

Charter Township of Benton, Michigan

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

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, 2015 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, 2015, 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 12 to the financial statements, during the year ended December 31, 2015, the Charter Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the Charter Township's net pension liability has been recognized on the government-wide statements and the 2014 financial statements have been restated. 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, retirement system and OPEB system schedules, 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 accompanying 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 accompanying 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 & Moran, PLLC

June 14, 2016

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, 2015. 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, 2015:

The Charter Township's General Fund revenue exceeded budget by approximately \$195,000, which can primarily be attributed to the permit and plan review fees earned as a result of development and growth in the Charter Township. The General Fund expenditures were under budget by approximately \$453,000.

The Charter Township amended the General Fund Budget to include the payoff of two drains at large assessments; the Woodridge and Barnes & Hamilton districts. As a result, the General Fund saved approximately \$35,000.

The Charter Township, once again, fully funded its annual required contribution of \$277,000 related to the Retiree Health Benefit Obligation, bringing the trust balance to \$1,155,000.

The Charter Township was required to adopt GASB Statement No. 68. GASB Statement No. 68 requires governmental units to recognize the net pension liability and the pension expense on their government-wide financial statements. The Charter Township recorded a liability of \$10,291,000.

The Sanitary Sewer Fund expenditures were under budget by approximately \$562,000. This can be primarily attributed to the decrease in wastewater treatment fees and the repair and maintenance costs being significantly under budget. These savings are in part a result of the sewer line improvement projects.

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. The 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:

	Governmental Activities			Business-type Activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Assets									
Current assets	\$ 9,112,483	\$ 8,703,811	\$ 8,897,462	\$ 9,747,564	\$ 10,125,687	\$ 7,662,133	\$ 18,860,047	\$ 18,829,498	\$ 16,559,595
Noncurrent assets	62,505	504,161	27,150	-	-	-	62,505	504,161	27,150
Capital assets:									
Assets not subject to depreciation	813,614	844,183	813,614	1,442,011	1,917,761	1,479,415	2,255,625	2,761,944	2,293,029
Assets subject to depreciation	<u>5,527,022</u>	<u>4,695,516</u>	<u>4,488,798</u>	<u>32,137,135</u>	<u>29,589,094</u>	<u>29,819,079</u>	<u>37,664,157</u>	<u>34,284,610</u>	<u>34,307,877</u>
Total assets	15,515,624	14,747,671	14,227,024	43,326,710	41,632,542	38,960,627	58,842,334	56,380,213	53,187,651
Deferred Outflows of Resources	1,292,793	-	-	-	-	-	1,292,793	-	-
Liabilities									
Current liabilities	963,648	982,250	1,072,714	2,931,009	1,982,924	1,752,025	3,894,657	2,965,174	2,824,739
Long-term liabilities	<u>11,470,065</u>	<u>1,325,054</u>	<u>1,459,390</u>	<u>23,153,585</u>	<u>23,273,612</u>	<u>21,127,913</u>	<u>34,623,650</u>	<u>24,598,666</u>	<u>22,587,303</u>
Total liabilities	12,433,713	2,307,304	2,532,104	26,084,594	25,256,536	22,879,938	38,518,307	27,563,840	25,412,042
Deferred Inflows of Resources	5,881,534	5,592,835	5,701,280	-	-	-	5,881,534	5,592,835	5,701,280
Net Position									
Net investment in capital assets	6,045,550	5,539,982	4,770,366	10,943,036	10,024,192	9,187,271	16,988,586	15,564,174	13,957,637
Restricted	598,451	371,080	440,642	-	-	-	598,451	371,080	440,642
Unrestricted	<u>(8,150,831)</u>	<u>936,470</u>	<u>782,632</u>	<u>6,299,080</u>	<u>6,351,814</u>	<u>6,893,418</u>	<u>(1,851,751)</u>	<u>7,288,284</u>	<u>7,676,050</u>
Total net position	<u>\$ (1,506,830)</u>	<u>\$ 6,847,532</u>	<u>\$ 5,993,640</u>	<u>\$ 17,242,116</u>	<u>\$ 16,376,006</u>	<u>\$ 16,080,689</u>	<u>\$ 15,735,286</u>	<u>\$ 23,223,538</u>	<u>\$ 22,074,329</u>

The total financial position of the governmental and business-type activities has decreased during the year. The governmental activities net position decreased \$8,354,362, or approximately 122.00 percent, over the prior year, due to the implementation of GASB Statement No. 68, which was implemented retroactively to January 1, 2015. Business-type activities increased \$866,110, or approximately 5.29 percent, over the prior year.

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		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Revenue									
Program revenue:									
Charges for services	\$ 1,166,330	\$ 1,156,507	\$ 1,011,796	\$ 5,791,368	\$ 5,477,492	\$ 5,157,133	\$ 6,957,698	\$ 6,633,999	\$ 6,168,929
Operating grants and contributions	113,921	103,652	28,460	-	-	-	113,921	103,652	28,460
Capital grants and contributions	-	-	-	36,506	51,092	45,135	36,506	51,092	45,135
General revenue:									
Property taxes	5,530,606	5,558,865	5,549,065	-	-	-	5,530,606	5,558,865	5,549,065
State-shared revenue	1,279,569	1,292,656	1,257,427	-	-	-	1,279,569	1,292,656	1,257,427
Investment income	22,000	8,929	4,795	113,341	101,169	99,739	135,341	110,098	104,534
Cable franchise fees	127,083	126,933	119,133	-	-	-	127,083	126,933	119,133
Other miscellaneous income	242,235	229,264	301,977	-	-	-	242,235	229,264	301,977
Sale of fixed assets	1,751	24,000	-	-	-	-	1,751	24,000	-
Total revenue	8,483,495	8,500,806	8,272,653	5,941,215	5,629,753	5,302,007	14,424,710	14,130,559	13,574,660
Program Expenses									
General government	1,420,274	1,438,990	1,464,659	-	-	-	1,420,274	1,438,990	1,464,659
Public safety	5,778,911	5,437,010	5,584,537	-	-	-	5,778,911	5,437,010	5,584,537
Public works	667,777	670,375	644,606	-	-	-	667,777	670,375	644,606
Community and economic development	2,235	1,745	23,187	-	-	-	2,235	1,745	23,187
Recreation and culture	42,884	67,473	71,226	-	-	-	42,884	67,473	71,226
Interest on long-term debt	12,405	31,321	38,152	-	-	-	12,405	31,321	38,152
Water and sewer	-	-	-	5,075,105	5,334,436	5,333,973	5,075,105	5,334,436	5,333,973
Total program expenses	7,924,486	7,646,914	7,826,367	5,075,105	5,334,436	5,333,973	12,999,591	12,981,350	13,160,340
Transfers	-	-	-	-	-	-	-	-	-
Change in Net Position	\$ 559,009	\$ 853,892	\$ 446,286	\$ 866,110	\$ 295,317	\$ (31,966)	\$ 1,425,119	\$ 1,149,209	\$ 414,320

During the past fiscal year, governmental activities expenses increased \$277,572, or approximately 3.63 percent. Business-type activities expenses decreased \$259,331, or approximately 4.86 percent.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

Budget Overruns

There were no budget overruns.

