



CHARTER TOWNSHIP OF TEXAS
KALAMAZOO COUNTY, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014



Vredeveld Haefner LLC

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITORS' REPORT

June 11, 2015

Members of Board
Charter Township of Texas
Kalamazoo County, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the budgetary comparison information on pages 30 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information (combining and individual fund financial statements and schedules) is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Uredaxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Charter Township of Texas' (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$692,468 as a result of this year's activities.
- Of the \$20,017,181 total net position reported, \$6,733,189 is unrestricted, or available to be used at the Board's discretion.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,833,886, which represents 139 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how general government services, like public safety and public works, were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2014 and 2013 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, and liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements of the Township are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as public safety, public works, debt service, and general government. Property taxes and state revenue finance most of these activities.
- *Component unit* - The Township includes one other entity in its report - the Downtown Development Authority. Although legally separate, this "component unit" is important because the Township is financially accountable for the Authority.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has three types of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds*. Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*. These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$20,017,181. Of this total, \$12,949,815 is invested in capital assets, \$334,177 is restricted for various purposes, and \$6,733,189 is unrestricted.

Condensed financial information
Net position

	<i>Governmental activities</i>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 8,903,207	\$ 8,156,829
Capital assets	<u>12,949,815</u>	<u>12,974,105</u>
Total assets	<u>21,853,022</u>	<u>21,130,934</u>
Current and other liabilities	<u>495,748</u>	<u>445,540</u>
Deferred inflows of resources	<u>1,340,093</u>	<u>1,360,681</u>
Net position:		
Net investment in capital assets	12,949,815	12,974,105
Restricted	334,177	357,634
Unrestricted	<u>6,733,189</u>	<u>5,992,974</u>
Total net position	<u>\$ 20,017,181</u>	<u>\$ 19,324,713</u>

Changes in net position

The Township's total revenues were \$3,733,581. During the 2014 fiscal year, 27 percent of the Township's revenues came from property taxes, 33 percent came from charges for services, and 31 percent came from state shared revenue.

The total cost of the Township's programs and services totaled \$3,041,113. Approximately 39 percent of the Township's costs relates to public safety costs, 29 percent to general governmental activities, and 25 percent to public works.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 1,217,783	\$ 1,228,096
Operating grants and contributions	8,727	9,453
Capital grants and contributions	192,664	862,978
General revenues:		
Property taxes	1,005,913	980,838
State shared revenue	1,142,345	1,092,568
Franchise fees	134,019	120,340
Investment return	32,130	27,765
Miscellaneous	-	9,571
	<u>3,733,581</u>	<u>4,331,609</u>
Expenses:		
General government	883,404	882,160
Public safety	1,194,927	1,186,228
Public works	749,219	629,959
Community and economic development	132,655	181,570
Recreation and culture	80,908	56,124
Interest	-	7,057
	<u>3,041,113</u>	<u>2,943,098</u>
Changes in net position	<u>\$ 692,468</u>	<u>\$ 1,388,511</u>
Net position, end of year	<u>\$ 20,017,181</u>	<u>\$ 19,324,713</u>

Governmental activities

The \$692,468 increase in net position for 2014 is \$696,043 less than the \$1,388,511 increase in 2013. Revenues decreased by \$598,028, primarily due to a one-time contribution for park land development totaling \$523,265 in 2013. Expenses increased by \$98,015 compared to 2013, as the Township planned across the board increases in recreation and culture and public works operating costs.

The total cost of governmental activities this year was \$3,041,113. After subtracting the direct charges to those who directly benefited from the programs (\$1,217,783) and operating and capital grants (\$201,391), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,621,939.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

The Township's governmental funds reported combined ending fund balances of \$6,647,701 at the end of 2014, representing a \$739,279 increase from the previous year.

The General Fund is the primary operating fund of the Township. Fund balance increased by \$315,376 during the year, as revenues of \$2,315,789 exceeded expenditures of \$1,319,002 and total transfers of \$681,411 to the Fire Improvement, Road Enhancement, and nonmajor funds to subsidize current year activity. The total fund balance was \$3,670,923 at year end.

The Road Enhancement Fund experienced an increase in fund balance of \$99,748 during the current year, as revenues of \$362,081 and a transfer from the General Fund of \$120,000 exceeded expenditures of \$382,333. Total fund balance was \$196,286 at year end.

The Fire Improvement Fund experienced an increase in fund balance of \$150,709 during the current year, as revenues of \$365,517 and a transfer from the General Fund of \$456,411 exceeded expenditures of \$671,219. Total fund balance at year end was \$415,568.

The Sewer and Water Fund experienced an increase in fund balance of \$162,093, as revenues of \$235,428 exceeded expenditures of \$73,335. Total fund balance at year end was \$2,199,704.

