

Charter Township of Benton, Michigan

**Financial Report
with Supplemental Information
December 31, 2014**

Charter Township of Benton

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Charter Township of Benton

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Independent Auditor's Report

To the Members of the Township Board
Charter Township of Benton

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

To the Members of the Township Board
Charter Township of Benton

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, in 2014, the entity adopted the new accounting guidance of GASB 67, *Financial Reporting for Pension Plans* as of January 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

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

Plante & Morse, PLLC

June 9, 2015

Charter Township of Benton

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of Benton, Michigan's (the "Charter Township") financial performance provides an overview of the Charter Township's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Charter Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2014:

The Charter Township's General Fund revenues came in \$202,000 over budget while the expenditures came in \$455,000 under budget, creating an actual revenue to expense budget difference of \$657,000. Two of the key contributing factors were the health insurance premiums and the related high deductible funding which came in \$87,500 under budget. This can be attributed to the health insurance plan change made effective January 1, 2014, which increased the deductible, and in part to low utilization.

The Charter Township fully funded its annual required contribution of \$277,000 related to the Retiree Health Benefit Obligation, bringing the trust balance to over \$1,060,000.

The Charter Township's Police Fund expenditures were \$293,000 under budget which can be primarily attributed to savings achieved from having part-time employees, which resulted in wages and related fringe benefits being nearly \$250,000 under budget. (Note: Part-time employees were negotiated with the Police Union after the budget was adopted.) The Police Fund did not require transfers from the General Fund in 2014 making the fund self-supporting for the first time in several years.

The Charter Township addressed its aging vehicle fleet by replacing three detective vehicles, three patrol vehicles, and a trash truck and by authorizing the purchase of a fire truck. The Police Fund purchased the two patrol vehicles as budgeted and one for the Business Patrol District. The Capital Project Fund (commonly referred to as the Equipment Replacement Fund) purchased the three detective vehicles and the trash truck, requiring a use of fund balance; however, the fund still ended the year with over \$230,000 in fund balance. Instead of using the Fire Fund balance to purchase the fire truck, the Charter Township decided to take out a loan for the fire truck in the amount of \$441,373, bearing interest at 1.15 percent, and use the Fire Fund balance to pay off the Fire Station #1 loan early which had a balance of \$481,325 and bore interest at 4.49 percent. While paying off the loan using Fire Fund balance created an operating loss of nearly \$245,000, it will save the Fire Fund over \$30,000 in interest expense in the next three years, the life of the loan.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The Sanitary Sewer Fund revenues exceeded expenditures by nearly \$300,000. Interest expense on bonds was approximately \$188,000 under budget due to receiving a good bond rating of A+, a better than expected interest rate, and not incurring a full year of interest expense on the new bond issuance. In addition, sewer treatment charges and repair and maintenance expense were below budget by \$112,000 and \$59,000, respectively.

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

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

Charter Township of Benton

Management's Discussion and Analysis (Continued)

Charter Township of Benton as a Whole

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

Summary of Condensed Statement of Net Position

	Governmental Activities			Business-type Activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Assets									
Current assets	\$ 8,703,811	\$ 8,897,462	\$ 8,112,486	\$ 10,125,687	\$ 7,662,133	\$ 6,903,895	\$ 18,829,498	\$ 16,559,595	\$ 15,016,381
Noncurrent assets	504,161	27,150	-	-	-	936,094	504,161	27,150	936,094
Capital assets:									
Assets not subject to depreciation	844,183	813,614	835,233	1,917,761	1,479,415	1,442,664	2,761,944	2,293,029	2,277,897
Assets subject to depreciation	<u>4,695,516</u>	<u>4,488,798</u>	<u>4,579,050</u>	<u>29,589,094</u>	<u>29,819,079</u>	<u>30,616,150</u>	<u>34,284,610</u>	<u>34,307,877</u>	<u>35,195,200</u>
Total assets	14,747,671	14,227,024	13,526,769	41,632,542	38,960,627	39,898,803	56,380,213	53,187,651	53,425,572
Liabilities									
Current liabilities	982,250	1,072,714	974,525	1,982,924	1,752,025	1,606,537	2,965,174	2,824,739	2,581,062
Long-term liabilities	<u>1,325,054</u>	<u>1,459,390</u>	<u>1,568,213</u>	<u>23,273,612</u>	<u>21,127,913</u>	<u>22,179,611</u>	<u>24,598,666</u>	<u>22,587,303</u>	<u>23,747,824</u>
Total liabilities	2,307,304	2,532,104	2,542,738	25,256,536	22,879,938	23,786,148	27,563,840	25,412,042	26,328,886
Deferred Inflows of Resources	<u>5,592,835</u>	<u>5,701,280</u>	<u>5,436,677</u>	-	-	-	<u>5,592,835</u>	<u>5,701,280</u>	<u>5,436,677</u>
Net Position									
Net investment in capital assets	5,539,982	4,770,366	4,784,331	10,024,192	9,187,271	9,627,481	15,564,174	13,957,637	14,411,812
Restricted	371,080	440,642	287,061	-	-	-	371,080	440,642	287,061
Unrestricted	<u>936,470</u>	<u>782,632</u>	<u>475,962</u>	<u>6,351,814</u>	<u>6,893,418</u>	<u>6,485,174</u>	<u>7,288,284</u>	<u>7,676,050</u>	<u>6,961,136</u>
Total net position	<u>\$ 6,847,532</u>	<u>\$ 5,993,640</u>	<u>\$ 5,547,354</u>	<u>\$ 16,376,006</u>	<u>\$ 16,080,689</u>	<u>\$ 16,112,655</u>	<u>\$ 23,223,538</u>	<u>\$ 22,074,329</u>	<u>\$ 21,660,009</u>

The total financial position of the governmental and business-type activities has increased during the year. The governmental activities net position increased \$853,892, or approximately 14.25 percent, over the prior year, while business-type activities increased \$295,317, or approximately 1.84 percent, over the prior year. The Charter Township of Benton's board of trustees has maintained the net position levels by continuing to operate conservatively in light of the current economy.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The following table shows the current year's changes in net position compared to the prior two years:

Summary of Condensed Statement of Activities

	Governmental Activities			Business-type Activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Revenue									
Program revenue:									
Charges for services	\$ 1,156,507	\$ 1,011,796	\$ 1,043,907	\$ 5,477,492	\$ 5,157,133	\$ 5,181,828	\$ 6,633,999	\$ 6,168,929	\$ 6,225,735
Operating grants and contributions	103,652	28,460	31,691	-	-	-	103,652	28,460	31,691
Capital grants and contributions	-	-	-	51,092	45,135	35,861	51,092	45,135	35,861
General revenue:									
Property taxes	5,558,865	5,549,065	5,870,395	-	-	-	5,558,865	5,549,065	5,870,395
State-shared revenue	1,292,656	1,257,427	1,430,417	-	-	-	1,292,656	1,257,427	1,430,417
Investment income	8,929	4,795	62,121	101,169	99,739	133,551	110,098	104,534	195,672
Cable franchise fees	126,933	119,133	114,980	-	-	-	126,933	119,133	114,980
Other miscellaneous income	229,264	301,977	278,324	-	-	-	229,264	301,977	278,324
Sale of fixed assets	24,000	-	200	-	-	-	24,000	-	200
Total revenue	8,500,806	8,272,653	8,832,035	5,629,753	5,302,007	5,351,240	14,130,559	13,574,660	14,183,275
Program Expenses									
General government	1,438,990	1,464,659	1,494,667	-	-	-	1,438,990	1,464,659	1,494,667
Public safety	5,437,010	5,584,537	5,851,415	-	-	-	5,437,010	5,584,537	5,851,415
Public works	670,375	644,606	796,928	-	-	-	670,375	644,606	796,928
Community and economic development	1,745	23,187	7,274	-	-	-	1,745	23,187	7,274
Recreation and culture	67,473	71,226	64,476	-	-	-	67,473	71,226	64,476
Interest on long-term debt	31,321	38,152	46,097	-	-	-	31,321	38,152	46,097
Water and sewer	-	-	-	5,334,436	5,333,973	5,291,241	5,334,436	5,333,973	5,291,241
Total program expenses	7,646,914	7,826,367	8,260,857	5,334,436	5,333,973	5,291,241	12,981,350	13,160,340	13,552,098
Transfers	-	-	-	-	-	-	-	-	-
Change in Net Position	\$ 853,892	\$ 446,286	\$ 571,178	\$ 295,317	\$ (31,966)	\$ 59,999	\$ 1,149,209	\$ 414,320	\$ 631,177

During the past fiscal year, governmental activities expenses decreased \$179,453, or approximately 2.29 percent. Business-type activities expenses remained consistent with an increase of \$463, or approximately 0.01 percent.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

Budget Overruns

The General Fund had a budget overrun of approximately \$20,000 in transfers out. This was due to an additional transfer to the Capital Projects Fund to fully fund the purchase of the trash truck.