The Charter Township's Funds

The General Fund had an increase in fund balance of \$185,067. The Police Fund had an increase in fund balance of \$129,892 and the Fire Fund had an increase in fund balance of \$94,264.

The Debt Service Fund had a decrease in fund balance of \$448,702, due to the purchase of a fire truck in the current year for \$441,373.

Of the enterprise funds, the Sanitary Sewage System Fund had an increase in net position of \$821,029 and the Water System Fund had an increase in net position of \$45,081.

Long-term Debt and Capital Assets

The Charter Township issued General Obligation Bonds for phase two of the sanitary sewer improvement project. \$1.2 million was issued with a 2.62 percent interest rate and a 15-year repayment term. The Charter Township purchased approximately \$1,183,000 of governmental-type fixed assets, and \$3,383,000 of business-type fixed assets.

The Future

While the Charter Township has been impacted by the Small Business Personal Property Tax Exemption the previous two years, 2016 will be the first year for the Eligible Manufacturing Personal Property Exemption. The State of Michigan has indicated that the Charter Township will receive 100 percent reimbursement for a millage levied for both essential and nonessential services. Going forward the nonessential reimbursement will be on the funds available in the pool. The Charter Township will continue to stay informed of implementation of the legislation and the planned reimbursement calculations so that the Charter Township can plan accordingly.

The Charter Township will be eligible for the Stormwater, Asset Management, and Wastewater (SAW) Grant in 2017. The Charter Township has applied for \$2 million in grant funds for the development of an asset management plan for the sanitary sewer system. If the Township is awarded the full amount, the Charter Township will be required to match \$350,000. Of the \$2 million, only \$500,000 can be used towards the construction cost to improve the sanitary sewer system. The Charter Township will need to use its sewer funds to adhere to the schedule of capital improvements outlined by the asset management plan. In addition to sanitary sewer system improvements, the Sewer Fund will also need to purchase a vector truck to replace its aging truck. The Sewer Fund will need to allocate approximately \$450,000 for this upcoming purchase.

The 2015 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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 2,915,176	\$ 6,467,535	\$ 9,382,711
Investments	2,005,008	-	2,005,008
Receivables:			
Property taxes receivable	3,950,654	-	3,950,654
Other receivables - Net	79,255	918,897	998,152
Due from other governmental units	279,649	-	279,649
Special assessments receivable	136,798	212,448	349,246
Internal balances (Note 5)	(335,833)	335,833	-
Prepaid expenses	81,776	39,654	121,430
Unspent debt proceeds	-	1,773,197	1,773,197
Land held for resale	62,505	-	62,505
Capital assets:			
Assets not subject to depreciation (Note 4)	813,614	1,442,011	2,255,625
Assets subject to depreciation (Note 4)	5,527,022	32,137,135	37,664,157
Total assets	15,515,624	43,326,710	58,842,334
Deferred Outflows of Resources - Deferred outflows related to pension plan (Note 10)	1,292,793	-	1,292,793
Liabilities			
Accounts payable	227,228	1,321,137	1,548,365
Due to other governmental units	7,782	111,985	119,767
Accrued liabilities and other	228,149	187,411	415,560
Unearned revenue	104,521	-	104,521
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	248,850	5,476	254,326
Capital leases (Note 6)	-	810,000	810,000
Current portion of long-term debt (Note 7)	147,118	495,000	642,118
Due in more than one year:			
Compensated absences (Note 7)	382,007	49,278	431,285
Capital leases (Note 6)	-	17,155,000	17,155,000
Net OPEB obligation (Note 9)	649,032	-	649,032
Net pension liability (Note 10)	10,291,058	-	10,291,058
Long-term debt (Note 7)	147,968	5,949,307	6,097,275
Total liabilities	12,433,713	26,084,594	38,518,307
Deferred Inflows of Resources			
Property taxes and special assessments levied for the following year	5,556,466	-	5,556,466
Deferred inflows related to pension plan (Note 10)	325,068	-	325,068
Total deferred inflows of resources	5,881,534	-	5,881,534

Charter Township of Benton

Statement of Net Position (Continued) December 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net Position			
Net investment in capital assets	\$ 6,045,550	\$ 10,943,036	\$ 16,988,586
Restricted for:			
Community development	81,847	-	81,847
Rental ordinance	85,786	-	85,786
Fire	129,264	-	129,264
Police	287,478	-	287,478
Street lighting	14,076	-	14,076
Unrestricted	<u>(8,150,831)</u>	<u>6,299,080</u>	<u>(1,851,751)</u>
Total net position	<u>\$ (1,506,830)</u>	<u>\$ 17,242,116</u>	<u>\$ 15,735,286</u>

Charter Township of Benton

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,420,274	\$ 164,623	\$ 5,000	\$ -
Public safety	5,778,911	393,612	97,638	-
Public works	667,777	608,095	11,283	-
Community and economic development	2,235	-	-	-
Recreation and culture	42,884	-	-	-
Interest on long-term debt	12,405	-	-	-
Total governmental activities	7,924,486	1,166,330	113,921	-
Business-type activities:				
Sanitary sewage system	2,145,858	2,889,860	-	-
Water system	2,929,247	2,901,508	-	36,506
Total business-type activities	5,075,105	5,791,368	-	36,506
Total primary government	<u>\$ 12,999,591</u>	<u>\$ 6,957,698</u>	<u>\$ 113,921</u>	<u>\$ 36,506</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year - As restated				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2015

