
Charter Township of Redford

Wayne County, Michigan

Financial Report
with Supplemental Information
March 31, 2020

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Redford

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Redford (the "Charter Township") as of and for the year ended March 31, 2020 and the related notes to the financial statements, which collectively comprise the Charter Township of Redford'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Redford as of March 31, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Redford

Other Matters

Required Supplemental Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2020 on our consideration of the Charter Township of Redford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Redford's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 9, 2020

As management of the Charter Township of Redford (the "Charter Township" or the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended March 31, 2020. Please read it in conjunction with the Charter Township's financial statements and notes to the financial statements that follow.

Financial Highlights

- State-shared revenue, our second-largest revenue source, increased approximately \$252,000 for the year ended March 31, 2020 to approximately \$5,573,000.
- Revenue related to the Charter Township's governmental activities increased by approximately \$2,100,000. This is attributed to an increase in charges for services of approximately \$2,000,000 along with increased funding for the Community Development Block Grant of \$578,000.
- Additional contributions continue to be made towards the Charter Township's future pension and OPEB liabilities.

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 the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the 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.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Charter Township, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by \$116,910,220 at the close of the most recent fiscal year.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

The Charter Township's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|-------------------------|-------------------------|--------------------------|----------------------|-------------------------|-------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets | | | | | | |
| Current and other assets: | | | | | | |
| Cash and investments | \$ 32,124,620 | \$ 32,877,415 | \$ 13,382,982 | \$ 10,234,355 | \$ 45,507,602 | \$ 43,111,770 |
| Receivables | 6,473,765 | 7,292,403 | 5,076,522 | 4,967,319 | 11,550,287 | 12,259,722 |
| Other assets | 4,122,316 | 2,862,753 | 3,528,266 | 3,790,187 | 7,650,582 | 6,652,940 |
| Capital assets | 18,660,812 | 15,166,178 | 46,421,811 | 47,985,298 | 65,082,623 | 63,151,476 |
| Total assets | 61,381,513 | 58,198,749 | 68,409,581 | 66,977,159 | 129,791,094 | 125,175,908 |
| Deferred Outflows of Resources | 46,503,022 | 34,752,338 | 3,912,253 | 3,375,364 | 50,415,275 | 38,127,702 |
| Liabilities | | | | | | |
| Current liabilities | 2,879,905 | 3,497,817 | 3,542,445 | 2,778,955 | 6,422,350 | 6,276,772 |
| Noncurrent liabilities | 242,945,380 | 212,237,630 | 34,995,122 | 33,538,081 | 277,940,502 | 245,775,711 |
| Total liabilities | 245,825,285 | 215,735,447 | 38,537,567 | 36,317,036 | 284,362,852 | 252,052,483 |
| Deferred Inflows of Resources | 11,433,938 | 12,758,037 | 1,319,799 | 2,126,452 | 12,753,737 | 14,884,489 |
| Net Position | | | | | | |
| Net investment in capital assets | 12,866,545 | 10,156,288 | 41,518,348 | 42,328,570 | 54,384,893 | 52,484,858 |
| Restricted | 10,546,414 | 10,667,843 | - | 220,871 | 10,546,414 | 10,888,714 |
| Unrestricted | (172,787,647) | (156,366,528) | (9,053,880) | (10,640,406) | (181,841,527) | (167,006,934) |
| Total net position | \$ (149,374,688) | \$ (135,542,397) | \$ 32,464,468 | \$ 31,909,035 | \$ (116,910,220) | \$ (103,633,362) |

Charter Township of Redford

Management's Discussion and Analysis (Continued)

The Charter Township's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------------|--------------------------|----------------------|-------------------------|-------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 8,074,808 | \$ 6,149,997 | \$ 20,814,013 | \$ 20,761,631 | \$ 28,888,821 | \$ 26,911,628 |
| Operating grants | 4,215,646 | 3,505,011 | - | - | 4,215,646 | 3,505,011 |
| Capital grants | 198,754 | 193,330 | - | - | 198,754 | 193,330 |
| General revenue: | | | | | | |
| Taxes | 20,837,987 | 21,483,040 | - | - | 20,837,987 | 21,483,040 |
| Intergovernmental | 5,573,081 | 5,320,816 | - | - | 5,573,081 | 5,320,816 |
| Investment earnings | 609,947 | 599,626 | 301,014 | 287,005 | 910,961 | 886,631 |
| Other revenue | 1,171,169 | 1,307,992 | - | (22,712) | 1,171,169 | 1,285,280 |
| Total revenue | 40,681,392 | 38,559,812 | 21,115,027 | 21,025,924 | 61,796,419 | 59,585,736 |
| Expenses | | | | | | |
| General government | 8,441,678 | 5,494,943 | - | - | 8,441,678 | 5,494,943 |
| District court | 3,119,932 | 2,565,537 | - | - | 3,119,932 | 2,565,537 |
| Public safety | 35,384,385 | 28,493,295 | - | - | 35,384,385 | 28,493,295 |
| Public works | 4,217,154 | 4,382,629 | - | - | 4,217,154 | 4,382,629 |
| Health and welfare | 625,265 | 414,882 | - | - | 625,265 | 414,882 |
| Community and economic development | 1,499,434 | 1,700,732 | - | - | 1,499,434 | 1,700,732 |
| Recreation and culture | 1,282,641 | 1,106,785 | - | - | 1,282,641 | 1,106,785 |
| Debt service | (56,806) | 81,047 | - | - | (56,806) | 81,047 |
| Water and Sewer Fund | - | - | 18,189,575 | 15,925,690 | 18,189,575 | 15,925,690 |
| Senior Housing Fund | - | - | 715,233 | 496,070 | 715,233 | 496,070 |
| Golf course | - | - | 1,261,405 | 1,168,546 | 1,261,405 | 1,168,546 |
| Protective inspection | - | - | 393,381 | 1,241,994 | 393,381 | 1,241,994 |
| Total expenses | 54,513,683 | 44,239,850 | 20,559,594 | 18,832,300 | 75,073,277 | 63,072,150 |
| Change in Net Position | (13,832,291) | (5,680,038) | 555,433 | 2,193,624 | (13,276,858) | (3,486,414) |
| Net Position - Beginning of year | (135,542,397) | (129,862,359) | 31,909,035 | 29,715,411 | (103,633,362) | (100,146,948) |
| Net Position - End of year | \$ (149,374,688) | \$ (135,542,397) | \$ 32,464,468 | \$ 31,909,035 | \$ (116,910,220) | \$ (103,633,362) |

