

Financial Report
with Supplemental Information
December 31, 2018

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Chesterfield

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Charter Township of Chesterfield (the "Township") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Charter Township of Chesterfield'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, the discretely presented component unit, and the aggregate remaining fund information of the Charter Township of Chesterfield as of December 31, 2018 and the respective changes in its 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during the year ended December 31, 2018, the Township adopted new accounting guidance of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes accounting and financial reporting standards for postemployment benefits other than pensions provided to the employees of state and local governments. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Charter Township of Chesterfield

Other Matters

Required Supplemental Information

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

Other Supplemental Information

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

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

Plante & Moran, PLLC

May 22, 2019

Charter Township of Chesterfield

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Chesterfield's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Township's financial statements.

Using this Annual Report

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

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

Township's Net Position

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 34,803,631	\$ 38,327,775	\$ 18,085,968	\$ 18,359,827	\$ 52,889,599	\$ 56,687,602
Capital assets	19,077,039	19,770,260	77,436,615	78,587,238	96,513,654	98,357,498
Total assets	53,880,670	58,098,035	95,522,583	96,947,065	149,403,253	155,045,100
Deferred Outflows of Resources	4,032,968	3,586,255	520,469	486,548	4,553,437	4,072,803
Liabilities						
Current liabilities	569,049	801,140	3,252,132	3,027,231	3,821,181	3,828,371
Noncurrent liabilities	20,761,150	12,332,739	32,723,822	33,167,075	53,484,972	45,499,814
Total liabilities	21,330,199	13,133,879	35,975,954	36,194,306	57,306,153	49,328,185
Deferred Inflows of Resources	14,448,048	13,229,221	73,649	23,255	14,521,697	13,252,476
Net Position						
Net investment in capital assets	16,789,531	17,190,351	49,027,553	48,372,154	65,817,084	65,562,505
Restricted	9,622,363	8,597,714	3,493,836	1,898,667	13,116,199	10,496,381
Unrestricted	(4,276,503)	9,533,125	7,472,060	10,945,231	3,195,557	20,478,356
Total net position	\$ 22,135,391	\$ 35,321,190	\$ 59,993,449	\$ 61,216,052	\$ 82,128,840	\$ 96,537,242

Note: The Township implemented GASB Statement No. 75 in fiscal year 2018. Fiscal year 2017 amounts have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to property state the fiscal year 2018 beginning net position.

Charter Township of Chesterfield

Management's Discussion and Analysis (Continued)

The Township's combined net position increased by \$317,428 from a year ago, resulting in a total net position of \$82,128,840 at December 31, 2018. As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$(360,368) for the governmental activities. This represents a decrease of approximately 1.6 percent. The current level of unrestricted net position for our governmental activities stands at \$(4,276,503), or about (19.2) percent of expenses. Taking a look at the business-type activities, unrestricted net position decreased by \$3,473,171 related primarily to the implementation of GASB 75. This represents a decrease of approximately 31.7 percent.

Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 3,181,604	\$ 3,595,010	\$ 15,241,494	\$ 14,235,937	\$ 18,423,098	\$ 17,830,947
Operating grants	228,575	287,082	-	-	228,575	287,082
Capital grants	550,011	892,556	1,284,973	2,427,845	1,834,984	3,320,401
General revenue:						
Property taxes	12,962,552	13,117,606	-	-	12,962,552	13,117,606
State-shared revenue	3,832,491	3,720,786	-	-	3,832,491	3,720,786
Investment income	244,333	123,835	105,166	52,067	349,499	175,902
Other revenue	917,125	842,668	(164)	-	916,961	842,668
Total revenue	21,916,691	22,579,543	16,631,469	16,715,849	38,548,160	39,295,392
Expenses						
General government	5,469,226	5,249,831	-	-	5,469,226	5,249,831
Public safety	15,028,656	14,245,625	-	-	15,028,656	14,245,625
Public works	819,920	588,184	-	-	819,920	588,184
Community and economic development	103,042	35,747	-	-	103,042	35,747
Recreation and culture	794,404	1,037,532	-	-	794,404	1,037,532
Debt service	61,811	70,401	-	-	61,811	70,401
Water and sewer	-	-	15,709,484	15,804,846	15,709,484	15,804,846
Brandenburg Park	-	-	244,189	246,206	244,189	246,206
Total expenses	22,277,059	21,227,320	15,953,673	16,051,052	38,230,732	37,278,372
Change in Net Position	(360,368)	1,352,223	677,796	664,797	317,428	2,017,020
Net Position - Beginning of year	22,495,759	33,968,967	59,315,653	60,551,255	81,811,412	94,520,222
Net Position - End of year	\$ 22,135,391	\$ 35,321,190	\$ 59,993,449	\$ 61,216,052	\$ 82,128,840	\$ 96,537,242

Note: The Township implemented GASB Statement No. 75 in fiscal year 2018. Fiscal year 2017 amounts have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to property state the fiscal year 2018 beginning net position.

Property taxes are the primary source of revenue for the governmental activities, providing approximately 59.1 percent of total revenue. State-shared revenue provides another 17.5 percent and charges for services provided 14.5 percent, leaving just 8.9 percent being provided by all other sources.

Charter Township of Chesterfield

Management's Discussion and Analysis (Continued)

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2018 include the General Fund and the Public Safety Fund.

The General Fund pays for a majority of the Township's governmental services. The General Fund ended 2018 with a fund balance of \$10,370,446. Revenue increased by \$83,591 due primarily to an increase in state-shared revenue that was partially offset by a decrease in charges for services. Expenditures increased by \$123,701 due to employee-related costs.

The Public Safety Fund is funded by a special assessment. These funds are expended exclusively for the operations of the police and fire departments. The Public Safety Fund ended 2018 with a fund balance of \$9,622,363. Revenue and expenditures for 2018 were \$12,771,453 and \$13,424,362, respectively.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account unanticipated events during the year. The most significant budget amendments related to reallocation of departmental medical expenses from their respective budgeted line items to the general and administrative line, and an amendment to reduce budgeted capital outlay for planned projects that were not started before the end of the year. Actual revenue was above budgeted revenue by 1.3 percent. Actual expenditures were 4.0 percent below budget. The Township completed the year with actual revenue over expenditures in the General Fund of \$901,784 as compared to the budgeted amount of \$545,319, a positive variance of \$356,465.

Capital Assets and Debt Administration

At the end of 2018, the Township had \$96,513,654 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Chesterfield Township Finance Department or the clerk's office at 47275 Sugarbush, Chesterfield Township, MI 48047.