The Fire Fund had a budget overrun of approximately \$420,000 in transfers out. The Fire Fund budget included transfers out of \$125,000 for the semiannual debt service payments on the Fire Station Loan. However, it was determined that it was in the Charter Township's best financial interest to pay off the balance of the Fire Station Loan in the amount of \$554,279, causing the budget overrun.

The Charter Township's Funds

The General Fund had an increase in fund balance of \$268,029. The Police Fund had an increase in fund balance of \$157,586 and the Fire Fund had a decrease in fund balance of \$244,805.

The Debt Service Fund had an increase of \$432,285. The Debt Service Fund holds \$441,373 of unspent debt proceeds.

Of the enterprise funds, the Sanitary Sewage System Fund had an increase in net position of \$299,016 and the Water System Fund had a slight decrease in net position of \$3,699.

Long-term Debt and Capital Assets

The Charter Township purchased approximately \$547,000 of governmental-type fixed assets, and \$1,487,000 of business-type fixed assets.

The Future

While the Charter Township has made significant adjustments to offset the decrease in taxable values and rising costs, the uncertainty of the impact of the phase-out of personal property tax is still looming. If the Charter Township does not receive a reimbursement for the lost personal property tax revenue, additional adjustments will have to be made in an attempt to maintain the same level of police and fire service that is currently provided.

The Charter Township negotiated five-year labor agreements with the Police and Fire Unions which started in January 2015. These contracts eliminated retiree health care for future employees, increased the employee's portion of pension and healthcare contributions, and adjusted the average final compensation calculation used to determine the pension benefit. The Fire Union also agreed to the hiring of part-time employees. These gracious concessions will provide cost savings and will contribute to a more sustainable compensation package.

New accounting standards will require recognition of the unfunded pension benefit obligation as a liability in the 2015 financial statements.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

In the spring of 2015, the Charter Township intends to issue Sewer Replacement Bonds to support phase two of the system improvements. The Charter Township plans to sell a maximum of \$1.5 million with a 15-year repayment term. Once again, the Township will be borrowing while the interest rates remain at all-time lows, thereby reducing the total project costs.

The 2014 audit report is on file with the Charter Township's clerk. If you have any questions about this report, please contact the Charter Township of Benton Clerk's Office.

Charter Township of Benton

Statement of Net Position December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 4,377,576	\$ 5,334,178	\$ 9,711,754
Receivables:			
Property taxes receivable	4,106,457	-	4,106,457
Other receivables - Net	121,838	1,132,459	1,254,297
Due from other governmental units	276,444	-	276,444
Special assessments receivable	161,768	284,923	446,691
Internal balances	(444,163)	444,163	-
Prepaid expenses	103,891	19,936	123,827
Unspent debt proceeds	441,656	2,910,028	3,351,684
Land held for resale	62,505	-	62,505
Capital assets:			
Assets not subject to depreciation (Note 4)	844,183	1,917,761	2,761,944
Assets subject to depreciation (Note 4)	4,695,516	29,589,094	34,284,610
Total assets	14,747,671	41,632,542	56,380,213
Liabilities			
Accounts payable	258,252	327,508	585,760
Due to other governmental units	5,654	-	5,654
Accrued liabilities and other	262,514	219,576	482,090
Unearned revenue	39,078	243,516	282,594
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	271,307	7,324	278,631
Capital leases (Note 6)	-	780,000	780,000
Current portion of long-term debt (Note 7)	145,445	405,000	550,445
Due in more than one year:			
Compensated absences (Note 7)	402,667	65,921	468,588
Capital leases (Note 6)	-	17,965,000	17,965,000
Net OPEB obligation (Note 9)	626,459	-	626,459
Long-term debt (Note 7)	295,928	5,242,691	5,538,619
Total liabilities	2,307,304	25,256,536	27,563,840
Deferred Inflows of Resources (Note 12)	5,592,835	-	5,592,835
Net Position			
Net investment in capital assets	5,539,982	10,024,192	15,564,174
Restricted for:			
Community development	81,683	-	81,683
Rental ordinance	90,450	-	90,450
Fire	35,000	-	35,000
Police	157,586	-	157,586
Street lighting	6,361	-	6,361
Unrestricted	936,470	6,351,814	7,288,284
Total net position	<u>\$ 6,847,532</u>	<u>\$ 16,376,006</u>	<u>\$ 23,223,538</u>

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

Charter Township of Benton

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,438,990	\$ 98,727	\$ 5,000	\$ -
Public safety	5,437,010	445,402	81,416	-
Public works	670,375	612,378	17,236	-
Community and economic development	1,745	-	-	-
Recreation and culture	67,473	-	-	-
Interest on long-term debt	31,321	-	-	-
Total governmental activities	7,646,914	1,156,507	103,652	-
Business-type activities:				
Sanitary sewage system	2,254,410	2,492,902	-	-
Water system	3,080,026	2,984,590	-	51,092
Total business-type activities	5,334,436	5,477,492	-	51,092
Total primary government	\$ 12,981,350	\$ 6,633,999	\$ 103,652	\$ 51,092

General revenues:
 Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Other miscellaneous income
 Gain on sale of fixed assets

Total general revenues

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities
Year Ended December 31, 2014

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,335,263)	\$ -	\$ (1,335,263)
(4,910,192)	-	(4,910,192)
(40,761)	-	(40,761)
(1,745)	-	(1,745)
(67,473)	-	(67,473)
(31,321)	-	(31,321)
(6,386,755)	-	(6,386,755)
-	238,492	238,492
-	(44,344)	(44,344)
-	194,148	194,148
(6,386,755)	194,148	(6,192,607)
5,558,865	-	5,558,865
1,292,656	-	1,292,656
8,929	101,169	110,098
126,933	-	126,933
229,264	-	229,264
24,000	-	24,000
7,240,647	101,169	7,341,816
853,892	295,317	1,149,209
5,993,640	16,080,689	22,074,329
\$ 6,847,532	\$ 16,376,006	\$ 23,223,538