The Charter Township is a mature community that developed, post-World War II, as an early suburban community. Because of our fully developed status, there is little space for new development and tax-base growth. Therefore, our efforts are being redirected at redevelopment, especially of commercial, industrial, and public lands.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

Governmental Activities

Local property taxes and state-shared revenue make up approximately 65 percent, or \$26,411,000, of the Charter Township's total governmental revenue of approximately \$40,681,000. The majority of the remaining amount of revenue is related to charges for services and operating and capital grants.

The largest area of expenditures is in the public safety and criminal justice activities, costing approximately \$35,384,000, or 65 percent, of the total governmental expenses. Public safety expenditures increased by approximately \$6,891,000 in the current year, mostly in wage and fringe benefits as a result of hiring additional personnel. The remaining expenditures of approximately \$19,129,000, or 35 percent, of total governmental expenses pay for public works, recreation, community development, health and welfare, general government activities, and interest on debt. General government expenditures increased by approximately \$2,947,000 due mainly to pension expense.

Business-type Activities

The business-type activities consist of the Water and Sewer Fund, the Golf Course Fund, the Senior Housing Fund, and the Protective Inspection Fund:

- The net position increased by approximately \$555,000 for the business-type activities (enterprise funds) in FY 2019-2020.
- The Charter Township provides water and sewer services to residents and businesses connected to the system. The system generates revenue from customers of the system such that the system is financially self-sufficient and not reliant on taxes. The Charter Township purchases water as a wholesale customer of the Great Lakes Water Authority (GLWA). The Charter Township, through our engineering consultants, developed a system of controls to monitor water loss on a continual timely basis. The methodology identifies changes in water volume, pressure, and source locations that can be evaluated daily or more often if needed. Implementation of these controls resulted in a significant reduction in the water loss percentage. The Water and Sewer Fund realized an operating loss of approximately \$20,000 and an increase in net position of approximately \$10,000.
- The Charter Township owns Glenhurst Municipal Golf Course as a business-type activity. There is a contract with a third party to oversee and manage the operations of the facility through March 2021.
- The golf course operations had an operating loss of approximately \$44,000 in the current year. The golf course experienced a sales increase of \$48,000, while operating expenses increased by \$93,000 from the previous year.
- The Charter Township owns and operates a 92-unit independent living senior citizens apartment complex, Minock Meadows, available to current and former residents and family members of residents. The facility provides reasonably priced market-rate housing for self-sufficient seniors interested in remaining in the Charter Township. The financial results show an operating loss of approximately \$7,500 after depreciation and before debt service. The facility opened on October 1, 1993.
- The Protective Inspection Fund is operated as a business-type activity. The fund accounts for activities related to building and construction code enforcement. The goal of the operation is to generate sufficient revenue from building ordinance code fees to support the cost of operations.

Financial Analysis of the Township's Funds

Our analysis of the major funds starts on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Charter Township as a whole. The township board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as solid waste, special grants, and capital projects. The Charter Township's major governmental funds for fiscal year 2019-2020 were the General Fund and Community Development Block Grant Fund.

- The General Fund pays for most of the Charter Township's governmental services. The most costly services are police and fire, which incurred expenses of approximately \$24,387,000 in fiscal year 2019-2020. These two activities are partially funded by three police and fire millages. During the current year, this amounted to approximately \$6,977,000 (of which \$5,948,000 is further restricted as to use) for police and fire operations and \$8,491,000 for the retirement system. The remaining approximately \$8,919,000 of operating cost of the police and fire departments is funded by other revenue of the General Fund. In addition, the General Fund pays for the cost of general governmental services, including district court, probation and criminal justice activities, treasury and financial operations, central staff services, recreation, public works, and various other activities.

General Fund Budgetary Highlights

Over the course of the year, the Charter Township amended the budget to take into account changing events. An amendment was passed, in accordance with budgetary accounting policies, decreasing estimated revenue by approximately \$72,000. Expenditures were amended as necessary.

Capital Assets and Debt Administration

At the end of the fiscal year, the Charter Township had approximately \$65,083,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines, net of related accumulated depreciation. The capital made up 49 percent of the Charter Township's total assets of approximately \$131,756,000 (including component units).

Additional information regarding the Charter Township's capital assets can be found in Note 5 of this report.

The long-term debt (including component units) of approximately \$16,954,000 is related to the investment in capital assets and the brownfield redevelopment project, Shamrock. At the end of the fiscal year, the Charter Township had \$5.8 million in debt in the governmental activities, while business-type activities had \$7.2 million outstanding. Component unit debt was \$3.9 million.

Economic Factors and Next Year's Budgets and Rates

The Charter Township's General Fund budget for the 2020-2021 fiscal year anticipates an increase in revenue and expenditures over the prior year's original budget of approximately \$900,000.

The increase in property tax revenue is expected to be just over \$1,100,000. The police and fire pension millage, street lighting millage, and police and fire special assessment district are set and levied to cover costs. Also, in FY 2020-2021, the Charter Township expects to receive state reimbursement for lost personal property taxes, amounting to just over \$700,000 in the General Fund.

The increase in expenditures is related to multiple factors. The General Fund is budgeting for anticipated employee contractual raises and associated fringe benefits, inflationary increases, etc. Approximately \$1,200,000 has been budgeted for police and fire capital expenditures, including ongoing work in anticipation of breaking ground on a new fire station in the spring of 2021.