Proprietary fund

The Building Inspections Fund experienced a \$21,492 increase in net position and a \$3,128 net increase in cash. Higher levels of construction in the Township, reflecting improved economic conditions, as well as contracted intergovernmental services contributed to the fund's increased revenue. The fund's net position was \$268,087 at year end.

General Fund budgetary highlights

The Township did not amend its overall budget but did amend budgets among functions during the current fiscal year. Revenues were \$66,832 greater than anticipated, primarily because state grants were \$41,815 higher than anticipated. Expenditures were \$199,603 lower than the amounts appropriated, as the Township incurred lower than anticipated expenditures across all functions. These variances resulted in a \$266,435 positive budget variance, with a \$315,376 increase in fund balance compared to an anticipated \$48,941 increase in fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2014, amounts to \$12,949,815 (net of accumulated depreciation). This investment includes buildings and improvements, fire equipment and vehicles, and sewer, water, and road infrastructure. The \$24,290 decrease in the Township's investment in capital assets for the current fiscal year reflects \$559,389 in capital asset additions less \$583,679 depreciation for the year.

Capital asset acquisitions during the current year include:

- \$382,333 for the Township's portion on road projects
- \$68,054 for costs toward the non-motorized trail project
- \$44,823 for fire equipment and improvements
- \$25,336 for a new vehicle
- \$16,334 for meeting room improvements
- \$11,693 for water main extension and hydrant installation
- \$10,816 for technology upgrades.

More detailed information about the Township's capital assets is presented in Note 6 of the notes to the basic financial statements.

Debt

The Township had no long-term debt outstanding at the end of the fiscal year. Other reported noncurrent liabilities consisted of a liability for compensated absences of \$16,980.

More detailed information about the Township's long-term liabilities is presented in Note 10 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Revenues for road enhancements and fire improvements, which were approved in 2010, and levies recognized in 2015, will help the Township to maintain its road infrastructure and provide essential public safety services during 2015 and subsequent years.

The Township's 2014 General Fund millage rate and 2014 Fire Operations millage rate (recognized as revenue in 2015) have been reduced by Michigan's Headlee rollback provisions to .8570 (from .8583) and .4992 (from .5000) respectively. The 2014 General Fund millage rate has been further reduced to .8060 in order to correct a 2012 and 2013 transposition error made by the County which was discovered by the Township in 2014.

The Township has significant accumulated resources and expects to provide all ongoing services at current levels.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Julie VanderWiere, Township Superintendent

-OR-

Linda Kerr, Township Clerk
Charter Township of Texas
7110 West Q Avenue
Kalamazoo, MI 49009

Phone: (269) 375-1591

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2014

	<u>Primary government</u>		<u>Component unit</u>
	<u>Governmental activities</u>		
ASSETS			
Current assets:			
Cash	\$ 7,683,503	\$	50,564
Receivables, net	919,325		10,907
Prepaid expenses	8,790		-
	<u>8,611,618</u>		<u>61,471</u>
Total current assets			
Noncurrent assets:			
Receivables, net	171,890		-
Advance to component unit	119,699		-
Capital assets not being depreciated	667,341		122,329
Capital assets, net of depreciation	<u>12,282,474</u>		<u>132,505</u>
	<u>13,241,404</u>		<u>254,834</u>
Total noncurrent assets			
Total assets	<u>21,853,022</u>		<u>316,305</u>
LIABILITIES			
Current liabilities:			
Payables	172,079		-
Unearned assessment revenue	<u>306,689</u>		<u>-</u>
	<u>478,768</u>		<u>-</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences	16,980		-
Advance from primary government	<u>-</u>		<u>119,699</u>
	<u>16,980</u>		<u>119,699</u>
Total noncurrent liabilities			
Total liabilities	<u>495,748</u>		<u>119,699</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for the subsequent year	980,573		14,989
Assessments levied for the subsequent year	<u>359,520</u>		<u>-</u>
	<u>1,340,093</u>		<u>14,989</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	12,949,815		135,135
Restricted for:			
Public safety	240,097		-
Public works	94,080		46,482
Unrestricted	<u>6,733,189</u>		<u>-</u>
Total net position	<u>\$ 20,017,181</u>	\$	<u>181,617</u>