Charter Township of Benton

Governmental Funds Balance Sheet December 31, 2014

	General Fund	Police Fund	Fire Fund	Debt Service Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents (Note 3)	\$ 2,247,989	\$ 1,143,353	\$ 813,856	\$ -	\$ 172,378	\$ 4,377,576
Receivables:						
Property taxes receivable	431,440	2,271,824	1,403,193	-	-	4,106,457
Special assessments receivable	161,768	-	-	-	-	161,768
Other receivables	98,982	2,269	20,587	-	-	121,838
Due from other governmental units	276,444	-	-	-	-	276,444
Due from other funds (Note 5)	-	-	-	904,006	230,996	1,135,002
Prepaid expenses	38,513	30,112	35,266	-	-	103,891
Land held for resale	62,505	-	-	-	-	62,505
Unspent debt proceeds	441,656	-	-	-	-	441,656
Total assets	\$ 3,759,297	\$ 3,447,558	\$ 2,272,902	\$ 904,006	\$ 403,374	\$ 10,787,137
Liabilities						
Accounts payable	\$ 96,395	\$ 89,404	\$ 72,453	\$ -	\$ -	\$ 258,252
Due to other governmental units	770	2,937	1,947	-	-	5,654
Due to other funds (Note 5)	1,100,002	-	35,000	-	-	1,135,002
Advances from other funds (Note 5)	-	-	-	444,163	-	444,163
Accrued liabilities and other	128,454	75,250	57,494	-	245	261,443
Unearned revenue	39,078	-	-	-	-	39,078
Total liabilities	1,364,699	167,591	166,894	444,163	245	2,143,592
Deferred Inflows of Resources (Note 12)	753,106	3,025,183	1,887,134	-	-	5,665,423
Fund Balances						
Nonspendable:						
Assets held for resale	62,505	-	-	-	-	62,505
Prepaid expenses	38,513	30,112	35,266	-	-	103,891
Restricted:						
Community Development	-	-	-	-	81,683	81,683
Fire	-	-	-	-	35,000	35,000
Rental Ordinance	-	-	-	-	90,450	90,450
Police	-	157,586	-	-	-	157,586
Capital projects (unspent debt proceeds)	-	-	-	441,656	-	441,656
Street lighting	6,361	-	-	-	-	6,361
Assigned:						
Police	-	67,086	-	-	-	67,086
Fire	-	-	183,608	-	-	183,608
Debt Service	-	-	-	18,187	-	18,187
Capital Improvements	-	-	-	-	195,996	195,996
Retiree Health Obligations	550,000	-	-	-	-	550,000
Unassigned - General Fund	984,113	-	-	-	-	984,113
Total fund balances	1,641,492	254,784	218,874	459,843	403,129	2,978,122
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,759,297	\$ 3,447,558	\$ 2,272,902	\$ 904,006	\$ 403,374	\$ 10,787,137

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

Charter Township of Benton

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2014

Fund Balance Reported in Governmental Funds	\$ 2,978,122
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	5,539,699
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	72,588
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(441,373)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,071)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(673,974)
Net postemployment benefit obligations do not present a claim on current financial resources and are not reported as fund liabilities	<u>(626,459)</u>
Net Position of Governmental Activities	<u>\$ 6,847,532</u>

Charter Township of Benton

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2014

	General Fund	Police Fund	Fire Fund	Debt Service Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 577,670	\$ 3,003,362	\$ 1,977,833	\$ -	\$ -	\$ 5,558,865
Licenses and permits	260,671	14,834	-	-	39,369	314,874
Federal grants	-	27,087	52,058	-	-	79,145
State-shared revenue and grants	1,309,892	2,271	-	-	-	1,312,163
Charges for services	609,120	-	10,000	-	-	619,120
Fines and forfeitures	-	25,467	-	-	-	25,467
Investment income	8,849	80	-	-	-	8,929
Other revenue	226,209	282,981	57,998	-	129	567,317
Total revenue	2,992,411	3,356,082	2,097,889	-	39,498	8,485,880
Expenditures						
General government	1,426,859	-	-	-	87,481	1,514,340
Public safety	388,807	3,198,496	1,788,415	-	119,751	5,495,469
Public works	627,274	-	-	-	154,854	782,128
Community and economic development	1,745	-	-	-	-	1,745
Recreation and culture	61,283	-	-	-	-	61,283
Debt service	-	-	-	563,367	-	563,367
Total expenditures	2,505,968	3,198,496	1,788,415	563,367	362,086	8,418,332
Excess of Revenue Over (Under) Expenditures	486,443	157,586	309,474	(563,367)	(322,588)	67,548
Other Financing Sources (Uses)						
Face value of debt issue	-	-	-	441,373	-	441,373
Proceeds from sale of capital assets	24,000	-	-	-	-	24,000
Transfers in	-	-	-	554,279	242,414	796,693
Transfers out	(242,414)	-	(554,279)	-	-	(796,693)
Total other financing (uses) sources	(218,414)	-	(554,279)	995,652	242,414	465,373
Net Change in Fund Balances	268,029	157,586	(244,805)	432,285	(80,174)	532,921
Fund Balances - Beginning of year	1,373,463	97,198	463,679	27,558	483,303	2,445,201
Fund Balances - End of year	\$ 1,641,492	\$ 254,784	\$ 218,874	\$ 459,843	\$ 403,129	\$ 2,978,122

Charter Township of Benton

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ 532,921
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	547,429
Depreciation expense	(310,142)
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	(9,074)
Loan proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(441,373)
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	532,046
Interest on long-term debt is recorded as an expenditure in the governmental funds when it is due; however, it is recognized within the statement of activities as it accrues	4,893
Change in accumulated employee sick and vacation pay reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	15,702
Annual required postemployment benefit plan contributions not paid do not require the use of current resources and therefore are not reported in the fund statements until paid	(18,510)
Change in Net Position of Governmental Activities	<u>\$ 853,892</u>

Charter Township of Benton

Proprietary Funds Statement of Net Position December 31, 2014

	Enterprise Funds		
	Sanitary Sewage System Fund	Water System Fund	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 1,700,547	\$ 3,633,631	\$ 5,334,178
Receivables:			
Special assessments receivable - Due within one year	8,317	45,287	53,604
Other receivables - Net	741,955	390,504	1,132,459
Prepaid expenses	10,626	9,310	19,936
Total current assets	2,461,445	4,078,732	6,540,177
Noncurrent assets:			
Unspent bond proceeds	2,910,028	-	2,910,028
Advances to other funds (Note 5)	-	444,163	444,163
Special assessment receivables - Greater than one year	57,924	173,395	231,319
Capital assets (Note 4)	7,227,995	24,278,860	31,506,855
Total noncurrent assets	10,195,947	24,896,418	35,092,365
Total assets	12,657,392	28,975,150	41,632,542
Liabilities			
Current liabilities:			
Accounts payable	233,746	93,762	327,508
Accrued liabilities and other	55,113	164,463	219,576
Unearned revenue	243,516	-	243,516
Compensated absences (Note 7)	2,902	4,422	7,324
Capital leases (Note 6)	-	780,000	780,000
Current portion of long-term debt (Note 7)	405,000	-	405,000
Total current liabilities	940,277	1,042,647	1,982,924
Noncurrent liabilities:			
Compensated absences (Note 7)	26,122	39,799	65,921
Capital leases (Note 6)	-	17,965,000	17,965,000
Long-term debt (Note 7)	5,242,691	-	5,242,691
Total noncurrent liabilities	5,268,813	18,004,799	23,273,612
Total liabilities	6,209,090	19,047,446	25,256,536
Net Position			
Net investment in capital assets	4,490,332	5,533,860	10,024,192
Unrestricted	1,957,970	4,393,844	6,351,814
Total net position	\$ 6,448,302	\$ 9,927,704	\$ 16,376,006

Charter Township of Benton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2014

	Enterprise Funds		
	Sanitary Sewage System Fund	Water System Fund	Total
Operating Revenue			
Sewage disposal charges	\$ 2,530,152	\$ -	\$ 2,530,152
Sale of water	-	2,984,590	2,984,590
Total operating revenue	2,530,152	2,984,590	5,514,742
Operating Expenses			
Cost of sewage treatment	1,988,149	-	1,988,149
Cost of water	-	1,289,558	1,289,558
Depreciation	234,942	1,043,712	1,278,654
Total operating expenses	2,223,091	2,333,270	4,556,361
Operating Income	307,061	651,320	958,381
Nonoperating Revenue (Expenses)			
Interest income	60,524	40,645	101,169
Interest expense	(31,319)	(746,756)	(778,075)
Bond issuance costs	(37,250)	-	(37,250)
Total nonoperating expenses	(8,045)	(706,111)	(714,156)
Income (Loss) - Before contributions	299,016	(54,791)	244,225
Capital Contributions	-	51,092	51,092
Change in Net Position	299,016	(3,699)	295,317
Net Position - Beginning of year	6,149,286	9,931,403	16,080,689
Net Position - End of year	\$ 6,448,302	\$ 9,927,704	\$ 16,376,006