Charter Township of Redford

Management's Discussion and Analysis (Continued)

The expansion and renovation of the 17th District Courthouse should be complete midway through FY 2020-2021. This capital improvement project was funded from funds set aside from court fees over the past decade of approximately \$4,000,000. To supplement those funds, the Court received \$1,000,000 through an Act 99 loan, which will be paid using future court fees collected.

Like other communities around the world, the COVID-19 pandemic has severely impacted the Charter Township. Given timing of this pandemic occurring just weeks before the new fiscal year was to go into effect, it is anticipated that a substantial midyear budget amendment may be necessary to balance the budget. This is because a significant portion of the Township's revenue comes from the State of Michigan in the form of constitutional revenue sharing, which may decline substantially due to business and industry closures statewide.

Water and sewer variable rates are anticipated to remain relatively flat in the 2020-2021 fiscal year, with a modest increase of approximately 3.80 percent in the fixed base fee. The increase is mostly due to higher sewer rates and an increase in capital projects scheduled to be completed by GLWA.

Requests for Further Information

This financial report is intended to provide a general overview of the Charter Township's finances and demonstrate the Charter Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Township's finance department by visiting our website at www.redfordtwp.com.

Charter Township of Redford

Statement of Net Position

March 31, 2020

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|--------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and investments (Note 2) | \$ 32,124,620 | \$ 13,382,982 | \$ 45,507,602 | \$ 1,529,070 |
| Receivables - Net: (Note 4) | | | | |
| Property taxes receivable | 2,544,235 | - | 2,544,235 | - |
| Special assessments receivable | 5,729 | - | 5,729 | - |
| Customer receivables | 19,541 | 4,915,539 | 4,935,080 | - |
| Other receivables | 1,006,985 | 1,346 | 1,008,331 | - |
| Due from other governments | 2,495,932 | 333,555 | 2,829,487 | - |
| Due from component units | 227,425 | - | 227,425 | - |
| Due from primary government | - | - | - | 224,801 |
| Internal balances | 173,918 | (173,918) | - | - |
| Deposits | 2,508,546 | 80,302 | 2,588,848 | - |
| Prepaid expenses | 1,361,435 | 94,100 | 1,455,535 | - |
| Restricted assets (Note 8) | - | 2,330,141 | 2,330,141 | - |
| Assets held for resale | 252,335 | - | 252,335 | - |
| Capital assets: (Note 5) | | | | |
| Assets not subject to depreciation | 6,168,392 | 7,834,425 | 14,002,817 | 75,690 |
| Assets subject to depreciation - Net | 12,492,420 | 38,587,386 | 51,079,806 | 135,627 |
| Advances to component units | - | 1,023,723 | 1,023,723 | - |
| Total assets | 61,381,513 | 68,409,581 | 129,791,094 | 1,965,188 |
| Deferred Outflows of Resources | | | | |
| Deferred charges on bond refunding | - | - | - | 99,322 |
| Deferred pension costs (Note 10) | 10,689,487 | 454,894 | 11,144,381 | - |
| Deferred OPEB costs (Note 11) | 35,813,535 | 3,457,359 | 39,270,894 | - |
| Total deferred outflows of resources | 46,503,022 | 3,912,253 | 50,415,275 | 99,322 |
| Liabilities | | | | |
| Accounts payable | 1,156,063 | 2,400,126 | 3,556,189 | 31,116 |
| Due to other governmental units | 174,339 | - | 174,339 | 1,496 |
| Due to component units | 224,801 | - | 224,801 | - |
| Due to primary government | - | - | - | 227,425 |
| Accrued liabilities and other | 839,129 | 1,085,710 | 1,924,839 | 226,758 |
| Unearned revenue | 12,987 | 1,185 | 14,172 | - |
| Other liabilities | 472,586 | 55,424 | 528,010 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: (Note 7) | | | | |
| Compensated absences | 152,896 | 61,714 | 214,610 | - |
| Provision for property tax refunds | 1,121,682 | - | 1,121,682 | - |
| Current portion of long-term debt | 1,593,642 | 476,291 | 2,069,933 | 550,000 |
| Due in more than one year: | | | | |
| Compensated absences | 2,260,116 | 433,706 | 2,693,822 | - |
| Estimated insurance and other liabilities | 1,573,395 | - | 1,573,395 | - |
| Advances from primary government | - | - | - | 1,023,723 |
| Net pension liability (Note 10) | 79,197,046 | 7,463,849 | 86,660,895 | - |
| Net OPEB liability (Note 11) | 152,845,978 | 19,802,249 | 172,648,227 | - |
| Long-term debt (Note 7) | 4,200,625 | 6,757,313 | 10,957,938 | 3,375,751 |
| Total liabilities | 245,825,285 | 38,537,567 | 284,362,852 | 5,436,269 |

Charter Township of Redford

Statement of Net Position (Continued)

March 31, 2020

| | Primary Government | | | Component Units |
|--|--------------------------------|-----------------------------|--------------------------------|------------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Deferred Inflows of Resources | | | | |
| Deferred pension cost reductions (Note 10) | \$ 2,693,798 | \$ 84,600 | \$ 2,778,398 | \$ - |
| Deferred OPEB cost reductions (Note 11) | 8,740,140 | 1,235,199 | 9,975,339 | - |
| Total deferred inflows of resources | <u>11,433,938</u> | <u>1,319,799</u> | <u>12,753,737</u> | <u>-</u> |
| Net Position | | | | |
| Net investment in capital assets | 12,866,545 | 41,518,348 | 54,384,893 | 211,317 |
| Restricted: | | | | |
| Road improvements | 301,687 | - | 301,687 | - |
| PEG fees | 220,398 | - | 220,398 | - |
| Debt service | 1,614,323 | - | 1,614,323 | - |
| Solid waste activities | 2,662,983 | - | 2,662,983 | - |
| Grant programs | 887,352 | - | 887,352 | - |
| Dial-A-Ride | 496,477 | - | 496,477 | - |
| Street lighting | 108,961 | - | 108,961 | - |
| Drain improvements | 941,261 | - | 941,261 | - |
| Drug law enforcement | 918,643 | - | 918,643 | - |
| 911 | 670,477 | - | 670,477 | - |
| Storm water improvements | 71,832 | - | 71,832 | - |
| Public safety SAD | 1,102,249 | - | 1,102,249 | - |
| Police and Fire postemployment | 549,771 | - | 549,771 | - |
| Unrestricted | <u>(172,787,647)</u> | <u>(9,053,880)</u> | <u>(181,841,527)</u> | <u>(3,583,076)</u> |
| Total net position | <u>\$ (149,374,688)</u> | <u>\$ 32,464,468</u> | <u>\$ (116,910,220)</u> | <u>\$ (3,371,759)</u> |