See notes to financial statements

Charter Township of Texas

BALANCE SHEET - governmental funds

December 31, 2014

	<u>General</u>	<u>Road Enhancement</u>	<u>Fire Improvement</u>
ASSETS			
Cash	\$ 3,733,166	\$ 425,649	\$ 668,758
Receivables	494,997	130,157	148,521
Advance to component unit	119,699	-	-
Prepaid items	<u>8,199</u>	<u>-</u>	<u>591</u>
Total assets	<u>\$ 4,356,061</u>	<u>\$ 555,806</u>	<u>\$ 817,870</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Payables	\$ 69,485	\$ -	\$ 26,378
Unearned special assessments	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>69,485</u>	<u>-</u>	<u>26,378</u>
Deferred inflows of resources:			
Property taxes levied for the subsequent year	604,649	-	375,924
Assessments levied for the subsequent year	-	359,520	-
Unavailable special assessments	-	-	-
Unavailable interest revenue	<u>11,004</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>615,653</u>	<u>359,520</u>	<u>375,924</u>
Fund balances:			
Nonspendable for:			
Prepaid items	8,199	-	591
Long-term advance to component unit	119,699	-	-
Restricted for:			
Road maintenance	-	-	-
Street lighting	-	-	-
Private lake maintenance	-	-	-
Assigned for:			
Employee benefits	64,640	-	-
Road maintenance	-	196,286	-
Fire protection	433,722	-	414,977
Parks and recreation	215,190	-	-
Sewer and water improvements	476,313	-	-
Building improvements	519,274	-	-
Unassigned	<u>1,833,886</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,670,923</u>	<u>196,286</u>	<u>415,568</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,356,061</u>	<u>\$ 555,806</u>	<u>\$ 817,870</u>

<i>Sewer and Water</i>	<i>Nonmajor funds</i>	<i>Total governmental funds</i>
\$ 2,219,094	\$ 382,332	\$ 7,428,999
200,412	115,715	1,089,802
-	-	119,699
-	-	8,790
<u>\$ 2,419,506</u>	<u>\$ 498,047</u>	<u>\$ 8,647,290</u>
\$ 40,528	\$ 26,138	\$ 162,529
-	306,689	306,689
40,528	332,827	469,218
-	-	980,573
-	-	359,520
171,890	-	171,890
7,384	-	18,388
<u>179,274</u>	<u>-</u>	<u>1,530,371</u>
-	-	8,790
-	-	119,699
-	6,464	6,464
-	58,673	58,673
-	28,943	28,943
-	-	64,640
-	-	196,286
-	-	848,699
-	71,140	286,330
2,199,704	-	2,676,017
-	-	519,274
-	-	1,833,886
<u>2,199,704</u>	<u>165,220</u>	<u>6,647,701</u>
<u>\$ 2,419,506</u>	<u>\$ 498,047</u>	<u>\$ 8,647,290</u>

See notes to financial statements

BALANCE SHEET - governmental funds (Continued)

December 31, 2014

Reconciliation of the balance sheet with the statement of net position:

Total fund balance - total governmental funds (page 13)	\$ 6,647,701
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:	
Special assessments and interest receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	190,278
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	12,921,825
Net position of the Building Inspections Fund that has been combined with those of <i>governmental activities</i> .	268,087
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,710)</u>
Net position of <i>governmental activities</i>	<u>\$ 20,017,181</u>

Charter Township of Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended December 31, 2014

	<u>General</u>	<u>Road Enhancement</u>	<u>Fire Improvement</u>
REVENUES			
Taxes	\$ 891,027	\$ -	\$ 361,037
Licenses and permits	134,260	-	-
State grants	1,151,072	-	-
Charges for services	107,851	-	-
Fines and forfeitures	2,255	-	-
Interest and rentals	14,192	221	550
Other:			
Special assessments	-	361,860	-
Miscellaneous	15,132	-	3,930
	<u>2,315,789</u>	<u>362,081</u>	<u>365,517</u>
Total revenues			
EXPENDITURES			
General government	841,846	-	-
Public safety	237,950	-	660,403
Public works	30,339	382,333	-
Community and economic development	132,655	-	-
Recreation and culture	21,888	-	-
Capital outlay	54,324	-	10,816
	<u>1,319,002</u>	<u>382,333</u>	<u>671,219</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>996,787</u>	<u>(20,252)</u>	<u>(305,702)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	120,000	456,411
Transfers out	(681,411)	-	-
	<u>(681,411)</u>	<u>120,000</u>	<u>456,411</u>
Net other financing sources (uses)			
NET CHANGES IN FUND BALANCES			
	315,376	99,748	150,709
FUND BALANCES - BEGINNING			
	<u>3,355,547</u>	<u>96,538</u>	<u>264,859</u>
FUND BALANCES - ENDING			
	<u>\$ 3,670,923</u>	<u>\$ 196,286</u>	<u>\$ 415,568</u>