Charter Township of Chesterfield

Statement of Net Position

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Assets				
Cash and investments (Note 3)	\$ 27,332,475	\$ 10,990,155	\$ 38,322,630	\$ 2,271
Receivables - Net:				
Property taxes receivable	5,965,026	-	5,965,026	-
Special assessments receivable	1,256	-	1,256	-
Receivables from sales to customers on account	-	3,135,165	3,135,165	-
Accrued interest receivable	76,979	53,083	130,062	-
Other receivables	114,301	-	114,301	-
Due from other governmental units	961,232	55,352	1,016,584	-
Internal balances (Note 5)	35,043	(35,043)	-	-
Inventory	-	324,163	324,163	-
Prepaid expenses and deposits	317,319	69,257	386,576	-
Restricted assets (Note 7)	-	3,493,836	3,493,836	-
Capital assets: (Note 4)				
Assets not subject to depreciation	3,640,505	846,744	4,487,249	-
Assets subject to depreciation - Net	15,436,534	76,589,871	92,026,405	-
Total assets	53,880,670	95,522,583	149,403,253	2,271
Deferred Outflows of Resources				
Deferred pension costs (Note 9)	2,205,781	254,540	2,460,321	-
Deferred OPEB costs (Note 10)	1,827,187	265,929	2,093,116	-
Total deferred outflows of resources	4,032,968	520,469	4,553,437	-
Liabilities				
Accounts payable	389,844	1,949,897	2,339,741	-
Accrued liabilities and other	179,205	276,954	456,159	-
Unearned revenue	-	1,025,281	1,025,281	-
Noncurrent liabilities:				
Due within one year: (Note 6)				
Payable from restricted assets	-	1,806,020	1,806,020	-
Compensated absences	777,789	118,150	895,939	-
Current portion of long-term debt	323,901	-	323,901	-
Due in more than one year:				
Net pension liability (Note 9)	7,620,893	924,281	8,545,174	-
Net OPEB liability (Note 10)	10,074,960	1,466,309	11,541,269	-
Long-term debt (Note 6)	1,963,607	28,409,062	30,372,669	-
Total liabilities	21,330,199	35,975,954	57,306,153	-
Deferred Inflows of Resources				
Property taxes levied for the following year	13,727,711	-	13,727,711	-
Deferred pension cost reductions (Note 9)	720,337	73,649	793,986	-
Total deferred inflows of resources	14,448,048	73,649	14,521,697	-
Net Position				
Net investment in capital assets	16,789,531	49,027,553	65,817,084	-
Restricted:				
Public safety	5,101,058	-	5,101,058	-
Fire equipment	4,521,305	-	4,521,305	-
Debt service	-	2,834,562	2,834,562	-
Water and sewer construction and maintenance	-	659,274	659,274	-
Unrestricted	(4,276,503)	7,472,060	3,195,557	2,271
Total net position	\$ 22,135,391	\$ 59,993,449	\$ 82,128,840	\$ 2,271

Charter Township of Chesterfield

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,469,226	\$ 950,356	\$ 17,532	\$ -
Public safety	15,028,656	1,839,836	78,123	-
Public works	819,920	95,250	-	550,011
Community and economic development	103,042	-	103,042	-
Recreation and culture	794,404	296,162	29,878	-
Interest on long-term debt	61,811	-	-	-
Total governmental activities	<u>22,277,059</u>	<u>3,181,604</u>	<u>228,575</u>	<u>550,011</u>
Business-type activities:				
Sewer and Water Operations Fund	15,709,484	15,100,051	-	1,284,973
Brandenburg Park Fund	244,189	141,443	-	-
Total business-type activities	<u>15,953,673</u>	<u>15,241,494</u>	<u>-</u>	<u>1,284,973</u>
Total primary government	<u>\$ 38,230,732</u>	<u>\$ 18,423,098</u>	<u>\$ 228,575</u>	<u>\$ 1,834,984</u>
Component units - Economic Development Corporation	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:
 Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Gain (loss) on sale of capital assets
 Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year, as restated (Note 12)

Net Position - End of year

Statement of Activities

Year Ended December 31, 2018

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit - Economic Development Corporation	
\$ (4,501,338)	\$ -	\$ (4,501,338)	\$ -	
(13,110,697)	-	(13,110,697)	-	
(174,659)	-	(174,659)	-	
-	-	-	-	
(468,364)	-	(468,364)	-	
(61,811)	-	(61,811)	-	
(18,316,869)	-	(18,316,869)	-	
-	675,540	675,540	-	
-	(102,746)	(102,746)	-	
-	572,794	572,794	-	
(18,316,869)	572,794	(17,744,075)	-	
-	-	-	(450)	
12,962,552	-	12,962,552	-	
3,832,491	-	3,832,491	-	
244,333	105,166	349,499	-	
751,145	-	751,145	-	
66,357	(164)	66,193	-	
99,623	-	99,623	-	
17,956,501	105,002	18,061,503	-	
(360,368)	677,796	317,428	(450)	
22,495,759	59,315,653	81,811,412	2,721	
\$ 22,135,391	\$ 59,993,449	\$ 82,128,840	\$ 2,271	

Charter Township of Chesterfield

Governmental Funds Balance Sheet

December 31, 2018

	General Fund	Public Safety Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 10,189,531	\$ 16,707,693	\$ 435,251	\$ 27,332,475
Receivables - Net:				
Property taxes receivable	621,527	5,343,499	-	5,965,026
Special assessments receivable	1,256	-	-	1,256
Accrued interest receivable	44,048	31,670	1,261	76,979
Other receivables	34,301	80,000	-	114,301
Due from other governmental units	941,947	19,285	-	961,232
Due from other funds (Note 5)	35,043	-	12,347	47,390
Prepaid expenses and deposits	104,612	188,349	24,358	317,319
	\$ 11,972,265	\$ 22,370,496	\$ 473,217	\$ 34,815,978
Total assets				
Liabilities				
Accounts payable	\$ 122,242	\$ 247,563	\$ 20,039	\$ 389,844
Due to other funds (Note 5)	12,347	-	-	12,347
Accrued liabilities and other	-	160,279	-	160,279
	134,589	407,842	20,039	562,470
Total liabilities				
Deferred Inflows of Resources				
Unavailable revenue	79,810	-	-	79,810
Property taxes levied for the following year	1,387,420	12,340,291	-	13,727,711
	1,467,230	12,340,291	-	13,807,521
Total deferred inflows of resources				
Total liabilities and deferred inflows of resources	1,601,819	12,748,133	20,039	14,369,991
Fund Balances				
Nonspendable - Prepaids and deposits	104,612	188,349	24,358	317,319
Restricted:				
Fire equipment	-	4,521,305	-	4,521,305
Public safety	-	4,912,709	-	4,912,709
Committed - Parks and recreation	-	-	428,820	428,820
Assigned:				
Subsequent year's budget	798,887	-	-	798,887
Future capital improvements	4,000,000	-	-	4,000,000
Senior center	60,022	-	-	60,022
Unassigned	5,406,925	-	-	5,406,925
	10,370,446	9,622,363	453,178	20,445,987
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,972,265	\$ 22,370,496	\$ 473,217	\$ 34,815,978

Charter Township of Chesterfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2018

Fund Balances Reported in Governmental Funds	\$ 20,445,987
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	19,077,039
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	79,810
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(2,287,508)
Accrued interest is not due and payable in the current period and is not reported in the funds	(18,926)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(777,789)
Pension benefits including deferrals	(6,135,449)
Retiree healthcare benefits including deferrals	(8,247,773)
Net Position of Governmental Activities	<u>\$ 22,135,391</u>