Charter Township of Redford

| Functions/Programs | Program Revenue | | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 8,441,678 | \$ 952,589 | \$ 1,381,674 | \$ 91,666 |
| District court | 3,119,932 | 1,640,794 | - | - |
| Public safety | 35,384,385 | 2,177,048 | 1,082,541 | 9,947 |
| Public works | 4,217,154 | 3,083,649 | 330,788 | 97,141 |
| Health and welfare | 625,265 | - | 30,316 | - |
| Community and economic development | 1,499,434 | 7,722 | 1,362,072 | - |
| Recreation and culture | 1,282,641 | 213,006 | 28,255 | - |
| Interest on long-term debt | (56,806) | - | - | - |
| Total governmental activities | 54,513,683 | 8,074,808 | 4,215,646 | 198,754 |
| Business-type activities: | | | | |
| Water and Sewer Fund | 18,189,575 | 17,956,138 | - | - |
| Golf Course | 1,261,405 | 1,217,119 | - | - |
| Senior Housing Fund | 715,233 | 701,370 | - | - |
| Protective Inspection | 393,381 | 939,386 | - | - |
| Total business-type activities | 20,559,594 | 20,814,013 | - | - |
| Total primary government | \$ 75,073,277 | \$ 28,888,821 | \$ 4,215,646 | \$ 198,754 |
| Component units: | | | | |
| Downtown Development Authority | \$ 111,428 | \$ 4,146 | \$ - | \$ - |
| Brownfield Redevelopment Financing Authority | 536,252 | - | - | - |
| Total component units | \$ 647,680 | \$ 4,146 | \$ - | \$ - |
| General revenue: | | | | |
| Taxes | | | | |
| Unrestricted state-shared revenue | | | | |
| Unrestricted investment income | | | | |
| Cable franchise fees | | | | |
| Other miscellaneous income | | | | |
| Total general revenue | | | | |
| Change in Net Position | | | | |
| Net Position - Beginning of year | | | | |
| Net Position - End of year | | | | |

Statement of Activities

Year Ended March 31, 2020

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|-------------------------|-----------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| \$ (6,015,749) | \$ - | \$ (6,015,749) | \$ - |
| (1,479,138) | - | (1,479,138) | - |
| (32,114,849) | - | (32,114,849) | - |
| (705,576) | - | (705,576) | - |
| (594,949) | - | (594,949) | - |
| (129,640) | - | (129,640) | - |
| (1,041,380) | - | (1,041,380) | - |
| 56,806 | - | 56,806 | - |
| (42,024,475) | - | (42,024,475) | - |
| - | (233,437) | (233,437) | - |
| - | (44,286) | (44,286) | - |
| - | (13,863) | (13,863) | - |
| - | 546,005 | 546,005 | - |
| - | 254,419 | 254,419 | - |
| (42,024,475) | 254,419 | (41,770,056) | - |
| - | - | - | (107,282) |
| - | - | - | (536,252) |
| - | - | - | (643,534) |
| 20,837,987 | - | 20,837,987 | 1,501,198 |
| 5,573,081 | - | 5,573,081 | - |
| 609,947 | 301,014 | 910,961 | 25,632 |
| 809,144 | - | 809,144 | - |
| 362,025 | - | 362,025 | 4,258 |
| 28,192,184 | 301,014 | 28,493,198 | 1,531,088 |
| (13,832,291) | 555,433 | (13,276,858) | 887,554 |
| (135,542,397) | 31,909,035 | (103,633,362) | (4,259,313) |
| \$ (149,374,688) | \$ 32,464,468 | \$ (116,910,220) | \$ (3,371,759) |

Charter Township of Redford

Governmental Funds Balance Sheet

March 31, 2020

| | General Fund | Community Development Block Grant Fund | Nonmajor Funds | Total Governmental Funds |
|---|----------------------|---|----------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 18,149,432 | \$ 1,207,753 | \$ 8,890,342 | \$ 28,247,527 |
| Investments | - | - | 1,900,294 | 1,900,294 |
| Receivables: (Note 4) | | | | |
| Property taxes receivable | 2,149,146 | - | 395,089 | 2,544,235 |
| Special assessments receivable | - | - | 5,729 | 5,729 |
| Customer receivables | - | - | 19,541 | 19,541 |
| Other receivables | 552,417 | 408,517 | 46,051 | 1,006,985 |
| Due from other governments | 2,097,447 | 348,727 | 49,758 | 2,495,932 |
| Due from component units | 227,425 | - | - | 227,425 |
| Due from other funds (Note 6) | 1,813,591 | - | - | 1,813,591 |
| Prepaid expenses | 1,347,869 | 9,742 | 3,824 | 1,361,435 |
| Assets held for resale | - | 184,062 | 68,273 | 252,335 |
| | \$ 26,337,327 | \$ 2,158,801 | \$ 11,378,901 | \$ 39,875,029 |
| Liabilities | | | | |
| Accounts payable | \$ 349,674 | \$ 22,361 | \$ 779,320 | \$ 1,151,355 |
| Due to other governmental units | 137,424 | - | 36,915 | 174,339 |
| Due to component units | - | - | 224,801 | 224,801 |
| Due to other funds | 73 | 1,553,498 | 86,102 | 1,639,673 |
| Accrued liabilities and other | 805,041 | 3,581 | 7,928 | 816,550 |
| Unearned revenue (Note 4) | 4,167 | - | 8,820 | 12,987 |
| Other liabilities | 472,586 | - | - | 472,586 |
| Provision for property tax refunds | 848,553 | - | 51,027 | 899,580 |
| | 2,617,518 | 1,579,440 | 1,194,913 | 5,391,871 |
| Deferred Inflows of Resources - Unavailable revenue (Note 4) | 2,380,049 | 750,815 | 397,745 | 3,528,609 |
| Total liabilities and deferred inflows of resources | 4,997,567 | 2,330,255 | 1,592,658 | 8,920,480 |
| Fund Balances (Note 13) | | | | |
| Nonspendable | 1,347,869 | 9,742 | 3,824 | 1,361,435 |
| Restricted | 1,175,633 | 184,062 | 7,792,915 | 9,152,610 |
| Committed | 263,341 | - | 1,391,641 | 1,654,982 |
| Assigned | 3,199,295 | - | 597,863 | 3,797,158 |
| Unassigned | 15,353,622 | (365,258) | - | 14,988,364 |
| Total fund balances | 21,339,760 | (171,454) | 9,786,243 | 30,954,549 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 26,337,327 | \$ 2,158,801 | \$ 11,378,901 | \$ 39,875,029 |