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,250,651)	\$ -	\$ (1,250,651)
(5,287,661)	-	(5,287,661)
(48,399)	-	(48,399)
(2,235)	-	(2,235)
(42,884)	-	(42,884)
(12,405)	-	(12,405)
(6,644,235)	-	(6,644,235)
-	744,002	744,002
-	8,767	8,767
-	752,769	752,769
(6,644,235)	752,769	(5,891,466)
5,530,606	-	5,530,606
1,279,569	-	1,279,569
22,000	113,341	135,341
127,083	-	127,083
242,235	-	242,235
1,751	-	1,751
7,203,244	113,341	7,316,585
559,009	866,110	1,425,119
(2,065,839)	16,376,006	14,310,167
\$ (1,506,830)	\$ 17,242,116	\$ 15,735,286

Charter Township of Benton

Governmental Funds Balance Sheet December 31, 2015

	General Fund	Police Fund	Fire Fund	Debt Service Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents (Note 3)	\$ 473,799	\$ 1,344,572	\$ 928,760	\$ -	\$ 168,045	\$ 2,915,176
Investments (Note 3)	2,005,008	-	-	-	-	2,005,008
Receivables:						
Property taxes receivable	412,957	2,194,905	1,342,792	-	-	3,950,654
Special assessments receivable	136,798	-	-	-	-	136,798
Other receivables	55,580	-	23,675	-	-	79,255
Due from other governmental units	279,649	-	-	-	-	279,649
Due from other funds (Note 5)	-	-	-	346,974	285,251	632,225
Prepaid expenses	26,753	34,805	20,218	-	-	81,776
Land held for resale	62,505	-	-	-	-	62,505
Total assets	\$ 3,453,049	\$ 3,574,282	\$ 2,315,445	\$ 346,974	\$ 453,296	\$ 10,143,046
Liabilities						
Accounts payable	\$ 80,355	\$ 90,753	\$ 56,120	\$ -	\$ -	\$ 227,228
Due to other governmental units	4,843	1,767	1,172	-	-	7,782
Due to other funds (Note 5)	597,225	-	35,000	-	-	632,225
Advances from other funds (Note 5)	-	-	-	335,833	-	335,833
Accrued liabilities and other	98,485	88,058	40,123	-	412	227,078
Unearned revenue	104,521	-	-	-	-	104,521
Total liabilities	885,429	180,578	132,415	335,833	412	1,534,667
Deferred Inflows of Resources						
Special assessments - Unavailable revenue	63,515	-	-	-	-	63,515
Property taxes and special assessments levied for the following year	677,546	3,009,028	1,869,892	-	-	5,556,466
Total deferred inflows of resources	741,061	3,009,028	1,869,892	-	-	5,619,981
Fund Balances						
Nonspendable:						
Assets held for resale	62,505	-	-	-	-	62,505
Prepaid expenses	26,753	34,805	20,218	-	-	81,776
Restricted:						
Community Development	-	-	-	-	81,847	81,847
Fire	-	-	94,264	-	35,000	129,264
Rental Ordinance	-	-	-	-	85,786	85,786
Police	-	287,478	-	-	-	287,478
Street lighting	14,076	-	-	-	-	14,076
Assigned:						
Police	-	62,393	-	-	-	62,393
Fire	-	-	198,656	-	-	198,656
Debt Service	-	-	-	11,141	-	11,141
Capital Improvements	-	-	-	-	250,251	250,251
Retiree Health Obligations	650,000	-	-	-	-	650,000
Unassigned	1,073,225	-	-	-	-	1,073,225
Total fund balances	1,826,559	384,676	313,138	11,141	452,884	2,988,398
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,453,049	\$ 3,574,282	\$ 2,315,445	\$ 346,974	\$ 453,296	\$ 10,143,046

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, 2015

Fund Balance Reported in Governmental Funds	\$ 2,988,398
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	6,340,636
Deferred inflows of resources (special assessments and other receivables are expected to be collected over several years and are not available to pay for current year expenditures) are not recognized in the funds	63,515
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(295,086)
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	(630,857)
Net pension liabilities, pension-related deferred outflows and inflows, and net OPEB obligations are not current financial resources and are not reported in the funds	<u>(9,972,365)</u>
Net Deficit of Governmental Activities	<u>\$ (1,506,830)</u>

Charter Township of Benton

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

	General Fund	Police Fund	Fire Fund	Debt Service Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 573,330	\$ 2,988,747	\$ 1,968,529	\$ -	\$ -	\$ 5,530,606
Licenses and permits	290,140	14,765	-	-	57,114	362,019
Federal grants	-	-	93,449	-	-	93,449
State-shared revenue and grants	1,290,852	4,189	-	-	-	1,295,041
Charges for services	605,198	-	10,794	-	-	615,992
Fines and forfeitures	-	22,292	-	-	-	22,292
Investment income	21,920	80	-	-	-	22,000
Other revenue	240,955	257,558	50,741	-	164	549,418
Total revenue	3,022,395	3,287,631	2,123,513	-	57,278	8,490,817
Expenditures						
General government	1,741,983	-	-	-	130,023	1,872,006
Public safety	309,432	3,157,739	1,885,228	441,373	-	5,793,772
Public works	609,663	-	-	-	-	609,663
Community and economic development	2,235	-	-	-	-	2,235
Recreation and culture	50,673	-	-	-	-	50,673
Debt service	-	-	-	158,692	-	158,692
Total expenditures	2,713,986	3,157,739	1,885,228	600,065	130,023	8,487,041
Excess of Revenue Over (Under) Expenditures	308,409	129,892	238,285	(600,065)	(72,745)	3,776
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	6,500	-	-	6,500
Transfers in	-	-	-	151,363	122,500	273,863
Transfers out	(123,342)	-	(150,521)	-	-	(273,863)
Total other financing (uses) sources	(123,342)	-	(144,021)	151,363	122,500	6,500
Net Change in Fund Balances	185,067	129,892	94,264	(448,702)	49,755	10,276
Fund Balances - Beginning of year	1,641,492	254,784	218,874	459,843	403,129	2,978,122
Fund Balances - End of year	\$ 1,826,559	\$ 384,676	\$ 313,138	\$ 11,141	\$ 452,884	\$ 2,988,398

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 10,276
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,182,542
Depreciation expense	(376,856)
Net book value of assets disposed of	(4,749)
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	(9,073)
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	146,287
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	43,117
Governmental funds report expenditures for pension and other postemployment benefits as they make contributions; in the statement of activities, the OPEB cost is recognized as contributions are required and the change in net pension liability does not require the use of current financial resources	(432,535)
Change in Net Deficit of Governmental Activities	<u>\$ 559,009</u>