Charter Township of Chesterfield

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2018

	General Fund	Public Safety Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 1,252,707	\$ 11,703,361	\$ -	\$ 12,956,068
Special assessments	7,668	-	-	7,668
Intergovernmental:				
Federal grants	103,042	-	-	103,042
State-shared revenue	3,832,491	-	-	3,832,491
Charges for services	863,002	634,554	271,542	1,769,098
Fines and forfeitures	-	87,345	-	87,345
Licenses and permits	6,484	-	1,017,924	1,024,408
Investment income:				
Investment income	90,639	151,179	2,515	244,333
Rental income	222,250	-	-	222,250
Other revenue:				
Other miscellaneous income	124,480	195,014	11,832	331,326
Cable franchise fees	751,145	-	-	751,145
Total revenue	<u>7,253,908</u>	<u>12,771,453</u>	<u>1,303,813</u>	<u>21,329,174</u>
Expenditures				
Current services:				
General government	5,251,625	-	-	5,251,625
Public safety	188,065	12,706,898	1,095,929	13,990,892
Public works	188,103	-	-	188,103
Community and economic development	103,042	-	-	103,042
Recreation and culture	495,971	-	197,498	693,469
Capital outlay	13,068	473,243	-	486,311
Debt service:				
Principal	112,250	201,250	-	313,500
Interest on long-term debt	-	42,971	-	42,971
Total expenditures	<u>6,352,124</u>	<u>13,424,362</u>	<u>1,293,427</u>	<u>21,069,913</u>
Excess of Revenue Over (Under) Expenditures	901,784	(652,909)	10,386	259,261
Other Financing Sources (Uses)				
Transfers in (Note 5)	-	10,208,934	64,274	10,273,208
Transfers out (Note 5)	(64,274)	-	(10,208,934)	(10,273,208)
Sale of capital assets	613	66,338	-	66,951
Total other financing (uses) sources	<u>(63,661)</u>	<u>10,275,272</u>	<u>(10,144,660)</u>	<u>66,951</u>
Net Change in Fund Balances	838,123	9,622,363	(10,134,274)	326,212
Fund Balances - Beginning of year	<u>9,532,323</u>	<u>-</u>	<u>10,587,452</u>	<u>20,119,775</u>
Fund Balances - End of year	<u>\$ 10,370,446</u>	<u>\$ 9,622,363</u>	<u>\$ 453,178</u>	<u>\$ 20,445,987</u>

Charter Township of Chesterfield

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended December 31, 2018

Net Change in Fund Balances Reported in Governmental Funds	\$ 326,212
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	515,608
Depreciation expense	(1,753,206)
Loss on disposal of assets	(594)
Donated capital assets	544,971
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(23,811)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	292,401
Interest expense is recognized in the government-wide statements as it accrues	2,259
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(264,208)
Change in Net Position of Governmental Activities	<u>\$ (360,368)</u>

Charter Township of Chesterfield

Proprietary Funds Statement of Net Position

December 31, 2018

	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	Total Enterprise Funds
Assets			
Current assets:			
Cash and investments (Note 3)	\$ 10,512,540	\$ 477,615	\$ 10,990,155
Receivables - Net:			
Receivables from sales to customers on account	3,135,165	-	3,135,165
Accrued interest receivable	50,026	3,057	53,083
Due from other governmental units	55,352	-	55,352
Inventory	324,163	-	324,163
Prepaid expenses and deposits	68,734	523	69,257
Total current assets	14,145,980	481,195	14,627,175
Noncurrent assets:			
Restricted assets (Note 7)	3,493,836	-	3,493,836
Capital assets: (Note 4)			
Assets not subject to depreciation	846,744	-	846,744
Assets subject to depreciation - Net	74,002,514	2,587,357	76,589,871
Total noncurrent assets	78,343,094	2,587,357	80,930,451
Total assets	92,489,074	3,068,552	95,557,626
Deferred Outflows of Resources			
Deferred pension costs	254,540	-	254,540
Deferred OPEB costs	265,929	-	265,929
Total deferred outflows of resources	520,469	-	520,469
Liabilities			
Current liabilities:			
Accounts payable	1,946,793	3,104	1,949,897
Due to other funds (Note 5)	35,043	-	35,043
Accrued liabilities and other	276,954	-	276,954
Unearned revenue	1,025,281	-	1,025,281
Compensated absences	118,150	-	118,150
Total current liabilities	3,402,221	3,104	3,405,325
Noncurrent liabilities:			
Payable from restricted assets	1,806,020	-	1,806,020
Net pension liability (Note 9)	924,281	-	924,281
Net OPEB liability (Note 10)	1,466,309	-	1,466,309
Long-term debt (Note 6)	28,409,062	-	28,409,062
Total noncurrent liabilities	32,605,672	-	32,605,672
Total liabilities	36,007,893	3,104	36,010,997
Deferred Inflows of Resources - Deferred pension cost reductions	73,649	-	73,649
Net Position			
Net investment in capital assets	46,440,196	2,587,357	49,027,553
Restricted:			
Debt service	2,834,562	-	2,834,562
Water and sewer construction and maintenance	659,274	-	659,274
Unrestricted	6,993,969	478,091	7,472,060
Total net position	\$ 56,928,001	\$ 3,065,448	\$ 59,993,449

Charter Township of Chesterfield

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2018

	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	Total Enterprise Funds
Operating Revenue			
Sale of water	\$ 7,350,269	\$ -	\$ 7,350,269
Sewage disposal charges	7,747,682	-	7,747,682
Fees	-	139,441	139,441
Other	2,100	2,002	4,102
Total operating revenue	15,100,051	141,443	15,241,494
Operating Expenses			
Cost of water	4,062,397	-	4,062,397
Cost of sewage treatment	4,571,902	-	4,571,902
Repairs and maintenance	127,407	-	127,407
Billing and administrative costs	216,863	-	216,863
Personnel services	2,550,916	30,497	2,581,413
Supplies	228,248	5,597	233,845
Other services and charges	413,112	43,435	456,547
Contractual services	875	-	875
Depreciation	2,543,766	164,660	2,708,426
Total operating expenses	14,715,486	244,189	14,959,675
Operating Income (Loss)	384,565	(102,746)	281,819
Nonoperating Revenue (Expense)			
Investment income	97,008	8,158	105,166
Interest expense	(993,998)	-	(993,998)
Loss on sale of assets	(164)	-	(164)
Total nonoperating (expense) revenue	(897,154)	8,158	(888,996)
Loss - Before capital contributions	(512,589)	(94,588)	(607,177)
Capital Contributions			
Capital contributed by grants and donations	2,526	-	2,526
Tap fees	733,324	-	733,324
Benefit fees	238,079	-	238,079
Lines donated by developers	311,044	-	311,044
Total capital contributions	1,284,973	-	1,284,973
Change in Net Position	772,384	(94,588)	677,796
Net Position - Beginning of year, as restated (Note 12)	56,155,617	3,160,036	59,315,653
Net Position - End of year	\$ 56,928,001	\$ 3,065,448	\$ 59,993,449