Charter Township of Redford

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

March 31, 2020

| | |
|---|--------------------------------|
| Fund Balances Reported in Governmental Funds | \$ 30,954,549 |
| 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 | 18,660,812 |
| Receivables that are not collected soon after year end, such as special assessments, delinquent personal and real property taxes, and grants, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds | 3,528,609 |
| Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds | (5,794,267) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | (10,504) |
| Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities: | |
| Employee compensated absences | (2,413,012) |
| Pension benefits | (71,201,357) |
| Retiree health care benefits | (125,772,583) |
| The Charter Township reports a portion of the provision for property tax chargebacks only at the government-wide level, not in the individual funds | (222,102) |
| Internal service funds are included as part of governmental activities | <u>2,895,167</u> |
| Net Position of Governmental Activities | <u>\$ (149,374,688)</u> |

Charter Township of Redford

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2020

| | General Fund | Community Development Block Grant Fund | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|---|---------------------|--------------------------------|
| Revenue | | | | |
| Property taxes (Note 1) | \$ 20,251,012 | \$ - | \$ 265,646 | \$ 20,516,658 |
| Special assessments | - | - | 51,400 | 51,400 |
| Intergovernmental: | | | | |
| Federal grants | 779,116 | 1,451,154 | 14,147 | 2,244,417 |
| State-shared revenue and grants | 6,884,739 | - | 865,642 | 7,750,381 |
| Local grants and contributions | - | - | 1,298,414 | 1,298,414 |
| Charges for services | 2,683,194 | - | 3,607,635 | 6,290,829 |
| Fines and forfeitures | 2,033,088 | - | 158,707 | 2,191,795 |
| Licenses and permits | 925,709 | - | - | 925,709 |
| Investment income | 403,079 | - | 205,056 | 608,135 |
| Other revenue | 1,529,261 | - | 35,791 | 1,565,052 |
| Total revenue | 35,489,198 | 1,451,154 | 6,502,438 | 43,442,790 |
| Expenditures | | | | |
| Current services: | | | | |
| General government | 6,402,707 | - | - | 6,402,707 |
| District court | 2,632,889 | - | 298,660 | 2,931,549 |
| Public safety | 24,387,378 | - | 105,647 | 24,493,025 |
| Public works | 850,907 | - | 3,549,622 | 4,400,529 |
| Health and welfare | 25,722 | - | 21,380 | 47,102 |
| Community and economic development | 93,716 | 1,333,021 | - | 1,426,737 |
| Recreation and culture: | | | | |
| Parks and recreation | 400,439 | - | - | 400,439 |
| Parks facilities | 721,901 | - | - | 721,901 |
| Senior citizens | 41,686 | - | - | 41,686 |
| Cultural | 2,727 | - | - | 2,727 |
| Capital outlay | - | - | 3,981,571 | 3,981,571 |
| Debt service | - | - | 1,297,960 | 1,297,960 |
| Total expenditures | 35,560,072 | 1,333,021 | 9,254,840 | 46,147,933 |
| Excess of Revenue (Under) Over Expenditures | (70,874) | 118,133 | (2,752,402) | (2,705,143) |
| Other Financing Sources (Uses) | | | | |
| Transfers in (Note 6) | 57,230 | - | 1,477,036 | 1,534,266 |
| Transfers out (Note 6) | (662,102) | (50,000) | (822,164) | (1,534,266) |
| Face value of debt issue (Note 7) | 1,061,853 | - | 1,000,000 | 2,061,853 |
| Proceeds from sale of capital assets | 13,500 | - | - | 13,500 |
| Total other financing sources (uses) | 470,481 | (50,000) | 1,654,872 | 2,075,353 |
| Net Change in Fund Balances | 399,607 | 68,133 | (1,097,530) | (629,790) |
| Fund Balances - Beginning of year | 20,940,153 | (239,587) | 10,883,773 | 31,584,339 |
| Fund Balances - End of year | \$ 21,339,760 | \$ (171,454) | \$ 9,786,243 | \$ 30,954,549 |

See notes to financial statements.