<i>Sewer and Water</i>	<i>Nonmajor funds</i>	<i>Total governmental funds</i>
\$ -	\$ -	\$ 1,252,064
-	-	134,260
-	-	1,151,072
154,611	-	262,462
-	-	2,255
21,100	212	36,275
59,717	241,519	663,096
-	350	19,412
<u>235,428</u>	<u>242,081</u>	<u>3,520,896</u>
2,740	-	844,586
-	-	898,353
68,780	265,724	747,176
-	-	132,655
-	-	21,888
<u>1,815</u>	<u>70,004</u>	<u>136,959</u>
<u>73,335</u>	<u>335,728</u>	<u>2,781,617</u>
<u>162,093</u>	<u>(93,647)</u>	<u>739,279</u>
-	105,000	681,411
-	-	(681,411)
-	105,000	-
162,093	11,353	739,279
<u>2,037,611</u>	<u>153,867</u>	<u>5,908,422</u>
<u>\$ 2,199,704</u>	<u>\$ 165,220</u>	<u>\$ 6,647,701</u>

See notes to financial statements

Charter Township of Texas

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended December 31, 2014

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 15)	\$ 739,279
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	534,053
Provision for depreciation	(579,531)
Changes in deferred inflows of resources	
Net decrease in unavailable special assessments	(33,919)
Net increase in unavailable interest revenue	9,304
Changes in other assets/liabilities:	
Net increase in compensated absences	1,790
Change in net position of the Building Inspections Fund has been combined with those of the <i>governmental activities</i>	<u>21,492</u>
Change in net position of <i>governmental activities</i>	<u>\$ 692,468</u>

See notes to financial statements

STATEMENT OF NET POSITION - proprietary fund

December 31, 2014

	<u>Building Inspections</u>
ASSETS	
Cash	\$ 254,504
Receivables	1,413
Capital assets, net of \$28,247 accumulated depreciation	<u>27,990</u>
Total assets	<u>283,907</u>
LIABILITIES	
Payables	9,550
Compensated absences	<u>6,270</u>
Total liabilities	<u>15,820</u>
NET POSITION	
Net investment in capital assets	27,990
Unrestricted	<u>240,097</u>
Total net position	<u><u>\$ 268,087</u></u>

The assets, liabilities, and net position of the Building Inspections Fund have been combined with those of *governmental activities*.

Charter Township of Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - *proprietary fund*

December 31, 2014

	<i>Building Inspections</i>
OPERATING REVENUES	
Charges for services - licenses and permits	\$ 234,373
OPERATING EXPENSES	
Salaries and fringe benefits	176,590
Other	35,070
Depreciation	4,148
Total operating expenses	<u>215,808</u>
OPERATING INCOME	18,565
NONOPERATING REVENUES	
Interest revenue	<u>2,927</u>
CHANGE IN NET POSITION	21,492
NET POSITION - BEGINNING	<u>246,595</u>
NET POSITION - ENDING	<u>\$ 268,087</u>

The revenues and expenses of the Building Inspections Fund have been combined with those of *governmental activities*.

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary fund

Year ended December 31, 2014

	<u>Building Inspections</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 234,373
Payments to employees	(135,324)
Payments to suppliers	<u>(73,512)</u>
Net cash provided by operating activities	25,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(25,336)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>2,927</u>
NET INCREASE IN CASH	3,128
CASH - BEGINNING	<u>251,376</u>
CASH - ENDING	<u><u>\$ 254,504</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 18,565
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,148
Increase in accounts receivable	(1,413)
Increase in accounts payable	201
Increase in accrued payroll	2,226
Increase in compensated absences	<u>1,810</u>
Net cash provided by operating activities	<u><u>\$ 25,537</u></u>

See notes to financial statements

Charter Township of Texas

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - Agency Fund

December 31, 2014

ASSETS

Cash	<u>\$ 6,565,420</u>
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LIABILITIES

Customer deposits	\$ 62,624
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Due to other governmental units	<u>6,502,796</u>
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Total liabilities	<u>\$ 6,565,420</u>
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See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Texas, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, these financial statements present the Township (the primary government) and the component units described below, located in Kalamazoo County. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and existence of a financial benefit or burden, and whether the financial statements would be misleading if data were not included.

Discretely presented component unit - Downtown Development Authority:

The component unit's governing body is appointed by the Township Board and its budgets must be approved by the Township Board. Separate financial statements for the component unit have not been issued, as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit.

Government-wide and fund financial statements:

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 Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal year is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Enhancement Fund accounts for financial resources used for road improvement projects. Revenues are primarily derived from special assessments.

The Fire Improvement Fund accounts for financial resources used for the operational and capital costs of the Township's public safety functions. Revenues are primarily derived from property taxes.

The Sewer and Water Capital Projects Fund accounts for financial resources used for the expansion and repairs and maintenance of sewer and water lines located in the Township. Revenues are primarily derived from connection fees.

The Township reports one proprietary fund, its Building Inspections Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township reports one fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities, deferred inflows of resources, and net position or equity:

Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled investment income is proportionately allocated to all funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, deferred inflows of resources, and net position or equity (continued):

Receivables - In general, outstanding balances between funds are reported as “due to/from other funds.” No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

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.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

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

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Vehicles	3 - 20 years
Sewer and water systems	50 years

Compensated absences - It is the Township’s policy to permit employees to accumulate earned but unused sick pay benefits. Vested compensated absences are accrued when earned 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.