Charter Township of Benton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2014

	Enterprise Funds		
	Sanitary Sewage System Fund	Water System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,443,974	\$ 2,977,989	\$ 5,421,963
Payments to suppliers	(1,636,247)	(544,411)	(2,180,658)
Payments to employees	(361,932)	(807,414)	(1,169,346)
Net cash provided by operating activities	445,795	1,626,164	2,071,959
Cash Flows from Noncapital Financing Activities - Transfers from other funds	-	106,571	106,571
Cash Flows from Capital and Related Financing Activities			
Collection of customer assessments (principal and interest)	60,952	78,621	139,573
Purchase of capital assets	(1,281,564)	(92,802)	(1,374,366)
Principal and interest paid on capital debt	(261,319)	(1,702,979)	(1,964,298)
Bond issuance costs	(37,250)	-	(37,250)
Proceeds from debt issuance	3,467,691	-	3,467,691
Proceeds from contributed capital	-	51,092	51,092
Net cash provided by (used in) capital and related financing activities	1,948,510	(1,666,068)	282,442
Cash Flows from Investing Activities - Interest received on investments	9,314	25,213	34,527
Net Increase in Cash and Cash Equivalents	2,403,619	91,880	2,495,499
Cash and Cash Equivalents - Beginning of year	2,206,956	3,541,751	5,748,707
Cash and Cash Equivalents - End of year	<u>\$ 4,610,575</u>	<u>\$ 3,633,631</u>	<u>\$ 8,244,206</u>
Cash and cash equivalents	\$ 1,700,547	\$ 3,633,631	\$ 5,334,178
Unspent bond proceeds	2,910,028	-	2,910,028
Total cash and cash equivalents	<u>\$ 4,610,575</u>	<u>\$ 3,633,631</u>	<u>\$ 8,244,206</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 307,061	\$ 651,320	\$ 958,381
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	234,942	1,043,712	1,278,654
Changes in assets and liabilities:			
Receivables	(121,020)	(6,601)	(127,621)
Unearned revenue	34,842	-	34,842
Prepaid expenses	(10,626)	(9,310)	(19,936)
Accounts payable	(18,954)	(36,430)	(55,384)
Accrued and other liabilities	19,550	(16,527)	3,023
Net cash provided by operating activities	<u>\$ 445,795</u>	<u>\$ 1,626,164</u>	<u>\$ 2,071,959</u>

Noncash Transactions - During the year, the Charter Township had fixed asset purchases of \$112,649 that were included in accounts payable at year end in the Sanitary Sewage System Fund.

Charter Township of Benton

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2014

	Trust Fund - Pension and Retiree Health Insurance	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ -	\$ 637,469
Investments:		
Certificates of deposit	100,000	-
U.S. government or agency securities	711,249	-
Common stock	5,025,506	-
Corporate bonds	4,318,997	-
Bank investment pool funds	7,694,112	-
Other assets	<u>111,667</u>	<u>-</u>
Total assets	17,961,531	<u><u>\$ 637,469</u></u>
Liabilities - Due to other governmental units	<u>-</u>	<u><u>\$ 637,469</u></u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u><u>\$17,961,531</u></u>	

Charter Township of Benton

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Trust Fund Pension and Retiree Health Insurance Year Ended December 31, 2014

	Trust Fund - Pension and Retiree Health Insurance
Additions	
Investment income:	
Interest and dividends	\$ 391,689
Net change in fair value of investments	520,617
Net investment income	912,306
Contributions:	
Employer	1,083,733
Employee	137,898
Total contributions	1,221,631
Total additions	2,133,937
Deductions	
Benefit payments	1,714,945
Administrative expenses	52,899
Total deductions	1,767,844
Net Increase in Net Position Held in Trust	366,093
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	17,595,438
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 17,961,531

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of the Charter Township of Benton, Michigan (the "Charter Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Benton, Michigan.

Reporting Entity

The Charter Township of Benton is governed by an elected seven-member board of trustees. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in the financial statements.

The Police and Fire Retirement System has been blended into the Charter Township's financial statements as the Pension Trust Fund. The system is governed by a five-member pension board that includes three individuals chosen by the Charter Township board. The system is reported as if it were part of the primary government because of the fiduciary responsibility that the Charter Township retains relative to the operations of the retirement system.

The Charter Township has excluded the Housing Commission from this report since the Charter Township is not able to impose its will on the Housing Commission. The Housing Commission was created by ordinance of the Charter Township of Benton, Michigan. The purpose is to provide safe, sanitary, and decent housing for qualifying senior and low-income families.

In August 2003, the Charter Township created a Brownfield Redevelopment Authority (the "Authority") to revitalize selected environmentally distressed areas within the Charter Township limits. The Authority had no assets as of December 31, 2014 and no activity for the year then ended.

Accounting and Reporting Principles

The Charter 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.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 revenues 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 revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues 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 Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Fund Accounting

The Charter 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 revenues were used. The various funds are aggregated into three broad fund types:

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

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 Charter Township reports the following funds as “major” governmental funds:

- **General Fund** - The General Fund is the Charter Township's primary operating fund. It accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- **Police Fund** - The Police Fund accounts for the activities of the police protection department.
- **Fire Fund** - The Fire Fund accounts for the activities of the fire protection department.
- **Debt Service Fund** - The Debt Service Fund accounts for capital construction and subsequent debt service for major capital projects of the Charter Township.

Proprietary Funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Charter Township reports the following funds as “major” enterprise funds:

- **Sanitary Sewage System Fund** - The Sanitary Sewage System Fund accounts for the activities of the sewage collection system.
- **Water System Fund** - The Water System Fund accounts for the activities of the water distribution system.

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

- **Trust Funds** - The trust funds account for the activities of the Police and Fire Employees' Retirement System and Retiree Health Insurance Fund by accumulating resources for pension benefit payments and health insurance premium payments to qualified police and fire employees.
- **Agency Funds** - The agency funds account for assets held by the Charter Township in a trustee capacity. Agency funds are custodial in nature (assets and liabilities) and do not involve the measurement of results of operations.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

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

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

Basis of Accounting

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

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

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

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

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

Specific Balances and Transactions

Cash 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 are stated at fair value.

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

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

Unspent Debt Proceeds - Unspent debt proceeds include the remaining proceeds from the sewer bonds sold during 2014 for sanitary system improvements and the loan from a local financial institution for the purchase of a fire truck.

Land Held for Resale - Land held for resale includes land and pre-development costs, and is stated at the lower of cost or market value.

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

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

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

<u>Capital Asset Class</u>	<u>Lives</u>
Water and sewer treatment systems	10 to 50 years
Buildings and building improvements	15 to 50 years
Vehicles	5 to 7 years
Tools and equipment	5 to 7 years

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, Fire Fund, and Debt Service Fund are generally used to liquidate governmental long-term debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only two types of items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property taxes received in advance of the period levied are reported as deferred inflows of resources in the governmental-wide statement of net position and governmental funds balance sheet.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

Fund Balance Policies

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

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

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

Property Tax Revenue

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

The Charter Township's 2013 tax is levied and collectible on December 1, 2013 and is recognized as revenue in the year ended December 31, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

The 2013 taxable valuation of the Charter Township totaled \$422 million. Taxes levied consisted of .9796 mills for operating purposes, and 7.42 mills and 4.92 mills for police and fire operations, respectively. This resulted in approximately \$399,000 in ad valorem property tax revenue; \$153,000 in administrative fees for operating services; and \$2.89 million and \$1.90 million in ad valorem property tax revenue for police and fire services, respectively. These amounts are recognized in the respective General Fund and special revenue funds financial statements as tax revenue.