Charter Township of Chesterfield

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2018

	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 14,901,151	\$ 141,443	\$ 15,042,594
Internal activity - Payments from other funds	96,903	1,050	97,953
Payments to suppliers	(9,291,712)	(46,065)	(9,337,777)
Payments to employees and fringes	(2,662,197)	(32,545)	(2,694,742)
Other receipts	205,780	-	205,780
Net cash and investments provided by operating activities	3,249,925	63,883	3,313,808
Cash Flows from Capital and Related Financing Activities			
Receipt of capital grants	2,526	-	2,526
Tap fees	733,324	-	733,324
Benefit fees	238,079	-	238,079
Proceeds from sale of capital assets	(164)	-	(164)
Purchase of capital assets	(1,246,759)	-	(1,246,759)
Principal and interest paid on capital debt	(2,617,820)	-	(2,617,820)
Net cash and investments used in capital and related financing activities	(2,890,814)	-	(2,890,814)
Cash Flows Provided by Investing Activities - Interest received on investments	67,307	6,813	74,120
Net Increase in Cash and Investments	426,418	70,696	497,114
Cash and Investments - Beginning of year	13,579,958	406,919	13,986,877
Cash and Investments - End of year	\$ 14,006,376	\$ 477,615	\$ 14,483,991
Classification of Cash and Investments			
Cash and investments	\$ 10,512,540	\$ 477,615	\$ 10,990,155
Restricted cash	3,493,836	-	3,493,836
Total cash and investments	\$ 14,006,376	\$ 477,615	\$ 14,483,991

Charter Township of Chesterfield

**Proprietary Funds
Statement of Cash Flows (Continued)**

Year Ended December 31, 2018

	Major Enterprise Fund - Sewer and Water Operations Fund	Nonmajor Enterprise Fund - Brandenburg Park Fund	Total Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ 384,565	\$ (102,746)	\$ 281,819
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	2,543,766	164,660	2,708,426
Changes in assets and liabilities:			
Receivables	6,880	-	6,880
Due to and from other funds	96,903	1,050	97,953
Inventories	(95,907)	-	(95,907)
Prepaid and other assets	39,291	340	39,631
Accounts payable	366,346	579	366,925
Net pension or OPEB liability	10,249	-	10,249
Deferrals related to pension or OPEB	16,473	-	16,473
Accrued and other liabilities	(118,641)	-	(118,641)
	\$ 3,249,925	\$ 63,883	\$ 3,313,808
Net cash and investments provided by operating activities	\$ 3,249,925	\$ 63,883	\$ 3,313,808

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2018, water and sewer line infrastructure totaling \$311,208 was donated to the Township by outside developers.

Charter Township of Chesterfield

**Fiduciary Funds
Statement of Fiduciary Assets and Liabilities**

December 31, 2018

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 16,176,438
Receivables - Net	<u>2,857</u>
Total assets	<u>\$ 16,179,295</u>
Liabilities	
Due to other governmental units	\$ 12,673,788
Refundable deposits and bonds	1,457,061
Cash held on behalf of the library	<u>2,048,446</u>
Total liabilities	<u>\$ 16,179,295</u>

December 31, 2018

Note 1 - Nature of Business

The Charter Township of Chesterfield (the "Township") is a municipality in the state of Michigan. Originally established as a general law township in 1842, the Township later became a charter township in 1989.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Charter Township of Chesterfield is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Economic Development Corporation

The Economic Development Corporation (EDC) was formed to alleviate and prevent conditions of unemployment and to assist and retain local industries and commercial enterprises in order to strengthen and revitalize the economy of the Charter Township of Chesterfield. The EDC board is composed of nine members, of which not more than three can be members of the township board. The EDC does not issue separate financial statements

Report Presentation

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

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

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

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

December 31, 2018

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Public Safety Fund is a full-service department that provides public safety needs for the Township and its residents. The main source of revenue for the public safety department is a voter-approved special assessment on all real property.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following fund as a “major” enterprise fund:

- The Water and Sewer Operations Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.

Fiduciary Funds

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

- The Agency Fund accounts for assets held by the Township in a trustee capacity. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Interfund Activity

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

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

Note 2 - Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No provision has been made in the financial statements for noncollection.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

A township ordinance requires amounts to be set aside in the Water and Sewer Operations Fund for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Township's sewer lines.

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	<u>Depreciable Life - Years</u>
Machinery and equipment	5-20
Buildings and improvements	20
Infrastructure	20-100

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reports deferred outflows related to pensions and OPEB, as detailed in Notes 9 and 10, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Township reports deferred inflows related to receivables collected beyond the Township's period of availability, which are reported only in the governmental funds. The Township also reports deferred inflows related to pensions, as detailed in Note 9.

Net Position Flow Assumption

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Committed - Amounts that have been formally set aside by the board to be used for specific purposes. Commitments are made and can be rescinded only via resolution of the board of trustees.

Assigned - Intent to spend resources on specific purposes expressed by the governing body or the finance director in conjunction with the Township's supervisor, who is authorized by resolution approved by the governing body to make assignments.

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

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2018 property tax revenue was levied and collectible on December 1, 2017 and is recognized as revenue in the year ended December 31, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the Township totaled \$1.555 billion, on which ad valorem taxes levied consisted of 0.7886 mills for operating purposes and 8.0000 mills for public safety purposes. This resulted in \$1.2 million for operating and \$11.7 million for public safety purposes. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue. A provision has been recorded for potential refunds related to disputed taxable values.

Note 2 - Significant Accounting Policies (Continued)

Pension

The Township offers a defined benefit pension plan to its employees through the Municipal Employees' Retirement System of Michigan (MERS). The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Township's pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General, Public Safety, and Water and Sewer funds will be used to liquidate the net pension liability, based on whichever fund an employee or retiree is assigned and to which fund the employee's pension costs are charged.

Other Postemployment Benefit Costs

The Township offers retiree healthcare benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick, vacation pay, and comp time benefits. A liability for unused sick leave is reported in the governmental funds because the Township has a policy to pay employees for unused sick time at the beginning of each year. All unused sick, vacation pay, and comp time are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations and unused sick leave as of year end. The liability in the proprietary fund financial statements is reported in the "accrued liabilities and other" category, as it is all current. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund and the Water and Sewer Fund.

Proprietary Funds Operating Classification

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

Use of Estimates

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

December 31, 2018

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2021.

Note 3 - Deposits and Investments

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

The Township has designated nine banks for the deposit of its funds. The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investment in U.S. treasuries, U.S. agencies, instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The Township's deposits and investment policies are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$44,180,798 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

At year end, the EDC had \$2,271 of bank deposits, all of which was covered by FDIC insurance.

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 2,044,641	P1	Standard & Poor's

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Township did not have any investments that were subject to the fair value hierarchy at December 31, 2018.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following paragraphs.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2018, the fair value of the Comerica J Fund Investment Pool was \$2,044,641, and there were no unfunded commitments, no restrictions on redemption frequency, and no redemption notice period.