Charter Township of Redford

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

Year Ended March 31, 2020

| | |
|--|--------------------------------------|
| Net Change in Fund Balances Reported in Governmental Funds | \$ (629,790) |
| 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 | 5,630,395 |
| Depreciation expense | (2,084,149) |
| Net book value of assets disposed of | (51,612) |
| Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available | (39,559) |
| Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position | (2,061,853) |
| Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt) | 1,277,476 |
| Interest expense is recognized in the government-wide statements as it accrues | 4,221 |
| Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds | (15,547,395) |
| Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds | (26,562) |
| Internal service funds are included as part of governmental activities | <u>(303,463)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ (13,832,291)</u></u> |

Charter Township of Redford

Proprietary Funds Statement of Net Position

March 31, 2020

| | Enterprise Funds | | | | Governmental Activities |
|--|-------------------------|-------------------------------|------------------------------|---------------|----------------------------|
| | Water and Sewer Fund | Protective Inspection Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 10,198,068 | \$ 1,506,455 | \$ 1,678,459 | \$ 13,382,982 | \$ 1,976,799 |
| Receivables - Net (Note 4) | 5,236,502 | 12,592 | 1,346 | 5,250,440 | - |
| Due from other funds | 73 | - | - | 73 | - |
| Deposits | 73,195 | - | 7,107 | 80,302 | 2,508,546 |
| Prepaid expenses | 71,268 | 19,819 | 3,013 | 94,100 | - |
| Total current assets | 15,579,106 | 1,538,866 | 1,689,925 | 18,807,897 | 4,485,345 |
| Noncurrent assets: | | | | | |
| Restricted assets (Note 8) | 2,330,141 | - | - | 2,330,141 | - |
| Capital assets - Net (Note 5) | 41,811,439 | 26,591 | 4,583,781 | 46,421,811 | - |
| Advances to component units | 1,023,723 | - | - | 1,023,723 | - |
| Total noncurrent assets | 45,165,303 | 26,591 | 4,583,781 | 49,775,675 | - |
| Total assets | 60,744,409 | 1,565,457 | 6,273,706 | 68,583,572 | 4,485,345 |
| Deferred Outflows of Resources | | | | | |
| Deferred pension costs (Note 10) | 374,349 | 49,929 | 30,616 | 454,894 | - |
| Deferred OPEB costs (Note 11) | 2,662,010 | 661,866 | 133,483 | 3,457,359 | - |
| Total deferred outflows of resources | 3,036,359 | 711,795 | 164,099 | 3,912,253 | - |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 2,218,027 | 2,913 | 179,186 | 2,400,126 | 4,708 |
| Due to other funds | 61 | - | 173,930 | 173,991 | - |
| Accrued liabilities and other | 1,069,387 | 13,509 | 2,814 | 1,085,710 | 12,075 |
| Unearned revenue | - | - | 1,185 | 1,185 | - |
| Other liabilities | - | - | 55,424 | 55,424 | - |
| Compensated absences (Note 7) | 61,714 | - | - | 61,714 | - |
| Current portion of long-term debt (Note 7) | 476,291 | - | - | 476,291 | - |
| Total current liabilities | 3,825,480 | 16,422 | 412,539 | 4,254,441 | 16,783 |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 364,560 | 18,438 | 50,708 | 433,706 | - |
| Estimated insurance and other liabilities | - | - | - | - | 1,573,395 |
| Net pension liability | 6,142,278 | 819,238 | 502,333 | 7,463,849 | - |
| Net OPEB liability | 15,246,837 | 3,790,874 | 764,538 | 19,802,249 | - |
| Long-term debt (Note 7) | 6,757,313 | - | - | 6,757,313 | - |
| Total noncurrent liabilities | 28,510,988 | 4,628,550 | 1,317,579 | 34,457,117 | 1,573,395 |
| Total liabilities | 32,336,468 | 4,644,972 | 1,730,118 | 38,711,558 | 1,590,178 |
| Deferred Inflows of Resources | | | | | |
| Deferred pension cost reductions (Note 10) | 69,622 | 9,285 | 5,693 | 84,600 | - |
| Deferred OPEB cost reductions (Note 11) | 951,047 | 236,463 | 47,689 | 1,235,199 | - |
| Total deferred inflows of resources | 1,020,669 | 245,748 | 53,382 | 1,319,799 | - |
| Net Position | | | | | |
| Net investment in capital assets | 36,907,976 | 26,591 | 4,583,781 | 41,518,348 | - |
| Unrestricted | (6,484,345) | (2,640,059) | 70,524 | (9,053,880) | 2,895,167 |
| Total net position | \$ 30,423,631 | \$ (2,613,468) | \$ 4,654,305 | \$ 32,464,468 | \$ 2,895,167 |

See notes to financial statements.

Charter Township of Redford

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

Year Ended March 31, 2020

| | Enterprise Funds | | | Total | Governmental |
|---|----------------------|----------------------------|---------------------------|----------------------|------------------------|
| | Water and Sewer Fund | Protective Inspection Fund | Nonmajor Enterprise Funds | | Internal Service Funds |
| Operating Revenue | | | | | |
| Charges for services | \$ 17,956,138 | \$ - | \$ 1,918,489 | \$ 19,874,627 | \$ - |
| Township contributions | - | - | - | - | 1,568,984 |
| Fees and permits | - | 939,386 | - | 939,386 | - |
| Total operating revenue | 17,956,138 | 939,386 | 1,918,489 | 20,814,013 | 1,568,984 |
| Operating Expenses | | | | | |
| Cost of water and sewer | 12,535,298 | - | - | 12,535,298 | - |
| Benefit payments, reinsurance charges, and claim administration | - | - | - | - | 1,343,954 |
| General and administrative costs | 3,603,081 | - | 591,831 | 4,194,912 | - |
| Cost of services | - | 356,016 | 1,119,679 | 1,475,695 | 629,873 |
| Depreciation and amortization | 1,836,814 | 37,365 | 265,128 | 2,139,307 | - |
| Total operating expenses | 17,975,193 | 393,381 | 1,976,638 | 20,345,212 | 1,973,827 |
| Operating (Loss) Income | (19,055) | 546,005 | (58,149) | 468,801 | (404,843) |
| Nonoperating Revenue (Expense) | | | | | |
| Investment income | 242,980 | 27,502 | 30,532 | 301,014 | 101,380 |
| Interest expense | (214,382) | - | - | (214,382) | - |
| Total nonoperating revenue | 28,598 | 27,502 | 30,532 | 86,632 | 101,380 |
| Change in Net Position | 9,543 | 573,507 | (27,617) | 555,433 | (303,463) |
| Net Position - Beginning of year | 30,414,088 | (3,186,975) | 4,681,922 | 31,909,035 | 3,198,630 |
| Net Position - End of year | \$ 30,423,631 | \$ (2,613,468) | \$ 4,654,305 | \$ 32,464,468 | \$ 2,895,167 |