Unearned revenue - Unearned revenue represents resources related to special assessments which have not yet been earned due to performance of service.

Deferred inflows of resources- The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. Property taxes and assessments, which are levied to finance the following period's budget, are deferred and recognized as revenue in the period that they are intended to finance. Special assessment and interest revenues, which are not available (collected later than 60 days after the end of the Township's fiscal year) are deferred in governmental funds and recognized as revenue in the period that they become available.

Net position - Net position represents the difference between assets, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township’s debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, deferred inflows of resources, and net position or equity (continued):

Net position flow assumption - Sometimes the Township 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 equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances as to purpose. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted or assigned to those purposes. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14 (with the final collection date of February 28), at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the subsequent year.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth the budget variance:

<u>Fund</u>	<u>Function</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Primary government:				
Crooked Lake	Public works	52,525	58,401	5,876

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH

The Township and component unit's cash were reported in the basic financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary activity</u>	<u>Component unit</u>	<u>Total</u>
Deposits	\$ 7,683,503	\$ 6,565,420	\$ 50,564	\$ 14,299,487

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. As of December 31, 2014, \$11,474,580 of the Township's bank balance of \$13,999,036 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2014, for the Township's individual major and nonmajor governmental funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Interest</u>	<u>Property taxes</u>	<u>Special assess- ments</u>	<u>Inter- govern- mental</u>	<u>Totals</u>
Governmental:						
General	\$ 35,571	\$ 11,004	\$ 238,308	\$ -	\$ 210,114	\$ 494,997
Road Enhancement	-	-	-	130,157	-	130,157
Fire Improvement	-	-	148,521	-	-	148,521
Sewer and Water	-	10,276	-	190,136	-	200,412
Nonmajor funds	-	-	-	115,715	-	115,715
Total governmental funds	<u>\$ 35,571</u>	<u>\$ 21,280</u>	<u>\$ 386,829</u>	<u>\$ 436,008</u>	<u>\$ 210,114</u>	<u>\$ 1,089,802</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,890</u>	<u>\$ -</u>	<u>\$ 171,890</u>
Proprietary - building inspections	<u>\$ -</u>	<u>\$ 1,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,413</u>
Component unit - DDA	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,907</u>

NOTE 5 - PROPERTY TAXES

The 2013 taxable valuation of the Township approximated \$724,070,000, on which ad valorem taxes levied consisted of 0.8853 mills for operating purposes and 0.5000 mills for fire operations, raising approximately \$640,000 and \$361,000, respectively. This amount is recognized in the respective fund financial statements as property tax revenue.

The 2014 taxable valuation of the Township approximated \$753,830,000, on which ad valorem taxes levied consisted of 0.8060 mills for operating purposes and 0.4992 mills for fire operations, raising approximately \$607,000 and \$376,000, respectively. These amounts are recognized in the respective fund financial statements as deferred tax revenue, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

NOTE 6 - CAPITAL ASSETS

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

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 560,305	\$ -	\$ -	\$ 560,305
Construction in progress	38,982	68,054	-	107,036
Total capital assets not being depreciated	<u>599,287</u>	<u>68,054</u>	<u>-</u>	<u>667,341</u>
Capital assets being depreciated:				
Buildings	1,791,806	16,334	-	1,808,140
Improvements	789,679	4,985	-	794,664
Furniture and equipment	1,048,455	62,347	-	1,110,802
Vehicles	993,342	25,336	-	1,018,678
Infrastructure	13,467,421	382,333	-	13,849,754
Subtotal	<u>18,090,703</u>	<u>491,335</u>	<u>-</u>	<u>18,582,038</u>
Less accumulated depreciation for:				
Buildings	(269,206)	(43,409)	-	(312,615)
Improvements	(218,092)	(39,108)	-	(257,200)
Furniture and equipment	(694,463)	(64,492)	-	(758,955)
Vehicles	(737,091)	(54,236)	-	(791,327)
Infrastructure	(3,797,033)	(382,434)	-	(4,179,467)
Subtotal	<u>(5,715,885)</u>	<u>(583,679)</u>	<u>-</u>	<u>(6,299,564)</u>
Total capital assets being depreciated, net	<u>12,374,818</u>	<u>(92,344)</u>	<u>-</u>	<u>12,282,474</u>
Governmental activities capital assets, net	<u>\$ 12,974,105</u>	<u>\$ (24,290)</u>	<u>\$ -</u>	<u>\$ 12,949,815</u>
Component unit:				
Capital assets not being depreciated - land	\$ 122,329	\$ -	\$ -	\$ 122,329
Capital assets being depreciated - land improvements	163,964	-	-	163,964
Less accumulated depreciation	<u>(24,911)</u>	<u>(6,548)</u>	<u>-</u>	<u>(31,459)</u>
Total capital assets being depreciated, net	<u>139,053</u>	<u>(6,548)</u>	<u>-</u>	<u>132,505</u>
Component unit capital assets, net	<u>\$ 261,382</u>	<u>\$ (6,548)</u>	<u>\$ -</u>	<u>\$ 254,834</u>