The Comerica J Fund Investment Pool invests assets in a manner that will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

December 31, 2018

Note 4 - Capital Assets

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

Governmental Activities

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$ 3,569,592	\$ -	\$ -	\$ -	\$ 3,569,592
Construction in progress	-	-	70,913	-	70,913
Subtotal	3,569,592	-	70,913	-	3,640,505
Capital assets being depreciated:					
Infrastructure	16,548,401	-	544,971	-	17,093,372
Buildings and improvements	17,465,676	-	23,718	-	17,489,394
Machinery and equipment	10,386,703	-	420,977	(96,065)	10,711,615
Subtotal	44,400,780	-	989,666	(96,065)	45,294,381
Accumulated depreciation:					
Infrastructure	7,241,054	-	430,004	-	7,671,058
Buildings and improvements	13,045,432	-	585,919	-	13,631,351
Machinery and equipment	7,913,626	-	737,283	(95,471)	8,555,438
Subtotal	28,200,112	-	1,753,206	(95,471)	29,857,847
Net capital assets being depreciated	16,200,668	-	(763,540)	(594)	15,436,534
Net governmental activities capital assets	<u>\$ 19,770,260</u>	<u>\$ -</u>	<u>\$ (692,627)</u>	<u>\$ (594)</u>	<u>\$ 19,077,039</u>

Business-type Activities

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$ 409,484	\$ -	\$ -	\$ -	\$ 409,484
Construction in progress	2,964,209	(2,964,209)	437,260	-	437,260
Subtotal	3,373,693	(2,964,209)	437,260	-	846,744
Capital assets being depreciated:					
Buildings and improvements	11,119,191	-	14,663	(206,098)	10,927,756
Machinery and equipment	2,165,777	-	776,270	(297,523)	2,644,524
Infrastructure	95,577,623	2,964,209	329,774	-	98,871,606
Subtotal	108,862,591	2,964,209	1,120,707	(503,621)	112,443,886
Accumulated depreciation:					
Buildings and improvements	5,530,471	-	570,822	(206,098)	5,895,195
Machinery and equipment	1,984,618	-	47,797	(297,359)	1,735,056
Infrastructure	26,133,957	-	2,089,807	-	28,223,764
Subtotal	33,649,046	-	2,708,426	(503,457)	35,854,015
Net capital assets being depreciated	75,213,545	2,964,209	(1,587,719)	(164)	76,589,871
Net business-type activities capital assets	<u>\$ 78,587,238</u>	<u>\$ -</u>	<u>\$ (1,150,459)</u>	<u>\$ (164)</u>	<u>\$ 77,436,615</u>

December 31, 2018

Note 4 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 411,178
Public safety		863,600
Public works		441,074
Recreation and culture		<u>37,354</u>
Total governmental activities		<u>\$ 1,753,206</u>
Business-type activities:		
Water and Sewer Fund		\$ 2,543,766
Brandenburg Park Fund		<u>164,660</u>
Total business-type activities		<u>\$ 2,708,426</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer and Water Operations Fund	\$ 35,043
Nonmajor governmental fund	General Fund	<u>12,347</u>
	Total	<u>\$ 47,390</u>

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Nonmajor governmental funds	Public Safety Fund	\$ 10,208,934
General Fund	Nonmajor governmental funds	<u>64,274</u>
	Total	<u>\$ 10,273,208</u>

The transfer from the nonmajor governmental funds to the General Fund represents the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

The transfers from the nonmajor governmental funds to the Public Safety Fund represent the transfer of remaining fund balance from the Fire Department Operating Fund, the Fire Department Equipment Fund, and the Police Department Fund of \$3,114,384, \$5,483,330, and \$1,611,220, respectively.

Note 6 - Long-term Debt

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

Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds:							
Refunding Fire Station Building Bonds	2.00% - 3.00%	\$201,250 - \$290,500	\$ 1,533,000	\$ -	\$ (201,250)	\$ 1,331,750	\$ 232,750
Bond Refunding Premium	2.00% - 3.00%	\$16,151	96,909	-	(16,151)	80,758	16,151
2007 Capital Improvement Bonds	4.00% - 4.15%	\$75,000 - \$100,000	950,000	-	(75,000)	875,000	75,000
Total bonds			2,579,909	-	(292,401)	2,287,508	323,901
Compensated absences			661,040	777,789	(661,040)	777,789	777,789
Total governmental activities long-term debt			<u>\$ 3,240,949</u>	<u>\$ 777,789</u>	<u>\$ (953,441)</u>	<u>\$ 3,065,297</u>	<u>\$ 1,101,690</u>

December 31, 2018

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds:							
Refunding D.P.W. Building Bonds	2.00% - 3.00%	\$373,750 - \$539,500	\$ 2,847,000	\$ -	\$ (373,750)	\$ 2,473,250	\$ 432,250
D.P.W Bond Refunding Premium	2.00% - 3.00%	\$29,995	179,973	-	(29,995)	149,978	29,995
Drainage District Drain bonds:							
North Gratiot Drain Refunding Bonds - 2015	3.625% - 5.000%	\$278,684 - \$456,568	6,439,388	-	(278,684)	6,160,704	379,485
North Gratiot Drain Refunding Bonds - Series 1 - 2015	3.625% - 5.000%	\$20,513 - \$33,606	473,974	-	(20,513)	453,461	27,932
NG Bond Refunding Premium	3.625% - 5.000%	\$14,382	230,116	-	(14,382)	215,734	14,382
North Gratiot Interceptor - Series 2010 2, 3, and 4	3.25% - 4.75%	\$139,524 - \$238,659	3,288,592	-	(139,524)	3,149,068	143,195
North Gratiot Interceptor - Series 2010	3.25% - 4.75%	\$2,031 - \$3,474	47,865	-	(2,031)	45,834	2,084
Oakland-Macomb Interceptor - Series 2010A	2.50%	\$46,532 - \$64,475	771,724	-	(46,532)	725,192	47,715
Oakland-Macomb Interceptor - Series 2010B	1.15% - 5.90%	\$11,042 - \$20,506	198,550	-	(11,042)	187,508	11,633
Oakland-Macomb Interceptor - Series 2011	2.50%	\$53,499 - \$77,223	1,035,124	-	(53,499)	981,625	54,710
Oakland-Macomb Interceptor - Series 2013	2.00%	\$117,802 - \$161,963	2,357,487	-	(117,802)	2,239,685	120,079
Oakland-Macomb Interceptor - Series 2014A	2.000% - 3.125%	\$16,352 - \$25,891	347,760	-	(16,352)	331,408	16,625
Macomb Interceptor Drainage District - Series 2015	2.50%	\$10,972 - \$16,823	247,596	-	(10,972)	236,624	11,337
Macomb Interceptor Drainage District - Series 2017 Refunding	3.45% - 5.50%	\$164,421 - \$356,915	4,431,694	-	(187,481)	4,244,213	164,421
Macomb Interceptor Drainage District - Series 2017A	3.45% - 5.50%	\$78,820 - \$280,997	4,249,943	-	(78,820)	4,171,123	95,079
MID Bond Refunding Premium	1.250% - 5.375%	\$85,558	1,540,037	-	(85,558)	1,454,479	85,558
Clintondale Pump Station Improvements	2.00% - 4.50%	\$91,883 - \$191,424	1,948,692	-	(91,885)	1,856,807	99,540
State Revolving Fund Loan 2012	2.50%	\$65,000 - \$98,389	1,203,389	-	(65,000)	1,138,389	70,000
Total business-type activities			31,838,904	-	(1,623,822)	30,215,082	1,806,020
Compensated absences			94,767	118,150	(94,767)	118,150	118,150
Total business-type activities long-term debt			\$ 31,933,671	\$ 118,150	\$ (1,718,589)	\$ 30,333,232	\$ 1,924,170