Charter Township of Redford

Proprietary Funds Statement of Cash Flows

Year Ended March 31, 2020

| | Enterprise Funds | | | Total | Governmental |
|---|-------------------------|----------------------------------|---------------------------------|----------------------|---------------------------|
| | Water and Sewer Fund | Protective Inspection Fund | Nonmajor Enterprise Funds | | Internal Service Funds |
| Cash Flows from Operating Activities | | | | | |
| Receipts from customers | \$ 17,624,529 | \$ 950,993 | \$ 1,918,489 | \$ 20,494,011 | \$ 1,568,984 |
| Payments for interfund services and reimbursements | 61 | - | 10,578 | 10,639 | - |
| Payments to suppliers | (11,491,335) | (116,531) | (1,261,720) | (12,869,586) | (61,168) |
| Payments to employees and fringes | (2,738,733) | (677,858) | (229,295) | (3,645,886) | (575,497) |
| Claims paid | - | - | - | - | (1,012,926) |
| Other receipts | 185,031 | - | - | 185,031 | 6,782 |
| Net cash and cash equivalents provided by (used in) operating activities | 3,579,553 | 156,604 | 438,052 | 4,174,209 | (73,825) |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from sale of capital assets | 27,012 | - | - | 27,012 | - |
| Purchase of capital assets | (326,977) | - | (279,855) | (606,832) | - |
| Principal and interest paid on capital debt | (986,688) | - | - | (986,688) | - |
| Net cash and cash equivalents used in capital and related financing activities | (1,286,653) | - | (279,855) | (1,566,508) | - |
| Cash Flows Provided by Investing Activities - Interest received on investments | 242,980 | 27,502 | 30,532 | 301,014 | 101,380 |
| Net Increase in Cash and Cash Equivalents | 2,535,880 | 184,106 | 188,729 | 2,908,715 | 27,555 |
| Cash and Cash Equivalents - Beginning of year | 9,992,329 | 1,322,349 | 1,489,730 | 12,804,408 | 1,949,244 |
| Cash and Cash Equivalents - End of year | <u>\$ 12,528,209</u> | <u>\$ 1,506,455</u> | <u>\$ 1,678,459</u> | <u>\$ 15,713,123</u> | <u>\$ 1,976,799</u> |
| Classification of Cash and Cash Equivalents | | | | | |
| Cash and investments | \$ 10,198,068 | \$ 1,506,455 | \$ 1,678,459 | \$ 13,382,982 | \$ 1,976,799 |
| Restricted cash | 2,330,141 | - | - | 2,330,141 | - |
| Total cash and cash equivalents | <u>\$ 12,528,209</u> | <u>\$ 1,506,455</u> | <u>\$ 1,678,459</u> | <u>\$ 15,713,123</u> | <u>\$ 1,976,799</u> |

Charter Township of Redford

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

Year Ended March 31, 2020

| | Enterprise Funds | | | Total | Governmental Activities |
|--|----------------------------|----------------------------------|---------------------------------|----------------------------|----------------------------|
| | Water and Sewer Fund | Protective Inspection Fund | Nonmajor Enterprise Funds | | Internal Service Funds |
| Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities | | | | | |
| Operating (loss) income | \$ (19,055) | \$ 546,005 | \$ (58,149) | \$ 468,801 | \$ (404,843) |
| Adjustments to reconcile operating (loss) income to net cash from operating activities: | | | | | |
| Depreciation and amortization | 1,836,814 | 37,365 | 265,128 | 2,139,307 | - |
| Changes in assets and liabilities: | | | | | |
| Receivables | (146,578) | 11,607 | - | (134,971) | 6,782 |
| Due to and from other funds | 61 | - | 10,578 | 10,639 | - |
| Inventories | 12,212 | - | - | 12,212 | - |
| Prepaid and other assets | 15,992 | 8,247 | 687 | 24,926 | - |
| Net pension or OPEB liability | 1,499,784 | (448,271) | 220,087 | 1,271,600 | 2,527 |
| Accounts payable | 380,323 | 1,651 | (279) | 381,695 | (9,319) |
| Estimated claims liability | - | - | - | - | 331,028 |
| Total adjustments | <u>3,598,608</u> | <u>(389,401)</u> | <u>496,201</u> | <u>3,705,408</u> | <u>331,018</u> |
| Net cash and cash equivalents provided by (used in) operating activities | <u><u>\$ 3,579,553</u></u> | <u><u>\$ 156,604</u></u> | <u><u>\$ 438,052</u></u> | <u><u>\$ 4,174,209</u></u> | <u><u>\$ (73,825)</u></u> |

Charter Township of Redford

**Fiduciary Funds
Statement of Fiduciary Net Position**

March 31, 2020

| | <u>Pension and OPEB</u> |
|---|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 7,675,757 |
| Investments: | |
| U.S. government securities | 381,197 |
| Agency securities | 3,647,686 |
| Closely held - Equity | 5,295,911 |
| Mutual funds | 12,883,012 |
| Stocks | 16,762,340 |
| Bonds | 6,590,301 |
| Real estate investment trust | 51,097 |
| Short-term funds (2a7-like) | 6,467,871 |
| CIF - Equity | 7,833,132 |
| Receivables | <u>141,038</u> |
| Total assets | 67,729,342 |
| Liabilities | |
| Accounts payable | 68,768 |
| Due to primary government | 1,209,952 |
| Other liabilities | <u>37,391</u> |
| Total liabilities | <u>1,316,111</u> |
| Net Position Restricted for Pension/OPEB | <u><u>\$ 66,413,231</u></u> |