Charter Township of Benton

Proprietary Funds Statement of Net Position December 31, 2015

	Enterprise Funds		
	Sanitary Sewage System Fund	Water System Fund	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 2,512,742	\$ 3,954,793	\$ 6,467,535
Receivables:			
Special assessments receivable - Due within one year	8,690	33,972	42,662
Other receivables - Net	542,344	376,553	918,897
Prepaid expenses	15,860	23,794	39,654
Total current assets	3,079,636	4,389,112	7,468,748
Noncurrent assets:			
Unspent bond proceeds	1,773,197	-	1,773,197
Advances to other funds (Note 5)	-	335,833	335,833
Special assessment receivables - Greater than one year	49,686	120,100	169,786
Capital assets (Note 4):			
Assets not subject to depreciation	323,052	1,118,959	1,442,011
Assets subject to depreciation	9,917,070	22,220,065	32,137,135
Total noncurrent assets	12,063,005	23,794,957	35,857,962
Total assets	15,142,641	28,184,069	43,326,710
Liabilities			
Current liabilities:			
Accounts payable	1,235,535	85,602	1,321,137
Due to other governmental units	111,985	-	111,985
Accrued liabilities and other	58,607	128,804	187,411
Compensated absences (Note 7)	2,288	3,188	5,476
Capital leases (Note 6)	-	810,000	810,000
Current portion of long-term debt (Note 7)	495,000	-	495,000
Total current liabilities	1,903,415	1,027,594	2,931,009
Noncurrent liabilities:			
Compensated absences (Note 7)	20,588	28,690	49,278
Capital leases (Note 6)	-	17,155,000	17,155,000
Long-term debt (Note 7)	5,949,307	-	5,949,307
Total noncurrent liabilities	5,969,895	17,183,690	23,153,585
Total liabilities	7,873,310	18,211,284	26,084,594
Net Position			
Net investment in capital assets	5,569,012	5,374,024	10,943,036
Unrestricted	1,700,319	4,598,761	6,299,080
Total net position	<u>\$ 7,269,331</u>	<u>\$ 9,972,785</u>	<u>\$ 17,242,116</u>

Charter Township of Benton

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

	Enterprise Funds		Total
	Sanitary Sewage System Fund	Water System Fund	
Operating Revenue			
Sewage disposal charges	\$ 2,923,316	\$ -	\$ 2,923,316
Sale of water	-	2,901,508	2,901,508
Total operating revenue	2,923,316	2,901,508	5,824,824
Operating Expenses			
Cost of sewage treatment	1,844,951	-	1,844,951
Cost of water	-	1,145,682	1,145,682
Depreciation	268,998	1,054,690	1,323,688
Total operating expenses	2,113,949	2,200,372	4,314,321
Operating Income	809,367	701,136	1,510,503
Nonoperating Revenue (Expenses)			
Interest income	77,027	36,314	113,341
Interest expense	(31,909)	(728,875)	(760,784)
Bond issuance costs	(33,456)	-	(33,456)
Total nonoperating revenue (expenses)	11,662	(692,561)	(680,899)
Income - Before contributions	821,029	8,575	829,604
Capital Contributions	-	36,506	36,506
Change in Net Position	821,029	45,081	866,110
Net Position - Beginning of year - As restated	6,448,302	9,927,704	16,376,006
Net Position - End of year	\$ 7,269,331	\$ 9,972,785	\$ 17,242,116

Charter Township of Benton

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

	Enterprise Funds		
	Sanitary Sewage System Fund	Water System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,881,027	\$ 2,915,459	\$ 5,796,486
Payments to suppliers	(1,583,723)	(434,313)	(2,018,036)
Payments to employees	(290,067)	(782,015)	(1,072,082)
Net cash provided by operating activities	1,007,237	1,699,131	2,706,368
Cash Flows from Noncapital Financing Activities - Transfers from other funds	-	108,330	108,330
Cash Flows from Capital and Related Financing Activities			
Collection of customer assessments (principal and interest)	67,707	76,185	143,892
Purchase of capital assets	(2,146,400)	(114,854)	(2,261,254)
Principal and interest paid on capital debt	(436,909)	(1,508,875)	(1,945,784)
Bond issuance costs	(33,456)	-	(33,456)
Proceeds from debt issuance	1,200,000	-	1,200,000
Proceeds from contributed capital	-	36,506	36,506
Net cash used in capital and related financing activities	(1,349,058)	(1,511,038)	(2,860,096)
Cash Flows from Investing Activities - Interest received on investments	17,185	24,739	41,924
Net (Decrease) Increase in Cash and Cash Equivalents	(324,636)	321,162	(3,474)
Cash and Cash Equivalents - Beginning of year	4,610,575	3,633,631	8,244,206
Cash and Cash Equivalents - End of year	<u>\$ 4,285,939</u>	<u>\$ 3,954,793</u>	<u>\$ 8,240,732</u>
Cash and cash equivalents	\$ 2,512,742	\$ 3,954,793	\$ 6,467,535
Unspent bond proceeds	1,773,197	-	1,773,197
Total cash and cash equivalents	<u>\$ 4,285,939</u>	<u>\$ 3,954,793</u>	<u>\$ 8,240,732</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 809,367	\$ 701,136	\$ 1,510,503
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	268,998	1,054,690	1,323,688
Amortization of bond discount	1,616	-	1,616
Changes in assets and liabilities:			
Receivables	199,611	13,951	213,562
Unearned revenue	(243,516)	-	(243,516)
Prepaid expenses	(5,234)	(14,484)	(19,718)
Accounts payable	(132,936)	(8,160)	(141,096)
Accrued and other liabilities	109,331	(48,002)	61,329
Net cash provided by operating activities	<u>\$ 1,007,237</u>	<u>\$ 1,699,131</u>	<u>\$ 2,706,368</u>

Noncash Transactions - During the year, the Charter Township had fixed-asset purchases of approximately \$1.1 million that were included in accounts payable at year end in the Sanitary Sewage System Fund.