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 307,750	\$ 70,711	\$ 378,461	\$ 1,676,085	\$ 1,072,643	\$ 2,748,728
2020	364,250	59,756	424,006	1,770,336	1,008,197	2,778,533
2021	378,250	47,619	425,869	1,829,461	940,730	2,770,191
2022	390,500	35,038	425,538	1,890,540	870,847	2,761,387
2023	366,000	22,590	388,590	1,873,965	799,961	2,673,926
2024-2028	400,000	33,175	433,175	7,625,922	3,066,880	10,692,802
2029-2032	-	-	-	8,216,085	1,497,152	9,713,237
2033-2037	-	-	-	2,466,275	425,732	2,892,007
2038-2042	-	-	-	1,046,222	107,804	1,154,026
Total	<u>\$ 2,206,750</u>	<u>\$ 268,889</u>	<u>\$ 2,475,639</u>	<u>\$ 28,394,891</u>	<u>\$ 9,789,946</u>	<u>\$ 38,184,837</u>

Note 7 - Restricted Assets

Specific assets of the Water and Sewer Fund have been restricted for debt service, construction, and maintenance. Restricted assets consist of cash and cash equivalents and money held on deposit with other governmental units and are reserved in accordance with the water and sewer bond ordinance requirements.

At December 31, 2018, restricted assets are composed of the following:

Restricted assets from bond ordinance:	
Cash and cash equivalents - Debt service	\$ 2,834,562
Cash held at the county for construction and maintenance	<u>659,274</u>
Total Water and Sewer Fund restricted assets	<u>\$ 3,493,836</u>

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal League Risk Pool for claims relating to workers' compensation and participates in the Michigan Townships Participating Plan for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

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

Note 9 - Pension Plan

Plan Description

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

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

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

Retirement benefits for general employees are calculated as 2.00 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police patrol employees are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police command employees are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	70
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>139</u>
Total employees covered by the plan	<u><u>229</u></u>

Note 9 - Pension Plan (Continued)

Contributions

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

For general employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 2.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 11.26 percent of annual covered payroll.

For police patrol employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 4.50 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 16.24 percent of annual covered payroll.

For police command employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 4.50 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 23.92 percent of annual covered payroll.

Net Pension Liability

The December 31, 2018 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2017 measurement date. The December 31, 2017 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 37,276,913	\$ 26,951,719	\$ 10,325,194
Changes for the year:			
Service cost	810,701	-	810,701
Interest	2,951,678	-	2,951,678
Differences between expected and actual experience	(5,825)	-	(5,825)
Contributions - Employer	-	1,556,385	(1,556,385)
Contributions - Employee	-	425,881	(425,881)
Net investment income	-	3,611,349	(3,611,349)
Benefit payments, including refunds	(1,572,603)	(1,572,603)	-
Administrative expenses	-	(57,041)	57,041
Net changes	2,183,951	3,963,971	(1,780,020)
Balance at December 31, 2017	\$ 39,460,864	\$ 30,915,690	\$ 8,545,174

Note 9 - Pension Plan (Continued)

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

For the year ended December 31, 2018, the Township recognized pension expense of \$1,610,619.

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 405,025	\$ 167,220
Changes in assumptions	871,223	-
Net difference between projected and actual earnings on pension plan investments	-	626,766
Employer contributions to the plan subsequent to the measurement date	1,184,073	-
Total	<u>\$ 2,460,321</u>	<u>\$ 793,986</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date of \$1,184,073 will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	Amount
2019	\$ 387,322
2020	301,188
2021	(169,702)
2022	(2,437)
2023	(33,278)
Thereafter	(831)
Total	<u>\$ 482,262</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.75 percent, an investment rate of return (net of investment expenses) of 8.0 percent, and the RP-2014 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

Note 9 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2017, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	6.50

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 8.0 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the plan	\$ 13,481,354	\$ 8,545,174	\$ 4,402,340

Pension Plan Fiduciary Net Position

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

Note 10 - Other Postemployment Benefit Plan

Plan Description

The Township provides postretirement benefits other than pension benefits to all full-time employees of the Township through the Chesterfield Township Retiree Health Care Plan. These benefits include certain healthcare and life insurance benefits. All employees with 15 years of service and who are at least 55 years old at retirement are eligible to receive these benefits. This plan is a single-employer plan administered by the Township.

Benefits Provided

The Chesterfield Township Retiree Health Care Plan provides healthcare, prescription drug, vision, dental, and life insurance benefits. Member coverage is dependent upon the hire date and employee group of the member. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan. As of January 1, 2018, the plan was closed to new entrants.

December 31, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	104
Active plan members	<u>142</u>
Total plan members	<u><u>246</u></u>

Contributions

Act 359 of 1947, as amended, grants the authority to establish and amend the contribution requirements of the Township and employees to the board. The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended December 31, 2018, the Township's average contribution rate was 18.00 percent of covered employee payroll. Employees are not required to contribute to the plan.

Net OPEB Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2018 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017, which used update procedures to roll forward the estimated liability to December 31, 2018.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 32,922,409	\$ 23,216,662	\$ 9,705,747
Changes for the year:			
Service cost	659,146	-	659,146
Interest	2,442,478	-	2,442,478
Contributions - Employer	-	2,170,126	(2,170,126)
Net investment loss	-	(847,313)	847,313
Benefit payments, including refunds	(1,371,226)	(1,371,226)	-
Administrative expenses	-	(56,711)	56,711
Net changes	<u>1,730,398</u>	<u>(105,124)</u>	<u>1,835,522</u>
Balance at December 31, 2018	<u><u>\$ 34,652,807</u></u>	<u><u>\$ 23,111,538</u></u>	<u><u>\$ 11,541,269</u></u>

The plan's fiduciary net position represents 66.7 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Township recognized OPEB expense of \$1,912,533.

December 31, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 2,093,116	\$ -

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

Years Ending December 31	Amount
2019	\$ 523,279
2020	523,279
2021	523,279
2022	523,279
Total	\$ 2,093,116

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.75 percent; an investment rate of return (net of investment expenses) of 7.50 percent; a healthcare cost trend rate of 9.00 percent for 2018, decreasing 0.50 percent per year to an ultimate rate of 4.50 percent for 2028 and later years; and using the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period from 2000-2013.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

December 31, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2018 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Township, calculated using the discount rate of 7.50 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the Chesterfield Township Retiree Health Care Plan	\$ 17,107,362	\$ 11,541,269	\$ 7,010,736

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate of 9.0 percent, decreasing by 0.5 percent per year until the rate is 4.5 percent, as well as what the Township's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.00%)	Current Healthcare Cost Trend Rate (9.00%)	1 Percent Increase (10.00%)
Net OPEB liability of the Chesterfield Township Retiree Health Care Plan	\$ 6,775,875	\$ 11,541,269	\$ 17,475,467

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 11 - Tax Abatements

The Township uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Township grants reductions of 50 percent of the property tax bill for new property.

For the fiscal year ended December 31, 2018, the Township abated \$14,745 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the Township's tax revenue.