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

Compensated Absences (Vacation and Sick Leave) - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund, Fire Fund, Police Fund, Sanitary Sewage System Fund, and Water System Fund, primarily) are used to liquidate the obligation.

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

Charter Township of Benton

Notes to Financial Statements December 31, 2014

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

Use of Estimates - The preparation of basic 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 basic financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at January 1, 2014	\$ (2,249,510)
Current year permit revenue	201,313
Related expenses - Direct costs	<u>(314,986)</u>
Current year shortfall	<u>(113,673)</u>
Cumulative shortfall at December 31, 2014	<u>\$ (2,363,183)</u>

Note 3 - Deposits and Investments

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

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 3 - Deposits and Investments (Continued)

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated four financial institutions for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments with the state statutory authority as listed above.

The Charter Township's deposits and investment policies are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of the failure of the counterparty, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had approximately \$11.9 million of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC/NCUA insurance, it is impractical to insure all deposits. As a result, the Charter 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.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Charter Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Charter Township does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Charter Township's name.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>How Held</u>
Mutual funds	\$ 6,337,238	Counterparty's trust department
Corporate bonds	4,318,997	Counterparty's trust department
Corporate stocks	5,025,506	Counterparty's trust department
U.S. government or agency bond or notes	711,249	Counterparty's trust department

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 3 - Deposits and Investments (Continued)

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

At year end, the Charter Township had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	\$ 4,318,997	2.89
U.S. government or agency bond or notes	711,249	4.11

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter 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
Corporate bonds	\$ 1,276,799	AAA	S&P
Corporate bonds	243,215	AA+	S&P
Corporate bonds	438,379	AA	S&P
Corporate bonds	1,032,725	AA-	S&P
Corporate bonds	513,963	A+	S&P
Corporate bonds	528,435	A	S&P
Corporate bonds	285,481	A-	S&P

Concentration of Credit Risk - The Charter Township places no limit on the amount it may invest in any one issuer. No more than 5 percent of the Charter Township's investments are invested in any one issuer.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 4 - Capital Assets

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

Governmental Activities	Balance January 1, 2014	Additions	Disposals	Balance December 31, 2014
Capital assets not being depreciated:				
Land	\$ 813,614	\$ -	\$ -	\$ 813,614
Construction in progress	-	30,569	-	30,569
Subtotal	813,614	30,569	-	844,183
Capital assets being depreciated:				
Buildings and improvements	4,797,716	1,366	-	4,799,082
Vehicles	2,120,353	300,423	(87,000)	2,333,776
Land improvements	88,119	-	-	88,119
Tools and equipment	1,267,925	17,508	-	1,285,433
Office equipment	78,868	101,081	-	179,949
Cost of others' storm drains	354,993	96,482	-	451,475
Subtotal	8,707,974	516,860	(87,000)	9,137,834
Accumulated depreciation:				
Buildings and improvements	1,429,074	100,587	-	1,529,661
Vehicles	1,701,878	98,696	(87,000)	1,713,574
Land improvements	32,603	7,535	-	40,138
Tools and equipment	993,641	61,046	-	1,054,687
Office equipment	28,824	23,301	-	52,125
Cost of others' storm drains	33,156	18,977	-	52,133
Subtotal	4,219,176	310,142	(87,000)	4,442,318
Net capital assets being depreciated	4,488,798	206,718	-	4,695,516
Net capital assets	\$ 5,302,412	\$ 237,287	\$ -	\$ 5,539,699

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2014	Additions	Disposals And Adjustments	Balance December 31, 2014
Capital assets not being depreciated:				
Land	\$ 1,429,112	\$ -	\$ -	\$ 1,429,112
Construction in progress	50,303	454,674	(16,328)	488,649
Subtotal	1,479,415	454,674	(16,328)	1,917,761
Capital assets being depreciated:				
Utility system	32,529,623	925,336	16,328	33,471,287
Buildings	8,872,124	5,200	-	8,877,324
Other tools and equipment	3,749,019	82,515	-	3,831,534
Vehicles	446,704	19,290	-	465,994
Subtotal	45,597,470	1,032,341	16,328	46,646,139
Accumulated depreciation:				
Utility system	14,335,000	779,338	-	15,114,338
Buildings	526,821	230,573	-	757,394
Other tools and equipment	681,059	216,981	-	898,040
Vehicles	235,511	51,762	-	287,273
Subtotal	15,778,391	1,278,654	-	17,057,045
Net capital assets being depreciated	<u>29,819,079</u>	<u>(246,313)</u>	<u>16,328</u>	<u>29,589,094</u>
Net capital assets	<u>\$ 31,298,494</u>	<u>\$ 208,361</u>	<u>\$ -</u>	<u>\$ 31,506,855</u>

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

Governmental activities:	
General government	\$ 67,372
Public safety	172,036
Public works	64,544
Recreation and culture	6,190
Total governmental activities	<u>\$ 310,142</u>
Business-type activities:	
Sanitary Sewage System Fund	\$ 234,942
Water System Fund	1,043,712
Total business-type activities	<u>\$ 1,278,654</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 4 - Capital Assets (Continued)

Construction Liabilities - The Charter Township is currently in dispute over several construction invoices. The Charter Township does not anticipate incurring any additional costs related to the disputes, other than what is currently accrued at December 31, 2014.

At December 31, 2014, the Charter Township had signed construction contracts for approximately \$2.676 million for sanitary system improvements. Of this amount, \$726,000 had been spent and \$1.95 million remained unspent at December 31, 2014.

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
Debt Service Fund	General Fund	\$ 904,006
Capital Projects Fund	General Fund	195,996
	Fire Fund	35,000
	Total Capital Projects Fund	<u>230,996</u>
	Total	<u>\$ 1,135,002</u>
Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Water System Fund	Debt Service Fund	<u>\$ 444,163</u>

The due to and from other fund 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 comprised of the following:

Receiving Fund	Paying Fund	Amount
Debt Service Fund	Fire Fund	\$ 554,279
Capital Projects Fund	General Fund	<u>242,414</u>
	Total	<u>\$ 796,693</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the Fire Fund to the Debt Service Fund and the transfer from the General Fund to the Capital Projects Fund are for capital acquisitions and debt service.

Note 6 - Capital Lease

The Charter Township has entered into a lease agreement with the County of Berrien, Michigan (the "County") to finance the construction of water facilities to service the Charter Township. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2015	\$ 1,511,786
2016	1,521,113
2017	1,520,829
2018	1,542,238
2019	1,539,015
2020-2024	7,673,814
2025-2029	7,748,581
2030-2031	<u>3,151,457</u>
Total minimum lease payments	26,208,833
Less amount representing interest	<u>(7,463,833)</u>
Present value	<u>\$ 18,745,000</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 7 - Long-term Debt

The Charter 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 Charter Township. Municipal contractual agreements and leases are also general obligations of the government.