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

Charter Township of Benton

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2015

	Trust Fund - Pension and Retiree Health Insurance	Agency Funds
Assets		
Cash and cash equivalents	\$ 102,939	\$ 586,349
Investments:		
U.S. government or agency securities	701,498	-
Common stock	3,617,062	-
Corporate bonds	5,034,058	-
Bank investment pool funds	7,916,366	-
Other assets	126,621	-
	<hr/>	<hr/>
Total assets	17,498,544	<u>\$ 586,349</u>
Liabilities - Due to other governmental units	<hr/>	<hr/>
	-	<u>\$ 586,349</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<hr/>	
	<u>\$ 17,498,544</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, 2015

	Trust Fund - Pension and Retiree Health Insurance
Additions	
Investment income:	
Interest and dividends	\$ 381,231
Net change in fair value of investments	(425,511)
Contributions:	
Employer	1,131,986
Employee	160,486
Total contributions	<u>1,292,472</u>
Total additions	1,248,192
Deductions	
Benefit payments	1,657,910
Administrative expenses	53,269
Total deductions	<u>1,711,179</u>
Net Decrease in Net Position Held in Trust	(462,987)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>17,961,531</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 17,498,544</u></u>

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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 Brownfield Redevelopment Authority (the "Authority") to revitalize selected environmentally distressed areas within Charter Township limits. The Authority had no assets as of December 31, 2015 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 (GASB).

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the 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 revenue reported for the various functions concerned.

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

Fund Accounting

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

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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, 2015

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.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the 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, 2015

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

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

Specific Balances and Transactions

Cash 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 and 2015 for sanitary system improvements.

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, 2015

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 improvements	15 to 50 years
Vehicles	3 to 15 years
Tools and equipment	5 to 15 years
Office equipment	3 to 7 years
Intangible assets	20 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and Debt Service Fund are generally used to liquidate governmental long-term debt.

Deferred Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements report deferred outflows from the difference between projected and actual investment earnings of the pension plan and changes in assumptions related to economic and demographic factors.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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

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 Charter Township has three 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 revenue from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A second item, property taxes received in advance of the period levied, are reported as deferred inflows of resources in the government-wide statement of net position and governmental funds balance sheet. Lastly, the government-wide statements report a deferred inflow from the difference between projected and actual experience of the pension plan.

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, 2015

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 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 Comptroller 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 2014 tax is levied and collectible on December 1, 2014 and is recognized as revenue in the year ended December 31, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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

The 2014 taxable valuation of the Charter Township totaled \$413.6 million. Taxes levied consisted of 0.9796 mills for operating purposes and 7.42 mills and 4.92 mills for police and fire operations, respectively. This resulted in approximately \$395,000 in ad valorem property tax revenue; \$151,500 in administrative fees for operating services; and \$2.87 million and \$1.89 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 - The Charter Township offers pension benefits to retirees. The Charter Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs - The Charter Township offers 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, 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.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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, 2015	\$ (2,363,183)
Current year permit revenue	182,631
Related expenses - Direct costs	<u>(236,822)</u>
Current year shortfall	<u>(54,191)</u>
Cumulative shortfall at December 31, 2015	<u>\$ (2,417,374)</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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 of the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The 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 \$11.8 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.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

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.

Investment Type	Carrying Value	How Held
Mutual funds	\$ 6,502,262	Counterparty's trust department
Corporate bonds	5,034,058	Counterparty's trust department
Corporate stocks	3,617,062	Counterparty's trust department
U.S. government or agency bond or notes	701,498	Counterparty's trust department

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	\$ 5,034,058	3.33
U.S. government or agency bond or notes	701,498	2.75

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The 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	\$ 1,107,112	AAA	S&P
Corporate bonds	387,887	AA+	S&P
Corporate bonds	404,751	AA	S&P
Corporate bonds	927,685	AA-	S&P
Corporate bonds	583,491	A+	S&P
Corporate bonds	990,610	A	S&P
Corporate bonds	456,913	A-	S&P
Corporate bonds	175,609	BBB+	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, 2015

Note 4 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows as of December 31, 2015:

Governmental Activities	Balance January 1, 2015	Reclassifications	Additions	Disposals	Balance December 31, 2015
Capital assets not being depreciated:					
Land	\$ 813,614	\$ -	\$ -	\$ -	\$ 813,614
Construction in progress	30,569	(25,820)	-	(4,749)	-
Subtotal	844,183	(25,820)	-	(4,749)	813,614
Capital assets being depreciated:					
Buildings and improvements	4,799,082	8,775	23,076	-	4,830,933
Vehicles	2,333,776	481	575,655	(225,495)	2,684,417
Land improvements	88,119	-	-	-	88,119
Tools and equipment	1,285,433	2,362	31,676	-	1,319,471
Office equipment	179,949	14,202	75,529	-	269,680
Cost of others' storm drains	451,475	-	476,606	-	928,081
Subtotal	9,137,834	25,820	1,182,542	(225,495)	10,120,701
Accumulated depreciation:					
Buildings and improvements	1,529,661	-	102,448	-	1,632,109
Vehicles	1,713,574	-	156,353	(225,495)	1,644,432
Land improvements	40,138	-	7,535	-	47,673
Tools and equipment	1,054,687	-	38,152	-	1,092,839
Office equipment	52,125	-	47,625	-	99,750
Cost of others' storm drains	52,133	-	24,743	-	76,876
Subtotal	4,442,318	-	376,856	(225,495)	4,593,679
Net capital assets being depreciated	4,695,516	25,820	805,686	-	5,527,022
Net capital assets	<u>\$ 5,539,699</u>	<u>\$ -</u>	<u>\$ 805,686</u>	<u>\$ (4,749)</u>	<u>\$ 6,340,636</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance				Balance
	January 1, 2015	Reclassifications	Additions	Disposals	December 31, 2015
Capital assets not being depreciated:					
Land	\$ 1,429,112	\$ -	\$ -	\$ -	\$ 1,429,112
Construction in progress	488,649	(488,649)	12,899	-	12,899
Subtotal	1,917,761	(488,649)	12,899	-	1,442,011
Capital assets being depreciated:					
Utility system	33,471,287	488,649	3,336,007	-	37,295,943
Buildings and improvements	8,877,324	-	-	-	8,877,324
Tools and equipment	3,831,534	-	47,073	-	3,878,607
Vehicles	465,994	-	-	-	465,994
Subtotal	46,646,139	488,649	3,383,080	-	50,517,868
Accumulated depreciation:					
Utility system	15,114,338	-	813,965	-	15,928,303
Buildings and improvements	757,394	-	230,871	-	988,265
Tools and equipment	898,040	-	224,573	-	1,122,613
Vehicles	287,273	-	54,279	-	341,552
Subtotal	17,057,045	-	1,323,688	-	18,380,733
Net capital assets being depreciated	29,589,094	488,649	2,059,392	-	32,137,135
Net capital assets	\$ 31,506,855	\$ -	\$ 2,072,291	\$ -	\$ 33,579,146