Note 12 - Change in Accounting Principle

During the current year, the Township adopted Governmental Accounting Standards Board (GASB) Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded portion of the Township's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as a part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details. This change does not impact the General Fund or any other governmental fund.

The following financial statement line items for fiscal year 2018 were affected by the change in accounting principle:

	Net Position - Beginning of Year		
	As Previously Reported	As Restated	Effect of Change
Governmental activities	\$ 35,321,190	\$ 22,495,759	\$ (12,825,431)
Business-type activities	61,216,052	59,315,653	(1,900,399)
Sewer and Water Operations Fund	58,056,016	56,155,617	(1,900,399)

The impact on the prior year changes in net position could not be determined.

Required Supplemental Information

Charter Township of Chesterfield

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,212,074	\$ 1,217,568	\$ 1,252,707	\$ 35,139
Special assessments	4,982	4,982	7,668	2,686
Intergovernmental:				
Federal grants	323,000	108,000	103,042	(4,958)
State-shared revenue	3,660,000	3,750,000	3,832,491	82,491
Charges for services	859,440	883,876	863,002	(20,874)
Licenses and permits	7,450	6,200	6,484	284
Investment income	278,464	278,464	312,889	34,425
Other revenue	918,280	912,000	875,625	(36,375)
Total revenue	7,263,690	7,161,090	7,253,908	92,818
Expenditures				
Current services:				
General government:				
Township board	82,174	69,190	72,802	(3,612)
Township supervisor	236,822	176,506	173,414	3,092
Accounting	396,733	288,086	265,712	22,374
Planning commission	43,030	43,030	34,491	8,539
Zoning board of appeals	8,580	4,380	1,997	2,383
Treasurer	498,882	376,767	366,804	9,963
Assessing	675,998	448,518	433,863	14,655
Board of review	1,580	1,891	1,951	(60)
Clerk	435,724	313,012	303,074	9,938
Buildings and grounds	1,495,831	1,127,246	1,108,934	18,312
Elections	175,002	185,061	184,080	981
Human resources	311,317	251,713	253,682	(1,969)
General administration	677,219	1,968,373	1,900,941	67,432
Anchor Bay Harbor storm sewer	42,620	15,000	14,884	116
Planning and zoning administration	196,157	136,665	134,996	1,669
Public safety	198,831	193,715	188,065	5,650
Public works	185,500	180,307	188,103	(7,796)
Community and economic development	88,000	108,500	103,042	5,458
Recreation and culture	831,008	602,561	495,971	106,590
Capital outlay	590,200	13,000	13,068	(68)
Debt service	112,250	112,250	112,250	-
Total expenditures	7,283,458	6,615,771	6,352,124	263,647
Excess of Revenue (Under) Over Expenditures	(19,768)	545,319	901,784	356,465
Other Financing (Uses) Sources				
Transfers out	(105,000)	(60,000)	(64,274)	(4,274)
Sale of capital assets	1,000	1,000	613	(387)
Total other financing uses	(104,000)	(59,000)	(63,661)	(4,661)
Net Change in Fund Balance	(123,768)	486,319	838,123	351,804
Fund Balance - Beginning of year	9,532,323	9,532,323	9,532,323	-
Fund Balance - End of year	\$ 9,408,555	\$ 10,018,642	\$ 10,370,446	\$ 351,804

Charter Township of Chesterfield

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Public Safety Fund

Year Ended December 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 11,691,082	\$ 11,695,172	\$ 11,703,361	\$ 8,189
Charges for services	370,000	566,279	634,554	68,275
Fines and forfeitures	85,000	89,678	87,345	(2,333)
Investment income	61,000	102,148	151,179	49,031
Other revenue	145,200	184,254	195,014	10,760
Total revenue	12,352,282	12,637,531	12,771,453	133,922
Expenditures - Current - Public safety	13,708,859	13,200,021	13,424,362	(224,341)
Excess of Expenditures Over Revenue	(1,356,577)	(562,490)	(652,909)	(90,419)
Other Financing Sources				
Transfers in	-	-	10,208,934	10,208,934
Sale of capital assets	20,000	71,083	66,338	(4,745)
Total other financing sources	20,000	71,083	10,275,272	10,204,189
Net Change in Fund Balance	(1,336,577)	(491,407)	9,622,363	10,113,770
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ (1,336,577)</u>	<u>\$ (491,407)</u>	<u>\$ 9,622,363</u>	<u>\$ 10,113,770</u>

Charter Township of Chesterfield

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Four Plan Years			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 810,701	\$ 840,447	\$ 775,641	\$ 775,853
Interest	2,951,678	2,800,172	2,533,808	2,361,993
Differences between expected and actual experience	(5,825)	(227,118)	708,794	-
Changes in assumptions	-	-	1,524,640	-
Benefit payments, including refunds	(1,572,603)	(1,437,067)	(1,134,858)	(975,371)
Net Change in Total Pension Liability	2,183,951	1,976,434	4,408,025	2,162,475
Total Pension Liability - Beginning of year	37,276,913	35,300,479	30,892,454	28,729,979
Total Pension Liability - End of year	\$ 39,460,864	\$ 37,276,913	\$ 35,300,479	\$ 30,892,454
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,556,385	\$ 1,455,581	\$ 1,402,474	\$ 1,176,363
Contributions - Member	425,881	264,803	370,116	598,677
Net investment income (loss)	3,611,349	2,762,322	(371,208)	1,383,459
Administrative expenses	(57,041)	(54,461)	(53,105)	(51,236)
Benefit payments, including refunds	(1,572,603)	(1,437,067)	(1,134,858)	(975,371)
Net Change in Plan Fiduciary Net Position	3,963,971	2,991,178	213,419	2,131,892
Plan Fiduciary Net Position - Beginning of year	26,951,719	23,960,541	23,747,122	21,615,230
Plan Fiduciary Net Position - End of year	\$ 30,915,690	\$ 26,951,719	\$ 23,960,541	\$ 23,747,122
Township's Net Pension Liability - Ending	\$ 8,545,174	\$ 10,325,194	\$ 11,339,938	\$ 7,145,332
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.35 %	72.30 %	67.88 %	76.87 %
Covered Payroll	\$ 8,308,463	\$ 8,624,344	\$ 8,407,968	\$ 8,349,251
Township's Net Pension Liability as a Percentage of Covered Payroll	102.85 %	119.72 %	134.87 %	85.58 %

* This schedule will be built prospectively.