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 36,318
Public safety	106,745
Public works	387,546
Recreation and culture	<u>53,070</u>
 Total governmental activities	 <u>\$ 583,679</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund transfers for the year ended December 31, 2014, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Road Enhancement	\$ 120,000	General	<u>\$ 681,411</u>
Fire Improvement	456,411		
Nonmajor funds	<u>105,000</u>		
	<u>\$ 681,411</u>		

The transfers to the Road Enhancement Fund and Fire Improvement Fund represent support to cover expenditures that could not be covered by current tax revenues.

The transfer to the nonmajor fund represents support to finance capital expenditures for the non-motorized trail project.

NOTE 8 - ADVANCE TO COMPONENT UNIT

During the year ended December 31, 2013, the primary government advanced \$119,699 to the component unit. The advance will be paid back over 15 years at an interest rate of 1.5% per annum. The first five years are interest only payments, followed by a ten-year period of principal and interest payments until the advance is fully repaid.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - PAYABLES

Payables as of December 31, 2014, for the Township’s individual major funds and nonmajor governmental funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- govern- mental</u>	<u>Customer deposits</u>	<u>Totals</u>
Governmental:					
General	\$ 26,917	\$ 10,456	\$ 16,937	\$ 15,175	\$ 69,485
Fire Improvement	8,007	18,371	-	-	26,378
Sewer and Water	8,112	-	32,416	-	40,528
Nonmajor funds	26,138	-	-	-	26,138
Total governmental funds	<u>\$ 69,174</u>	<u>\$ 28,827</u>	<u>\$ 49,353</u>	<u>\$ 15,175</u>	<u>\$ 162,529</u>
Proprietary:					
Building Inspection Fund	<u>\$ 791</u>	<u>\$ 8,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,550</u>

NOTE 10 - NONCURRENT LIABILITIES

Long-term liability activity for the year ended December 31, 2014, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Compensated absences	<u>\$ 16,960</u>	<u>\$ 12,090</u>	<u>\$ (12,070)</u>	<u>\$ 16,980</u>	<u>-</u>

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers’ compensation). The risks of loss arising from general liability of up to \$4,000,000, building contents and property, and workers’ compensation coverage are managed through purchased commercial insurance.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Township provides pension benefits for all elected officials, full-time and certain part-time employees, who are eligible to participate after ninety days of employment, and for fire fighters who are eligible to participate after completing a probationary period. All pension benefits are offered through a non-contributory defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The Township contributes 10% of each qualified employee’s total earnings to the plan. The Township’s contributions are fully vested immediately. The Township made the required contributions of \$75,652 for the year ended December 31, 2014. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 13 - PENDING ACCOUNTING PRONOUNCEMENT

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for periods beginning after June 15, 2014. This Statement generally carries forward the requirements of Statement No. 27 for employer accounting and financial reporting for defined contribution plans. In this Statement, the definition of defined contribution pensions, as well as the accounting requirements for such pensions, includes provisions to accommodate circumstances in which the timing of payments into individual accounts does not coincide with the period of employee service to which defined contributions pertain (as when a nonvested employee accumulates credits for which the employer delays payment into the employee's account until vesting provisions have been satisfied). This Statement also establishes requirements to address accounting for forfeitures. The Statement also enhances accountability and transparency through revised note disclosures. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning January 1, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Texas