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

Governmental activities:

General government	\$ 106,688
Public safety	203,994
Public works	61,213
Recreation and culture	4,961
Total governmental activities	<u>\$ 376,856</u>

Business-type activities:

Sanitary Sewage System Fund	\$ 268,998
Water System Fund	1,054,690
Total business-type activities	<u>\$ 1,323,688</u>

At December 31, 2015, the Charter Township had signed construction contracts for approximately \$4.8 million for sanitary system improvements. Of this amount, \$4 million had been spent and \$800,000 remained unspent at December 31, 2015.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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	\$ 346,974
Capital Projects Fund	General Fund	250,251
	Fire Fund	35,000
	Total Capital Projects Fund	<u>285,251</u>
	Total	<u><u>\$ 632,225</u></u>

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Water System Fund	Debt Service Fund	<u><u>\$ 335,833</u></u>

The due to and from other funds results 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. The advance to and from other funds results from a note payable for the construction of the municipal building.

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

Receiving Fund	Paying Fund	Amount
Debt Service Fund	Fire Fund	\$ 150,521
	General Fund	<u>842</u>
	Total Debt Service Fund	151,363
Capital Projects Fund	General Fund	<u>122,500</u>
	Total	<u><u>\$ 273,863</u></u>

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.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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:

Years Ending December 31	Amount
2016	\$ 1,521,113
2017	1,520,829
2018	1,542,238
2019	1,539,015
2020	1,527,516
2021-2025	7,680,556
2026-2030	7,791,209
2031	1,574,571
Total minimum lease payments	24,697,047
Less amount representing interest	<u>(6,732,047)</u>
Present value	<u>\$ 17,965,000</u>

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 Truck Loan	1.150%	2017	\$ 441,373	\$ -	\$ (146,287)	\$ 295,086	\$ 147,118
Accumulated compensated absences			<u>673,974</u>	<u>222,959</u>	<u>(266,076)</u>	<u>630,857</u>	<u>248,850</u>
Total governmental activities			<u>\$ 1,115,347</u>	<u>\$ 222,959</u>	<u>\$ (412,363)</u>	<u>\$ 925,943</u>	<u>\$ 395,968</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Year of Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds - 2012 - Refinanced	0.5-1.9%	2023	\$ 2,180,000	\$ -	\$ (230,000)	\$ 1,950,000	\$ 240,000
General obligation bonds - 2014	2.0-4.0%	2034	3,500,000	-	(175,000)	3,325,000	175,000
General obligation bonds - 2015	0.85-3.3%	2030	-	1,200,000	-	1,200,000	80,000
Less deferred amounts - Issuance discount			(32,309)	-	1,616	(30,693)	-
Total debt			5,647,691	1,200,000	(403,384)	6,444,307	495,000
Accumulated compensated absences			73,245	29,991	(48,482)	54,754	5,476
Total business-type activities			<u>\$ 5,720,936</u>	<u>\$ 1,229,991</u>	<u>\$ (451,866)</u>	<u>\$ 6,499,061</u>	<u>\$ 500,476</u>

Total interest expense for the year, including interest on the capital lease, was approximately \$885,000. 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
2016	\$ 147,118	\$ 3,403	\$ 150,521	\$ 495,000	\$ 153,230	\$ 648,230
2017	147,968	2,553	150,521	500,000	146,650	646,650
2018	-	-	-	505,000	139,258	644,258
2019	-	-	-	515,000	131,195	646,195
2020	-	-	-	520,000	122,378	642,378
2021-2025	-	-	-	1,965,000	465,568	2,430,568
2026-2030	-	-	-	1,275,000	265,559	1,540,559
2031-2035	-	-	-	700,000	69,563	769,563
Total	<u>\$ 295,086</u>	<u>\$ 5,956</u>	<u>\$ 301,042</u>	<u>\$ 6,475,000</u>	<u>\$ 1,493,401</u>	<u>\$ 7,968,401</u>

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.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 8 - Risk Management (Continued)

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 \$102,940. 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, 2015, the Charter Township made payments for postemployment health benefit premiums of \$177,267.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 9 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended December 31, 2015, 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	25,058
Annual OPEB cost	302,780
Amounts contributed - Payments	<u>(280,207)</u>
Increase in net OPEB obligation	22,573
OPEB obligation - Beginning of year	<u>626,459</u>
OPEB obligation - End of year	<u>\$ 649,032</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
12/31/15	12/31/13	\$ 277,722	101.0 %	\$ 649,032
12/31/14	12/31/13	277,722	102.0	626,459
12/31/13	12/31/10	202,101	76.7	607,949

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	-	- %

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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 - Police and Fire Retirement System

Plan Description - The Police and Fire Pension Board administers the Charter Township of Benton Pension Plan, which is 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.

The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

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, 2015

Note 10 - Pension Plan - Police and Fire Retirement System (Continued)

Employees Covered by Benefit Terms - At the December 31, 2015, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	51
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>31</u>
Total employees covered by the plan	<u><u>85</u></u>

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 nonduty disability benefits after five years of service and for duty-related disability benefits upon hire. Nonduty disability retirement benefits are calculated as 1.5 percent of average final compensation until age 55, and once 55, 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, 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, 2015

Note 10 - Pension Plan - Police and Fire Retirement System (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, 2015, the average active member contribution rate was 6.85 percent of annual pay, and the Charter Township's average contribution rate was 40.81 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 pension board's adopted asset allocation policy as of December 31, 2015:

Asset Class	Target Allocation
Equity	50 %
Fixed income	45
Cash or cash equivalents	5

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.22) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with plan provisions, 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, 2015

Note 10 - Pension Plan - Police and Fire Retirement System (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, 2015 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 16,634,224	\$ 16,634,224
Employee reserve	2,955,367	2,955,367
Employer reserve	N/A	(3,246,032)

Net Pension Liability

The components of the net pension liability of the Charter Township at December 31, 2015 were as follows:

Total pension liability	\$ 26,634,617
Plan fiduciary net position	<u>(16,343,559)</u>
Charter Township's net pension liability	<u>\$ 10,291,058</u>

Plan fiduciary net position as a percentage of the total pension liability 61.4 %