Charter Township of Chesterfield

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,181,169	\$ 1,290,876	\$ 961,608	\$ 975,401	\$ 796,974	\$ 844,706	\$ 846,365	\$ 1,040,372	\$ 983,952	\$ 852,980
Contributions in relation to the actuarially determined contribution	1,181,169	1,537,868	1,455,015	1,403,525	1,234,651	1,289,295	1,296,590	1,433,883	983,952	852,980
Contribution Excess	\$ -	\$ 246,992	\$ 493,407	\$ 428,124	\$ 437,677	\$ 444,589	\$ 450,225	\$ 393,511	\$ -	\$ -
Covered Payroll	\$ 8,308,463	\$ 8,624,344	\$ 8,407,968	\$ 8,349,251	\$ 8,011,355	\$ 8,710,926	\$ 8,898,872	\$ 8,818,977	\$ 9,184,765	\$ 9,680,239
Contributions as a Percentage of Covered Payroll	14.22 %	17.83 %	17.31 %	16.81 %	15.41 %	14.80 %	14.57 %	16.26 %	10.71 %	8.81 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended December 31, 2018 were determined based on the actuarial valuation as of December 31, 2016. The most recent valuation is as of December 31, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	5 - 21 years
Asset valuation method	10-year smoothed market
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	8.00 percent
Retirement age	Experience-based table of rates is specific to the type of eligibility condition.
Mortality	50 percent male - 50 percent female blend of the RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables
Other information	None

Charter Township of Chesterfield

Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Fiscal Year
	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 659,146
Interest	2,442,478
Benefit payments, including refunds	<u>(1,371,226)</u>
Net Change in Total OPEB Liability	1,730,398
Total OPEB Liability - Beginning of year	<u>32,922,409</u>
Total OPEB Liability - End of year	<u>\$ 34,652,807</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 2,170,126
Net investment loss	(847,313)
Administrative expenses	(56,711)
Benefit payments, including refunds	<u>(1,371,226)</u>
Net Change in Plan Fiduciary Net Position	(105,124)
Plan Fiduciary Net Position - Beginning of year	<u>23,216,662</u>
Plan Fiduciary Net Position - End of year	<u>\$ 23,111,538</u>
Net OPEB Liability - Ending	<u>\$ 11,541,269</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	66.69 %
Covered Employee Payroll	\$ 8,390,904
Net OPEB Liability as a Percentage of Covered Employee Payroll	137.55 %

* Schedule is built prospectively upon implementation of GASB Statement No. 75.

Charter Township of Chesterfield

Required Supplemental Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,552,095	\$ 1,251,756	\$ 1,139,605	\$ 1,111,838	\$ 1,818,184	\$ 1,759,202	\$ 1,702,303	\$ 1,320,363	\$ 1,263,506	\$ 1,209,096
Contributions in relation to the actuarially determined contribution	2,170,126	2,404,571	2,184,488	2,475,426	2,274,565	2,032,253	1,713,027	1,466,638	1,419,238	1,386,978
Contribution Excess	\$ 618,031	\$ 1,152,815	\$ 1,044,883	\$ 1,363,588	\$ 456,381	\$ 273,051	\$ 10,724	\$ 146,275	\$ 155,732	\$ 177,882
Covered Employee Payroll	\$ 8,390,904	\$ 8,087,618	\$ 9,452,094	\$ 9,452,094	\$ 9,452,094	\$ 8,818,977	\$ 8,818,977	\$ 8,818,977	\$ 8,818,977	\$ 9,680,329
Contributions as a Percentage of Covered Employee Payroll	25.86 %	29.73 %	23.11 %	26.19 %	24.06 %	23.04 %	19.42 %	16.63 %	16.09 %	14.33 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which the contributions are reported. Contributions for the Township's fiscal year ended December 31, 2018 were determined based on the actuarial valuation as of December 31, 2017. The most recent valuation is as of December 31, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal as a percentage of payroll
Amortization method	Level dollar over a closed 30 years
Remaining amortization period	5 - 30 years
Asset valuation method	Market value
Inflation	2.50 percent
Healthcare cost trend rates	9.00 percent decreasing 0.50 percent per year to an ultimate rate of 4.50 percent after 10 years
Salary increase	3.75 percent
Investment rate of return	7.50 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

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

1. On or before September 1, the Township's supervisor, finance department, and respective department heads prepare a proposed operating budget for the fiscal year commencing on January 1 and submit it to the board. One to two study sessions are held at an open meeting with the board in order to answer any questions. The budget must be adopted through a passage of a budget resolution no later than the last board meeting in December.
2. Public hearings are conducted to obtain citizen comments.
3. The budget document presents information by department. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations). Line item detail is provided as a general guideline. Throughout the year, the board receives requests to amend the activity budget. All amendments by departments must be approved by a vote of the township board.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Charter Township of Chesterfield incurred the following expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Township board	\$ 69,190	\$ 72,802	\$ (3,612)
Board of review	1,891	1,951	(60)
Human resources	251,713	253,682	(1,969)
Public works	180,307	188,103	(7,796)
Capital outlay	13,000	13,068	(68)
Public Safety Fund - Public safety	13,200,021	13,424,362	(224,341)

The budget overages related to unanticipated expenditures in which the budget was not amended.

Other Supplemental Information

Charter Township of Chesterfield

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

December 31, 2018

	Special Revenue Funds					Total
	Police Department Fund	Fire Department Operating Fund	Fire Department Equipment Fund	Building Inspection Fund	Parks and Recreation Fund	
Assets						
Cash and investments	\$ -	\$ -	\$ -	\$ 2,184	\$ 433,067	\$ 435,251
Receivables - Net - Accrued interest	-	-	-	-	1,261	1,261
Due from other funds	-	-	-	12,347	-	12,347
Prepaid expenses and deposits	-	-	-	24,358	-	24,358
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,889</u>	<u>\$ 434,328</u>	<u>\$ 473,217</u>
Liabilities - Accounts payable	\$ -	\$ -	\$ -	\$ 14,531	\$ 5,508	\$ 20,039
Fund Balances						
Nonspendable - Prepaids and deposits	-	-	-	24,358	-	24,358
Committed - Parks and recreation	-	-	-	-	428,820	428,820
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,358</u>	<u>428,820</u>	<u>453,178</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,889</u>	<u>\$ 434,328</u>	<u>\$ 473,217</u>

Charter Township of Chesterfield

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended December 31, 2018

	Special Revenue Funds					Total
	Police Department Fund	Fire Department Operating Fund	Fire Department Equipment Fund	Building Inspection Fund	Parks and Recreation Fund	
Revenue						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 271,542	\$ 271,542
Licenses and permits	-	-	-	1,017,924	-	1,017,924
Investment income	-	-	-	-	2,515	2,515
Other revenue	-	-	-	11,832	-	11,832
Total revenue	-	-	-	1,029,756	274,057	1,303,813
Expenditures - Current services						
Public safety	-	-	-	1,095,929	-	1,095,929
Recreation and culture	-	-	-	-	197,498	197,498
Total expenditures	-	-	-	1,095,929	197,498	1,293,427
Excess of Revenue (Under) Over Expenditures	-	-	-	(66,173)	76,559	10,386
Other Financing Sources (Uses)						
Transfers in	-	-	-	64,274	-	64,274
Transfers out	(1,611,220)	(3,114,384)	(5,483,330)	-	-	(10,208,934)
Total other financing (uses) sources	(1,611,220)	(3,114,384)	(5,483,330)	64,274	-	(10,144,660)
Net Change in Fund Balances	(1,611,220)	(3,114,384)	(5,483,330)	(1,899)	76,559	(10,134,274)
Fund Balances - Beginning of year	1,611,220	3,114,384	5,483,330	26,257	352,261	10,587,452
Fund Balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,358</u>	<u>\$ 428,820</u>	<u>\$ 453,178</u>