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Taxes	\$ 869,000	\$ 869,000	\$ 891,027	\$ 22,027
Licenses and permits	120,250	120,250	134,260	14,010
State grants	1,109,257	1,109,257	1,151,072	41,815
Charges for services	111,350	111,350	107,851	(3,499)
Fines and forfeitures	1,000	1,000	2,255	1,255
Interest and rentals	32,500	32,500	14,192	(18,308)
Other - miscellaneous	5,600	5,600	15,132	9,532
	<u>2,248,957</u>	<u>2,248,957</u>	<u>2,315,789</u>	<u>66,832</u>
Total revenues				
EXPENDITURES				
General government:				
Legislative - Township Board	27,000	27,000	24,959	2,041
Supervisor	74,800	76,300	73,122	3,178
Election	33,500	43,000	36,733	6,267
Assessor	86,800	86,800	81,426	5,374
Clerk	133,100	140,500	136,815	3,685
Board of review	3,900	4,100	3,848	252
Treasurer	121,275	125,825	124,295	1,530
Hall and grounds	39,600	34,850	22,521	12,329
Cemetery	23,000	23,000	20,949	2,051
Other	407,500	383,100	317,178	65,922
	<u>950,475</u>	<u>944,475</u>	<u>841,846</u>	<u>102,629</u>
Total general government				
Public safety - police	<u>244,050</u>	<u>244,050</u>	<u>237,950</u>	<u>6,100</u>
Public works:				
Street lights	5,500	5,500	4,971	529
Drains	350	350	-	350
Sanitation and refuse collection	23,100	29,100	25,368	3,732
	<u>28,950</u>	<u>34,950</u>	<u>30,339</u>	<u>4,611</u>
Total public works				
Community and economic development - planning and zoning	<u>184,900</u>	<u>184,900</u>	<u>132,655</u>	<u>52,245</u>

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Recreation and culture - parks and recreation	\$ 28,000	\$ 28,000	\$ 21,888	\$ 6,112
Capital outlay	82,230	82,230	54,324	27,906
Total expenditures	<u>1,518,605</u>	<u>1,518,605</u>	<u>1,319,002</u>	<u>199,603</u>
EXCESS OF REVENUES OVER EXPENDITURES	730,352	730,352	996,787	266,435
OTHER FINANCING USES				
Transfers out	<u>(681,411)</u>	<u>(681,411)</u>	<u>(681,411)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	48,941	48,941	315,376	266,435
FUND BALANCES - BEGINNING	<u>3,355,547</u>	<u>3,355,547</u>	<u>3,355,547</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,404,488</u>	<u>\$ 3,404,488</u>	<u>\$ 3,670,923</u>	<u>\$ 266,435</u>

BUDGETARY COMPARISON SCHEDULE - Road Enhancement Fund

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Interest	\$ -	\$ -	\$ 221	\$ 221
Other - special assessments	<u>497,399</u>	<u>497,399</u>	<u>361,860</u>	<u>(135,539)</u>
Total revenues	497,399	497,399	362,081	(135,318)
EXPENDITURES				
Public works - road maintenance	<u>700,000</u>	<u>700,000</u>	<u>382,333</u>	<u>317,667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(202,601)	(202,601)	(20,252)	182,349
OTHER FINANCING SOURCES				
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES				
	(82,601)	(82,601)	99,748	182,349
FUND BALANCES - BEGINNING				
	<u>96,538</u>	<u>96,538</u>	<u>96,538</u>	<u>-</u>
FUND BALANCES - ENDING				
	<u>\$ 13,937</u>	<u>\$ 13,937</u>	<u>\$ 196,286</u>	<u>\$ 182,349</u>

BUDGETARY COMPARISON SCHEDULE - Fire Improvement Fund

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
Taxes	\$ 357,900	\$ 357,900	\$ 361,037	\$ 3,137
Interest	-	-	550	550
Other - miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>3,930</u>	<u>1,430</u>
Total revenues	<u>360,400</u>	<u>360,400</u>	<u>365,517</u>	<u>5,117</u>
EXPENDITURES				
Public safety - fire protection	667,947	667,947	660,403	7,544
Capital outlay	<u>148,000</u>	<u>148,000</u>	<u>10,816</u>	<u>137,184</u>
Total expenditures	<u>815,947</u>	<u>815,947</u>	<u>671,219</u>	<u>144,728</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(455,547)	(455,547)	(305,702)	149,845
OTHER FINANCING SOURCES				
Transfers in	<u>456,411</u>	<u>456,411</u>	<u>456,411</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	864	864	150,709	149,845
FUND BALANCES - BEGINNING	<u>264,859</u>	<u>264,859</u>	<u>264,859</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 265,723</u>	<u>\$ 265,723</u>	<u>\$ 415,568</u>	<u>\$ 149,845</u>

SUPPLEMENTARY INFORMATION

	<i>Special revenue funds</i>				<i>Capital project fund</i>	<i>Totals</i>
	<i>Road Improvement</i>	<i>Street Lighting</i>	<i>Eagle Lake</i>	<i>Crooked Lake</i>	<i>Michigan DNR Grant</i>	
ASSETS						
Cash	\$ 8,334	\$ 144,050	\$ 52,954	\$ 105,854	\$ 71,140	\$ 382,332
Receivables	1,190	37,614	35,852	41,059	-	115,715
Total assets	\$ 9,524	\$ 181,664	\$ 88,806	\$ 146,913	\$ 71,140	\$ 498,047
LIABILITIES AND FUND BALANCES						
Liabilities:						
Payables	\$ -	\$ 9,151	\$ -	\$ 16,987	\$ -	\$ 26,138
Unearned special assessments	3,060	113,840	86,004	103,785	-	306,689
Total liabilities	3,060	122,991	86,004	120,772	-	332,827
Fund balances:						
Restricted for:						
Road maintenance	6,464	-	-	-	-	6,464
Street lighting	-	58,673	-	-	-	58,673
Private lake maintenance	-	-	2,802	26,141	-	28,943
Assigned for - parks and recreation	-	-	-	-	71,140	71,140
Total fund balances	6,464	58,673	2,802	26,141	71,140	165,220
Total liabilities and fund balances	\$ 9,524	\$ 181,664	\$ 88,806	\$ 146,913	\$ 71,140	\$ 498,047