The Charter Township has chosen to use December 31, 2015 as its measurement date for the net pension liability. The December 31, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 10 - Pension Plan - Police and Fire Retirement System (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 25,812,673	\$ 16,899,302	\$ 8,913,371
Service cost	520,965	-	520,965
Interest	1,773,298	-	1,773,298
Differences between expected and actual experience	(447,726)	-	(447,726)
Changes in assumptions	456,048	-	456,048
Contributions - Employer	-	851,779	(851,779)
Contributions - Employee	-	160,486	(160,486)
Net investment income	-	(37,297)	37,297
Benefit payments, including refunds	(1,480,641)	(1,480,641)	-
Administrative expenses	-	(50,070)	50,070
Net changes	821,944	(555,743)	1,377,687
Balance at December 31, 2015	<u>\$ 26,634,617</u>	<u>\$ 16,343,559</u>	<u>\$ 10,291,058</u>

Assumption Changes - For the year ended December 31, 2015, the normal cost and actuarial accrued liability, for retirement benefits, increased by 5.0 percent to account for the inclusion of unused vacation and longevity payment lump sums in the development of the average final compensation

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

For the year ended December 31, 2015, the Charter Township recognized pension expense of \$1,261,741. At December 31, 2015, the Charter Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 325,068
Changes in assumptions	331,111	-
Net difference between projected and actual earnings on pension plan investments	961,682	-
Total	<u>\$ 1,292,793</u>	<u>\$ 325,068</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 10 - Pension Plan - Police and Fire Retirement System (Continued)

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

<u>Years Ending December 31</u>	<u>Amount</u>
2016	\$ 242,701
2017	242,701
2018	241,903
2019	240,420

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015. 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 at 4%
Investment rate of return	7 % Net of pension plan investment expense, including inflation at 4%

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

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 the Charter Township's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 10 - Pension Plan - Police and Fire Retirement System (Continued)

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, 2015 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.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity - Large	6.00 %
Domestic equity - Small	8.00 %
International equity	6.00 %
Domestic fixed income	2.00 %
Cash or cash equivalents	0.50 %

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 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability of the Charter Township	\$ 13,439,598	\$ 10,291,058	\$ 7,648,484

Charter Township of Benton

Notes to Financial Statements December 31, 2015

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 \$149,000 during the current year and employees contributed approximately \$77,000.

Note 12 - Reporting Change (Prior period adjustments)

During the current year, the Charter Township adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement and part will be deferred and recognized over future years. Refer to the pension footnote for further details. This change does not impact the General Fund or any other governmental or business-type fund.

The financial statements for the year ended December 31, 2014 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability and deferred outflows and inflows at December 31, 2014.

As a result of implementing this statement, the beginning net position of the governmental activities have been restated as indicated:

	<u>Governmental Activities</u>
Net position - December 31, 2014 - As previously reported	\$ 6,847,532
Adjustment for implementation of GASB Statement No. 68	<u>(8,913,371)</u>
Net position - December 31, 2014 - As restated	<u>\$ (2,065,839)</u>

Charter Township of Benton

Notes to Financial Statements December 31, 2015

Note 13 - Upcoming Accounting Pronouncements

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

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive 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 Statement No. 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 Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016 fiscal year.

Required Supplemental Information

Charter Township of Benton

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 572,800	\$ 572,800	\$ 573,330	\$ 530
Licenses and permits	155,850	155,850	290,140	134,290
State-shared revenue and grants	1,288,500	1,288,500	1,290,852	2,352
Charges for services	602,000	602,000	605,198	3,198
Investment income	7,000	7,000	21,920	14,920
Other revenue	201,850	201,850	240,955	39,105
Total revenue	<u>2,828,000</u>	<u>2,828,000</u>	<u>3,022,395</u>	<u>194,395</u>
Expenditures				
General government:				
Township board	515,000	845,000	821,808	23,192
Supervisor	68,000	68,000	33,138	34,862
Treasurer	146,000	146,000	129,495	16,505
Assessing	340,000	340,000	309,619	30,381
Board of review	5,000	5,000	3,225	1,775
Clerk	205,000	205,000	163,859	41,141
Elections	52,000	52,000	30,615	21,385
Buildings and grounds	210,000	210,000	165,702	44,298
Total general government	<u>1,541,000</u>	<u>1,871,000</u>	<u>1,657,461</u>	<u>213,539</u>
Public safety:				
Building department	281,500	281,500	236,822	44,678
Ordinance officer	77,000	77,000	72,610	4,390
Total public safety	<u>358,500</u>	<u>358,500</u>	<u>309,432</u>	<u>49,068</u>
Public works:				
Other street costs	100,000	100,000	11,938	88,062
Trash and rubbish	465,000	465,000	409,603	55,397
Street lighting	115,000	115,000	107,246	7,754
Garage	88,000	88,000	80,876	7,124
Total public works	<u>768,000</u>	<u>768,000</u>	<u>609,663</u>	<u>158,337</u>
Community and economic development:				
Planning	6,000	6,000	1,783	4,217
Zoning	3,000	3,000	452	2,548
Total community and economic development	<u>9,000</u>	<u>9,000</u>	<u>2,235</u>	<u>6,765</u>
Recreation and culture - Parks and recreation				
	76,000	76,000	50,673	25,327
Total expenditures	<u>2,752,500</u>	<u>3,082,500</u>	<u>2,629,464</u>	<u>453,036</u>
Excess of Revenue Over (Under) Expenditures	75,500	(254,500)	392,931	647,431
Other Financing Uses - Transfers out	<u>(83,000)</u>	<u>(208,000)</u>	<u>(207,864)</u>	<u>136</u>
Net Change in Fund Balance	(7,500)	(462,500)	185,067	647,567
Fund Balance - Beginning of year	<u>1,641,492</u>	<u>1,641,492</u>	<u>1,641,492</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,633,992</u>	<u>\$ 1,178,992</u>	<u>\$ 1,826,559</u>	<u>\$ 647,567</u>

Charter Township of Benton

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

	Original Budget	Actual	Variance
Revenue			
Property taxes	\$ 2,989,075	\$ 2,988,747	\$ (328)
Licenses and permits	14,500	14,765	265
Federal grants	7,500	-	(7,500)
State-shared revenue and grants	2,000	4,189	2,189
Fines and forfeitures	22,000	22,292	292
Investment income	100	80	(20)
Other revenue	248,000	257,558	9,558
Total revenue	3,283,175	3,287,631	4,456
Expenditures - Public safety	3,248,675	3,081,114	167,561
Excess of Revenue Over Expenditures	34,500	206,517	172,017
Other Financing Uses - Transfers out	(80,000)	(76,625)	3,375
Net Change in Fund Balance	(45,500)	129,892	175,392
Fund Balance - Beginning of year	254,784	254,784	-
Fund Balance - End of year	\$ 209,284	\$ 384,676	\$ 175,392