	Interest Rate Range	Year of Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Fire station # 1 loan	4.49%	2014	\$ 532,046	\$ -	\$ (532,046)	\$ -	\$ -
Fire Truck Loan	1.150%	2017	-	441,373	-	441,373	145,445
Accumulated compensated absences			689,676	252,807	(268,509)	673,974	271,307
Total governmental activities			<u>\$ 1,221,722</u>	<u>\$ 694,180</u>	<u>\$ (800,555)</u>	<u>\$ 1,115,347</u>	<u>\$ 416,752</u>
Business-type Activities							
General obligation bonds - 2012 - Refinanced	0.5 - 1.9%	2023	\$ 2,410,000	\$ -	\$ (230,000)	\$ 2,180,000	\$ 230,000
General obligation bonds - 2014	2.0 - 4.0%	2034	-	3,500,000	-	3,500,000	175,000
Less deferred amounts - Issuance discount			-	(32,309)	-	(32,309)	-
Installment purchase agreement	1.80%	2014	176,223	-	(176,223)	-	-
Total debt			2,586,223	3,467,691	(406,223)	5,647,691	405,000
Accumulated compensated absences			77,301	53,750	(57,806)	73,245	7,324
Total business-type activities			<u>\$ 2,663,524</u>	<u>\$ 3,521,441</u>	<u>\$ (464,029)</u>	<u>\$ 5,720,936</u>	<u>\$ 412,324</u>

Total interest expense for the year, including interest on the capital lease, was approximately \$833,000. 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
2015	\$ 145,445	\$ 5,076	\$ 150,521	\$ 405,000	\$ 139,883	\$ 544,883
2016	147,118	3,403	150,521	415,000	126,070	541,070
2017	148,810	1,711	150,521	420,000	120,170	540,170
2018	-	-	-	425,000	113,698	538,698
2019	-	-	-	435,000	106,755	541,755
2020-2024	-	-	-	1,830,000	412,377	2,242,377
2025-2029	-	-	-	875,000	255,280	1,130,280
2030-2034	-	-	-	875,000	103,688	978,688
Total	<u>\$ 441,373</u>	<u>\$ 10,190</u>	<u>\$ 451,563</u>	<u>\$ 5,680,000</u>	<u>\$ 1,377,921</u>	<u>\$ 7,057,921</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 8 - Risk Management

The Charter 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 Charter Township participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation and in the Michigan Townships Participating Plan for all other claims.

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 - Other Postemployment Benefits

Plan Description - The Charter Township provides healthcare benefits at retirement to all employees who meet the minimum eligibility criteria set forth in their respective employment agreements. Upon retirement and attainment of eligibility, the police and fire labor contracts provide for a benefit not to exceed \$400 per month toward healthcare plan premiums while the municipal employee handbook provides for a benefit not to exceed \$800 per month toward healthcare plan premiums. Municipal employees hired after January 1, 2013 are no longer eligible for the reimbursement benefit. The retiree may elect to enroll in the Charter Township retirement healthcare plan and then must pay any premiums exceeding the monthly benefit. The retiree may also elect to obtain coverage outside of the Charter Township and receive reimbursement for the healthcare premium up to the earned benefit amount. The healthcare plan may include coverage of the spouse and eligible dependents. A surviving spouse is entitled to the earned benefit. Currently, 37 retirees or surviving spouses are eligible.

Funding Policy - Retiree healthcare costs are recognized when paid by the Charter Township on a "pay-as-you-go" basis. The Charter Township also made an additional payment in the current year of \$107,170. The Charter Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2014, the Charter Township made payments for postemployment health benefit premiums of \$176,360.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 9 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended December 31, 2014, the Charter Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 277,722
Interest on the prior year's net OPEB obligation	<u>24,318</u>
Annual OPEB cost	302,040
Amounts contributed - Payments	<u>(283,530)</u>
Increase in net OPEB obligation	18,510
OPEB obligation - Beginning of year	<u>607,949</u>
OPEB obligation - End of year	<u>\$ 626,459</u>

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

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage of ARC Contributed	Net OPEB Obligation
12/31/14	12/31/13	\$ 277,722	102.0 %	\$ 626,459
12/31/13	12/31/10	202,101	76.7	607,949
12/31/12	12/31/10	201,945	67.8	539,339

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/13	\$ 908,298	\$ 4,388,449	\$ 3,480,151	20.7 %	\$ -	- %
12/31/10	718,223	4,030,218	3,311,995	17.8	-	- %
12/31/07	751,248	2,889,841	2,138,593	26.0	-	- %

Note 9 - Other Postemployment Benefits (Continued)

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

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

In the December 31, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The mortality rates were determined using the 2007 version of the United States Life Tables. The actuarial value of assets is equal to the reported market value of the assets. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

Note 10 - Pension Plan

Plan Administration - The Police & Fire Pension Board administers the Charter Township of Benton Pension Plan - a single employer defined benefit pension plan that provides pensions for all permanent full-time public safety employees of the Charter Township. Benefit terms have been established by contractual agreements between the Charter Township and the various employee union representation; amendments are subject to the same process.

Management of the Plan is vested in the Pension Board, which consists of five members - two elected by plan members, two appointed by the Charter Township, and the Charter Township Treasurer, who serves as an ex-officio member.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 10 - Pension Plan (Continued)

Plan Membership - At December 31, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	52
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	31

Benefits Provided - The Pension Plan provides retirement, disability, and death benefits. Benefit terms are established by contractual agreements between the Charter Township and the various employee union representation and may be amended by subsequent contractual agreements. Retirement benefits for Police Command members are calculated as 3 percent of the member's Average Final Compensation (based on the three years of highest annual compensation received by a member in the 10 years preceding retirement) times the member's years of service up to 25 years. Benefits for Patrol Union plan members hired prior to January 1, 2011 and Fire Union members hired prior to December 31, 2011 are calculated as 3 percent of the member's Average Final Compensation times the member's years of service up to 25 years. Benefits for Patrol Union plan members hired after January 1, 2011 and Fire Union members hired after December 31, 2011 are calculated at 2 percent of the member's Average Final Compensation. Police Command plan members with 25 or more years of service are eligible to retire regardless of age or at age 60 regardless of service. Police Patrol plan members with 20 or more years of service are eligible to retire regardless of age or age 60 regardless of service. Fire Union plan members hired prior to December 31, 2011 with 25 or more years of service are eligible to retire regardless of age or age 60 regardless of service. Police Patrol plan members hired after January 1, 2011 and Fire Union plan members hired after December 31, 2011 may retire at age 55 regardless of service. All plan members are eligible for deferred retirement benefits after 10 years of service. All plan members are eligible for non-duty disability benefits after five years of service and for duty-related disability benefits upon hire. Non-duty disability retirement benefits are calculated as 1.5 percent of Average Final Compensation until age 55, and once 55, then in the same manner as retirement benefits. Duty disability retirement benefits are calculated as 50 percent of the Average Final Compensation until age 55, and once 55, then in the same manner as retirement benefits with a service credit from the date of disability to age 55. Nonduty death benefits are payable to a surviving spouse upon the death of a member with 20 or more years of service in the same manner as retirement benefits reduced in accordance with the Option I election. Duty Death-In-Service benefits are payable upon the expiration of workers' compensation to survivors of a member who died in the line of duty at the same amount that was paid by workers' compensation. A plan member who leaves the Charter Township service may withdraw his or her contributions, plus any accumulated interest.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 10 - 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, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by contractual agreements with the plan members. For the year ended December 31, 2014, the average active member contribution rate was 6.72 percent of annual pay, and the Charter Township's average contribution rate was 38.99 percent of annual payroll.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	55
Fixed income	42
Cash or cash equivalents	3

Rate of Return - For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

The following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 10 - Pension Plan (Continued)

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee. For any employee who terminates before vesting in the pension plan, their balance is returned to them with a 2.0 percent per annum interest rate; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at December 31, 2014 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 16,694,047	\$ 16,694,047
Employee reserve	2,846,532	2,846,532
Employer reserve	N/A	(2,641,277)

Net Pension Liability of the Charter Township

The Charter Township reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the Charter Township will adopt GASB 68 which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the Charter Township has been measured as of December 31, 2014 and is composed of the following:

Total pension liability	\$ 25,812,673
Plan fiduciary net position	<u>(16,899,302)</u>
Charter Township's net position liability	<u>\$ 8,913,371</u>

Plan fiduciary net position as a percentage of the total pension liability 65.5 %

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4 %
Salary increases	4 to 8 % average, including inflation
Investment rate of return	7 % net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for males and females projected 20 years with Scale AA.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 10 - Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Charter 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.