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - nonmajor governmental funds

Year ended December 31, 2014

	<i>Special revenue funds</i>				<i>Capital project fund</i>	<i>Totals</i>
	<i>Road Improvement</i>	<i>Street Lighting</i>	<i>Eagle Lake</i>	<i>Crooked Lake</i>	<i>Michigan DNR Grant</i>	
REVENUES						
Interest	\$ 12	\$ 75	\$ 23	\$ 34	\$ 68	\$ 212
Other:						
Special assessments	3,060	112,684	74,900	50,875	-	241,519
Miscellaneous	-	-	-	-	350	350
Total revenues	<u>3,072</u>	<u>112,759</u>	<u>74,923</u>	<u>50,909</u>	<u>418</u>	<u>242,081</u>
EXPENDITURES						
Public works	3,575	111,753	91,695	58,401	300	265,724
Capital outlay	-	-	-	-	70,004	70,004
Total expenditures	<u>3,575</u>	<u>111,753</u>	<u>91,695</u>	<u>58,401</u>	<u>70,304</u>	<u>335,728</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(503)	1,006	(16,772)	(7,492)	(69,886)	(93,647)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	105,000	105,000
NET CHANGES IN FUND BALANCES	(503)	1,006	(16,772)	(7,492)	35,114	11,353
FUND BALANCES - BEGINNING	<u>6,967</u>	<u>57,667</u>	<u>19,574</u>	<u>33,633</u>	<u>36,026</u>	<u>153,867</u>
FUND BALANCES - ENDING	<u>\$ 6,464</u>	<u>\$ 58,673</u>	<u>\$ 2,802</u>	<u>\$ 26,141</u>	<u>\$ 71,140</u>	<u>\$ 165,220</u>

Charter Township of Texas

BALANCE SHEET - component unit

December 31, 2014

ASSETS

Cash	\$ 50,564
Receivables	<u>10,907</u>
Total assets	<u>\$ 61,471</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

Deferred inflows of resources - property tax revenues levied for the subsequent year	\$ 14,989
Fund balance - restricted for public works	<u>46,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 61,471</u>

Reconciliation of the balance sheet with the statement of net position:

Fund balance	\$ 46,482
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Amounts reported for the *component unit* in the statement of net position (page 11) are different because:

Capital assets used are not financial resources and, therefore, are not reported in the fund. 254,834

Long-term advance from primary government is not reported in the fund. (119,699)

Net position of the *component unit* \$ 181,617

Charter Township of Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - *component unit*

Year ended December 31, 2014

REVENUES

Taxes	\$	28,050
Charges for services		100
Interest		<u>9</u>
Total revenues		<u>28,159</u>

EXPENDITURES

Public works		27,719
Debt services - interest		<u>1,800</u>
Total expenditures		<u>29,519</u>

NET CHANGE IN FUND BALANCE (1,360)

FUND BALANCE - BEGINNING 47,842

FUND BALANCE - ENDING \$ 46,482

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance \$ (1,360)

Amounts reported for the *component unit* in the statement of activities (page 12) are different because:

Capital assets:
 Provision for depreciation (6,548)

Change in net position of *component unit* \$ (7,908)

BUDGETARY COMPARISON SCHEDULE - component unit

Year ended December 31, 2014

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 29,600	\$ 29,600	\$ 28,050	\$ (1,550)
Charges for services	1,454	5,804	100	(5,704)
Interest	-	-	9	9
Total revenues	<u>31,054</u>	<u>35,404</u>	<u>28,159</u>	<u>(7,245)</u>
EXPENDITURES				
Public works	25,768	30,118	27,719	2,399
Debt services - interest	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>
Total expenditures	<u>27,568</u>	<u>31,918</u>	<u>29,519</u>	<u>2,399</u>
NET CHANGES IN FUND BALANCES	3,486	3,486	(1,360)	(4,846)
FUND BALANCES - BEGINNING	<u>47,842</u>	<u>47,842</u>	<u>47,842</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 51,328</u>	<u>\$ 51,328</u>	<u>\$ 46,482</u>	<u>\$ (4,846)</u>