Charter Township of Benton

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

	Original Budget	Actual	Variance
Revenue			
Property taxes	\$ 1,967,950	\$ 1,968,529	\$ 579
Federal grants	80,000	93,449	13,449
Charges for services	10,000	10,794	794
Other revenue	40,000	50,741	10,741
Total revenue	2,097,950	2,123,513	25,563
Expenditures - Public safety	1,955,925	1,823,172	132,753
Excess of Revenue Over Expenditures	142,025	300,341	158,316
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	6,500	6,500
Transfers out	(217,025)	(212,577)	4,448
Net Change in Fund Balance	(75,000)	94,264	169,264
Fund Balance - Beginning of year	218,874	218,874	-
Fund Balance - End of year	\$ 143,874	\$ 313,138	\$ 169,264

Charter Township of Benton

Note to Required Supplemental Information Year Ended December 31, 2015

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 amended during the year for the General Fund.

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 no expenditures that were in excess of the amounts budgeted.

Charter Township of Benton

Required Supplemental Information

Schedule of Changes in the Charter Township Net Pension Liability and Related Ratios (Schedule is built prospectively upon implementation of GASB Statement No. 67)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	\$ 520,965	\$ 566,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,773,298	1,638,236	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(447,726)	1,256,878	-	-	-	-	-	-	-	-
Changes in assumptions	456,048	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(1,480,641)	(1,538,583)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	821,944	1,923,493	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	25,812,673	23,889,180	-	-	-	-	-	-	-	-
Total Pension Liability - End of year	<u>\$ 26,634,617</u>	<u>\$ 25,812,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 851,779	\$ 800,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	160,486	137,898	-	-	-	-	-	-	-	-
Net investment income	(37,297)	862,704	-	-	-	-	-	-	-	-
Administrative expenses	(50,070)	(50,060)	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(1,480,641)	(1,538,583)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(555,743)	212,162	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	16,899,302	16,687,140	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	<u>\$ 16,343,559</u>	<u>\$ 16,899,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter Township's Net Pension Liability - Ending	<u>\$ 10,291,058</u>	<u>\$ 8,913,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	61.36 %	65.47 %	- %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	\$ 2,011,315	\$ 1,995,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Township's Net Pension Liability as a Percentage of Covered Employee Payroll	511.7 %	446.7 %	- %	- %	- %	- %	- %	- %	- %	- %

Charter Township of Benton

Required Supplemental Information Schedule of Investment Returns

(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	<u>2015</u>	<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	(0.2)%	4.5 %	- %	- %	- %	- %	- %	- %	- %	- %

Charter Township of Benton

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 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
12/31/15	12/31/13	277,722	101.0

The information presented above was determined as part of the actuarial valuations as of December 31, 2013.

Other Supplemental Information

Charter Township of Benton

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

	<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	\$ 86,198	\$ 81,847	\$ -	\$ 168,045
Due from other funds	-	-	285,251	285,251
Total assets	<u>\$ 86,198</u>	<u>\$ 81,847</u>	<u>\$ 285,251</u>	<u>\$ 453,296</u>
Liabilities - Accrued liabilities and other				
	\$ 412	\$ -	\$ -	\$ 412
Fund Balances				
Restricted	85,786	81,847	35,000	202,633
Assigned	-	-	250,251	250,251
Total fund balances	<u>85,786</u>	<u>81,847</u>	<u>285,251</u>	<u>452,884</u>
Total liabilities and fund balances	<u>\$ 86,198</u>	<u>\$ 81,847</u>	<u>\$ 285,251</u>	<u>\$ 453,296</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, 2015

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	Rental Ordinance Fund	Community Development Fund	Capital Projects Fund	
Revenue				
Licenses and permits	\$ 57,114	\$ -	\$ -	\$ 57,114
Other revenue	-	164	-	164
Total revenue	57,114	164	-	57,278
Expenditures - General government	61,778	-	68,245	130,023
Excess of Revenue (Under) Over Expenditures	(4,664)	164	(68,245)	(72,745)
Other Financing Sources - Transfers in	-	-	122,500	122,500
Net Change in Fund Balances	(4,664)	164	54,255	49,755
Fund Balances - Beginning of year	90,450	81,683	230,996	403,129
Fund Balances - End of year	<u>\$ 85,786</u>	<u>\$ 81,847</u>	<u>\$ 285,251</u>	<u>\$ 452,884</u>

Charter Township of Benton

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds December 31, 2015

	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	\$ -	\$ 102,939	\$ 102,939	\$ 475,420	\$ 110,929	\$ 586,349
Investments	16,216,938	1,052,046	17,268,984	-	-	-
Prepaid expenses and other current assets	126,621	-	126,621	-	-	-
Total assets	16,343,559	1,154,985	17,498,544	<u>\$ 475,420</u>	<u>\$ 110,929</u>	<u>\$ 586,349</u>
Liabilities - Due to other governmental units	-	-	-	<u>\$ 475,420</u>	<u>\$ 110,929</u>	<u>\$ 586,349</u>
Net Position - Held in trust for pension and other employee benefits	<u>\$ 16,343,559</u>	<u>\$ 1,154,985</u>	<u>\$ 17,498,544</u>			

Charter Township of Benton

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Trust Funds Year Ended December 31, 2015

	Pension Trust Fund	Retiree Health Insurance Fund	Total
Additions			
Investment income:			
Interest and dividends	\$ 360,707	\$ 20,524	\$ 381,231
Net change in fair value of investments	(398,005)	(27,506)	(425,511)
Contributions:			
Employer	851,779	280,207	1,131,986
Employee	160,486	-	160,486
Total contributions	1,012,265	280,207	1,292,472
Total additions	974,967	273,225	1,248,192
Deductions			
Benefit payments	1,480,643	177,267	1,657,910
Administrative expenses	50,067	3,202	53,269
Total deductions	1,530,710	180,469	1,711,179
Net (Decrease) Increase in Net Assets Held in Trust	(555,743)	92,756	(462,987)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	16,899,302	1,062,229	17,961,531
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 16,343,559	\$ 1,154,985	\$ 17,498,544