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.56 percent. The source of that bond rate was based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of arithmetic real rates of return as of December 31, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - Large	6.0%
Domestic equity - Small	8.0%
International equity	6.0%
Domestic fixed income	2.0%
Cash or cash equivalents	0.5%

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 10 - Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Charter Township, calculated using the discount rate of 7.0 percent, as well as what the Charter Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability of the Charter Township	\$ 11,964,146	\$ 8,913,371	\$ 6,352,936

Pension Cost

The pension plan does not issue a separate financial report.

Annual Pension Cost - For the year ended December 31, 2014, the Charter Township's annual pension cost of \$800,203 for the plan was equal to the Charter Township's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ 800,203	\$ 730,162	\$ 701,266
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

Funding Status and Funding Progress - As of December 31, 2014, the most recent actuarial valuation date, the plan was 64.3 percent funded. The actuarial accrued liability for benefits was \$25.8 million, and the actuarial value of assets was \$16.6 million, resulting in an unfunded actuarial accrued liability of \$9.2 million. The covered payroll (annual payroll to active employees covered by the plan) was \$2.0 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 460 percent.

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

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 10 - Pension Plan (Continued)

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2013, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.0 investment rate of return, (b) projected salary increases of 4.0 to 8.0 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period as of December 31, 2014 is 20 years.

Note 11 - Defined Contribution Pension Plan

The Charter Township provides pension benefits to all of its full-time employees (except for police and fire) through a defined contribution plan, administered by John Hancock. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by the Charter Township of Benton's board, the Charter Township contributes 10 percent of employees' gross earnings and employees contribute 5 percent in mandatory contributions. The employees may also elect to contribute additional voluntary contributions. In accordance with these requirements, the Charter Township contributed approximately \$159,800 during the current year and employees contributed approximately \$80,900.

Note 12 - Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables that are not collectible soon enough after the end of the year (60 days) that they are considered to be available to liquidate liabilities of the current period. In addition, property taxes that have been levied on December 1 to support the following year's budget are deferred and recognized in the following year (in both the government-wide and fund-based statements). At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Governmental Activities
Property taxes and special assessments levied for the next fiscal year	\$ 5,592,835	\$ 5,592,835
Special assessments - Unavailable	72,588	-
Total deferred inflows	<u>\$ 5,665,423</u>	<u>\$ 5,592,835</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 13 - Change in Accounting

During the current year, the Charter Township adopted GASB Statement Number 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplemental information.

Note 14 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Charter Township's December 31, 2016 year end.

Charter Township of Benton

Notes to Financial Statements December 31, 2014

Note 14 - Upcoming Accounting Pronouncements (Continued)

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

Note 15 - Subsequent Events

The Charter Township issued \$1.2 million in capital improvement bonds on April 30, 2015.

Required Supplemental Information

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 563,900	\$ 563,900	\$ 577,670	\$ 13,770
Licenses and permits	145,600	145,600	260,671	115,071
State-shared revenue and grants	1,263,000	1,263,000	1,309,892	46,892
Charges for services	621,000	621,000	609,120	(11,880)
Investment income	3,000	3,000	8,849	5,849
Other revenue	217,500	217,500	226,209	8,709
Total revenue	2,814,000	2,814,000	2,992,411	178,411
Expenditures				
General government:				
Township board	507,000	507,000	410,449	96,551
Supervisor	68,000	68,000	62,535	5,465
Treasurer	155,000	155,000	129,744	25,256
Assessing	317,000	317,000	293,626	23,374
Board of review	5,000	5,000	2,155	2,845
Clerk	197,000	197,000	177,287	19,713
Elections	80,000	80,000	79,632	368
Buildings and grounds	199,000	199,000	186,740	12,260
Total general government	1,528,000	1,528,000	1,342,168	185,832
Public safety:				
Building department	403,000	403,000	314,986	88,014
Ordinance officer	77,000	77,000	73,821	3,179
Total public safety	480,000	480,000	388,807	91,193
Public works:				
Other street costs	84,000	84,000	11,097	72,903
Trash and rubbish	520,000	520,000	439,928	80,072
Street lighting	129,000	129,000	108,289	20,711
Garage	69,000	69,000	67,960	1,040
Total public works	802,000	802,000	627,274	174,726
Community and economic development:				
Planning	6,000	6,000	1,215	4,785
Zoning	3,000	3,000	530	2,470
Total community and economic development	9,000	9,000	1,745	7,255
Recreation and culture - Parks and recreation	77,000	77,000	61,283	15,717
Total expenditures	2,896,000	2,896,000	2,421,277	474,723
Excess of Revenue (Under) Over Expenditures	(82,000)	(82,000)	571,134	653,134
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	24,000	24,000
Transfers out	(274,000)	(307,750)	(327,105)	(19,355)
Total other financing uses	(274,000)	(307,750)	(303,105)	4,645
Net Change in Fund Balance	(356,000)	(389,750)	268,029	657,779
Fund Balance - Beginning of year	1,373,463	1,373,463	1,373,463	-
Fund Balance - End of year	\$ 1,017,463	\$ 983,713	\$ 1,641,492	\$ 657,779

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2014

	Original Budget	Actual	Variance
Revenue			
Property taxes	\$ 3,156,000	\$ 3,003,362	\$ (152,638)
Licenses and permits	14,000	14,834	834
Federal grants	-	27,087	27,087
State-shared revenue and grants	4,000	2,271	(1,729)
Fines and forfeitures	20,500	25,467	4,967
Investment income	300	80	(220)
Other revenue	69,200	282,981	213,781
Total revenue	3,264,000	3,356,082	92,082
Expenditures - Public safety	3,410,000	3,122,914	287,086
Excess of Revenue (Under) Over Expenditures	(146,000)	233,168	379,168
Other Financing Sources (Uses)			
Transfers in	172,000	-	(172,000)
Transfers out	(81,600)	(75,582)	6,018
Net Change in Fund Balance	(55,600)	157,586	213,186
Fund Balance - Beginning of year	97,198	97,198	-
Fund Balance - End of year	<u>\$ 41,598</u>	<u>\$ 254,784</u>	<u>\$ 213,186</u>

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Property taxes	\$ 1,944,000	\$ 1,977,833	\$ 33,833
Federal grants	90,000	52,058	(37,942)
Charges for services	10,000	10,000	-
Other revenue	46,000	57,998	11,998
Total revenue	2,090,000	2,097,889	7,889
Expenditures - Public safety	<u>2,291,000</u>	<u>1,722,161</u>	<u>568,839</u>
Excess of Revenue (Under) Over Expenditures	(201,000)	375,728	576,728
Other Financing Uses - Transfers out	<u>(201,800)</u>	<u>(620,533)</u>	<u>(418,733)</u>
Net Change in Fund Balance	(402,800)	(244,805)	157,995
Fund Balance - Beginning of year	<u>463,679</u>	<u>463,679</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 60,879</u>	<u>\$ 218,874</u>	<u>\$ 157,995</u>

Charter Township of Benton

Note to Required Supplemental Information Year Ended December 31, 2014

Note - Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. The budgets are prepared by the Charter Township comptroller and approved by the Charter Township's board prior to the start of the fiscal year. The budget was not amended during the year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

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

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Transfers out	\$ (307,750)	\$ (327,105)	\$ 19,355
Fire Fund - Transfers out	(201,800)	(620,533)	418,733

Charter Township of Benton

Required Supplemental Information Police and Fire Pension System Schedule of Funding Progress Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/03	\$ 14,561,567	\$ 13,288,345	\$ (1,273,222)	109.6 %	\$ 2,288,623	(55.6)%
12/31/04	14,057,892	14,691,688	633,796	95.7	2,437,753	26.0
12/31/05	13,784,029	16,222,657	2,438,628	85.0	2,248,702	108.4
12/31/06	13,979,840	17,281,070	3,301,230	80.9	2,307,557	143.1
12/31/07	14,713,312	17,531,081	2,817,769	83.9	2,287,276	123.2
12/31/08	14,049,158	18,443,475	4,394,317	76.2	2,407,082	182.6
12/31/09	14,329,369	18,929,918	4,600,549	75.7	2,461,434	186.9
12/31/10	14,757,586	19,781,849	5,024,263	74.6	2,484,037	202.3
12/31/11	14,993,504	22,665,239	7,671,735	66.2	2,480,399	309.3
12/31/12	15,251,523	22,973,719	7,722,196	66.4	2,250,626	343.1
12/31/13	16,079,196	23,889,180	7,809,984	67.3	2,132,675	366.2
12/31/14	16,606,689	25,812,673	9,205,984	64.3	1,995,350	461.4

Charter Township of Benton

Required Supplemental Information

Schedule of Changes in the Charter Township Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Service cost	\$ 566,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,638,236	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,256,878	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(1,538,583)	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,923,493	-	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	23,889,180	-	-	-	-	-	-	-	-	-
Total Pension Liability - End of year	\$ 25,812,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 800,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	137,898	-	-	-	-	-	-	-	-	-
Net investment income	862,704	-	-	-	-	-	-	-	-	-
Administrative expenses	(50,060)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(1,538,583)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	212,162	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	16,687,140	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	\$ 16,899,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Township's Net Pension Liability - Ending	\$ 8,913,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a % of Total Pension Liability	65.47 %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	\$ 1,995,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Township's Net Pension Liability as a % of Covered Employee Payroll	446.7 %	- %	- %	- %	- %	- %	- %	- %	- %	- %

Charter Township of Benton

Required Supplemental Information Schedule of Charter Township Contributions Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially Determined Contribution	\$ 831,530	\$ 777,366	\$ 719,812	\$ 692,798	\$ 671,233	\$ 571,441	\$ 572,736	\$ 514,053	\$ 426,607	\$ 153,338
Contributions in Relation to the Actuarially Determined Contribution	800,203	730,162	701,266	690,326	690,524	584,344	609,511	541,109	416,676	168,988
Contribution Deficiency (Excess)	<u>\$ 31,327</u>	<u>\$ 47,204</u>	<u>\$ 18,546</u>	<u>\$ 2,472</u>	<u>\$ (19,291)</u>	<u>\$ (12,903)</u>	<u>\$ (36,775)</u>	<u>\$ (27,056)</u>	<u>\$ 9,931</u>	<u>\$ (15,650)</u>
Covered Employee Payroll	\$ 1,995,350	\$ 2,132,675	\$ 2,250,626	\$ 2,480,399	\$ 2,484,037	\$ 2,461,434	\$ 2,407,082	\$ 2,287,276	\$ 2,307,557	\$ 2,248,702
Contributions as a Percentage of Covered Employee Payroll	40.1 %	34.2 %	31.2 %	27.8 %	27.8 %	23.7 %	25.3 %	23.7 %	18.1 %	7.5 %

Notes to Schedule of Charter Township Contributions

Actuarial valuation information relative to the determination of contributions:

Actuarially determined contribution rates are calculated as of December 31, the year prior to the end of the fiscal year in which the contributions are reported.

Valuation Date Covered employee payroll is as of December 31 of the current year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	20 years; closed
Asset valuation method	5-year smoothed market
Inflation	4.0%
Salary increases	4.0% - 8.0% including inflation
Investment rate of return	7.0% (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Table for males and females projected 20 years with Scale AA
Other information	N/A

Charter Township of Benton

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual money-weighted rate of return, net of investment expense	4.5 %	- %	- %	- %	- %	- %	- %	- %	- %

Charter Township of Benton

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 751,248	\$ 2,889,841	\$ 2,138,593	26.0	\$ -	-
12/31/10	718,223	4,030,218	3,311,995	17.8	-	-
12/31/13	908,298	4,388,449	3,480,151	20.7	-	-

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/11	12/31/10	\$ 261,761	44.0
12/31/12	12/31/10	201,945	67.8
12/31/13	12/31/10	202,101	76.7
12/31/14	12/31/13	277,722	102.0

Other Supplemental Information

Charter Township of Benton

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Rental Ordinance Fund</u>	<u>Community Development Fund</u>	<u>Capital Projects Fund</u>	
Assets				
Cash and cash equivalents	\$ 90,695	\$ 81,683	\$ -	\$ 172,378
Due from other funds	-	-	230,996	230,996
Total assets	<u>\$ 90,695</u>	<u>\$ 81,683</u>	<u>\$ 230,996</u>	<u>\$ 403,374</u>
Liabilities - Accrued liabilities and other				
	\$ 245	\$ -	\$ -	\$ 245
Fund Balances				
Restricted	90,450	81,683	35,000	207,133
Assigned	-	-	195,996	195,996
Total fund balances	<u>90,450</u>	<u>81,683</u>	<u>230,996</u>	<u>403,129</u>
Total liabilities and fund balances	<u>\$ 90,695</u>	<u>\$ 81,683</u>	<u>\$ 230,996</u>	<u>\$ 403,374</u>

Charter Township of Benton

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2014

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Rental Ordinance Fund	Community Development Fund	Capital Projects Fund	
Revenue				
Licenses and permits	\$ 39,369	\$ -	\$ -	\$ 39,369
Other revenue	-	129	-	129
Total revenue	39,369	129	-	39,498
Expenditures				
General government -	49,620	-	37,861	87,481
Public safety	-	-	119,751	119,751
Public works	-	-	154,854	154,854
Total expenditures	49,620	-	312,466	362,086
Excess of Revenue (Under) Over Expenditures	(10,251)	129	(312,466)	(322,588)
Other Financing Sources - Transfers in	-	-	242,414	242,414
Net Change in Fund Balances	(10,251)	129	(70,052)	(80,174)
Fund Balances - Beginning of year	100,701	81,554	301,048	483,303
Fund Balances - End of year	\$ 90,450	\$ 81,683	\$ 230,996	\$ 403,129

Charter Township of Benton

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds December 31, 2014

	Pension Trust Funds			Agency Funds		
	Pension Trust Fund	Retiree Health Insurance Fund	Total Pension Trust Funds	Current Tax Collections Fund	Delinquent Tax Fund	Total Agency Funds
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 500,999	\$ 136,470	\$ 637,469
Investments	16,787,635	1,062,229	17,849,864	-	-	-
Prepaid expenses and other current assets	111,667	-	111,667	-	-	-
Total assets	16,899,302	1,062,229	17,961,531	<u>\$ 500,999</u>	<u>\$ 136,470</u>	<u>\$ 637,469</u>
Liabilities - Due to other governmental units	-	-	-	<u>\$ 500,999</u>	<u>\$ 136,470</u>	<u>\$ 637,469</u>
Net Position - Held in trust for pension and other employee benefits	<u>\$ 16,899,302</u>	<u>\$ 1,062,229</u>	<u>\$ 17,961,531</u>			

Charter Township of Benton

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Trust Funds Year Ended December 31, 2014

	Pension Trust Fund	Retiree Health Insurance Fund	Total
Additions			
Investment income:			
Interest and dividends	\$ 372,802	\$ 18,887	\$ 391,689
Net change in fair value of investments	489,901	30,716	520,617
Contributions:			
Employer	800,203	283,530	1,083,733
Employee	137,898	-	137,898
Total contributions	<u>938,101</u>	<u>283,530</u>	<u>1,221,631</u>
Total additions	1,800,804	333,133	2,133,937
Deductions			
Benefit payments	1,538,585	176,360	1,714,945
Administrative expenses	50,057	2,842	52,899
Total deductions	<u>1,588,642</u>	<u>179,202</u>	<u>1,767,844</u>
Net Increase in Net Position Held in Trust	212,162	153,931	366,093
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>16,687,140</u>	<u>908,298</u>	<u>17,595,438</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 16,899,302</u></u>	<u><u>\$ 1,062,229</u></u>	<u><u>\$ 17,961,531</u></u>