Charter Township of Redford

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended March 31, 2020

| | <u>Pension and OPEB</u> |
|--|---------------------------------|
| Additions | |
| Investment income (loss): | |
| Interest and dividends | \$ 1,191,378 |
| Net decrease in fair value of investments | (2,845,607) |
| Investment-related expenses | <u>(268,186)</u> |
| Net investment loss | (1,922,415) |
| Contributions | <u>11,922,091</u> |
| Total additions | 9,999,676 |
| Deductions | |
| Benefit payments | 12,460,220 |
| Refunds and withdrawals | 101,315 |
| Deferred retirement option plan expenses | 635,572 |
| Administrative expenses | <u>114,855</u> |
| Total deductions | <u>13,311,962</u> |
| Net Decrease in Net Position | (3,312,286) |
| Net Position Restricted for Pension and Other Employee Benefits - Beginning of year | <u>69,725,517</u> |
| Net Position Restricted for Pension and Other Employee Benefits - End of year | <u><u>\$ 66,413,231</u></u> |

Charter Township of Redford

Component Units Statement of Net Position

March 31, 2020

| | Downtown Development Authority | Brownfield Redevelopment Financing Authority | Total |
|--|--------------------------------------|---|-----------------------|
| Assets | | | |
| Cash and investments | \$ 214,472 | \$ 1,314,598 | \$ 1,529,070 |
| Due from primary government | - | 224,801 | 224,801 |
| Capital assets - Net (Note 5) | 211,317 | - | 211,317 |
| Total assets | 425,789 | 1,539,399 | 1,965,188 |
| Deferred Outflows of Resources - Bond refunding loss being amortized | | | |
| | - | 99,322 | 99,322 |
| Liabilities | | | |
| Accounts payable | 1,901 | 29,215 | 31,116 |
| Due to other governmental units | - | 1,496 | 1,496 |
| Due to primary government | - | 227,425 | 227,425 |
| Accrued liabilities and other | - | 226,758 | 226,758 |
| Noncurrent liabilities: | | | |
| Due within one year | - | 550,000 | 550,000 |
| Due in more than one year: | | | |
| Advances from primary government | - | 1,023,723 | 1,023,723 |
| Long-term debt (Note 7) | - | 3,375,751 | 3,375,751 |
| Total liabilities | 1,901 | 5,434,368 | 5,436,269 |
| Net Position | | | |
| Net investment in capital assets | 211,317 | - | 211,317 |
| Unrestricted | 212,571 | (3,795,647) | (3,583,076) |
| Total net position | \$ 423,888 | \$ (3,795,647) | \$ (3,371,759) |

Charter Township of Redford

**Component Units
Statement of Activities**

Year Ended March 31, 2020

| | Expenses | Program Revenue | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|-------------------|-----------------------|---|--|-----------------------|
| | | Charges for Services | Downtown Development Authority | Brownfield Redevelopment Financing Authority | |
| Functions/Programs | | | | | |
| Downtown Development Authority | \$ 111,428 | \$ 4,146 | \$ (107,282) | \$ - | \$ (107,282) |
| Brownfield Redevelopment Financing Authority | 536,252 | - | - | (536,252) | (536,252) |
| Total | \$ 647,680 | \$ 4,146 | (107,282) | (536,252) | (643,534) |
| General revenue: | | | | | |
| Taxes | | | 81,301 | 1,419,897 | 1,501,198 |
| Unrestricted investment income | | | 2,793 | 22,839 | 25,632 |
| Other miscellaneous income | | | 4,258 | - | 4,258 |
| | | Total general revenue | 88,352 | 1,442,736 | 1,531,088 |
| Change in Net Position | | | (18,930) | 906,484 | 887,554 |
| Net Position - Beginning of year | | | 442,818 | (4,702,131) | (4,259,313) |
| Net Position - End of year | | | \$ 423,888 | \$ (3,795,647) | \$ (3,371,759) |

March 31, 2020

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The Charter Township of Redford (the "Charter Township" or the "Township") follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Reporting Entity

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

Blended Component Units

The Redford Charter Township Building Authority is governed by a board appointed by the charter township board. Although it is legally separate from the Charter Township, it is reported in the General Fund as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings.

The Redford Township Police and Fire Retirement System has also been blended into the Township's financial statements. The system is governed by a five-member pension board that includes four individuals chosen by the township board. The system is reported in a trust fund 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.

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA's governing body is selected by the Charter Township's board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Charter Township. The DDA does not publish separately issued financial statements. The DDA can be contacted at the township offices at 15145 Beech Daly Road, Redford Township, MI 48239.

Brownfield Redevelopment Financing Authority

The Brownfield Redevelopment Financing Authority (the "Authority") was established pursuant to Public Act 381 of 1996. The Authority was created to promote revitalization of environmentally distressed areas within the boundaries of the Charter Township. The Authority's governing body is approved by the township board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Charter Township. The Authority does not publish separately issued financial statements. The Authority can be contacted at the township offices at 15145 Beech Daly Road, Redford Township, MI 48239.

Economic Development Corporation

The Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Charter Township, primarily through loans to eligible businesses. The EDC had no financial activity during the year ended March 31, 2020.

Note 1 - 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 and its component units, as applicable. 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, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Charter Township's water and sewer function and various other functions. 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.

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 Charter Township 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 health care-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.

Proprietary funds and fiduciary funds, as applicable, 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.

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include 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:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Community Development Block Grant Fund accounts for the entitlement program's grants and related expenditures.

Proprietary Funds

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

- The Water and Sewer Fund accounts for the results of operations for providing water and sewer services to the citizens and businesses of the Charter Township. The fund's primary revenue is generated through user charges from those requesting water and sewer services.
- The Protective Inspection Fund accounts for the results of operations of building, electrical, and heating inspections serviced to the citizens and businesses of the Charter Township. The fund's primary revenue is generated through permit charges.

The Charter Township's internal service funds are used to allocate insurance costs and machinery and equipment purchases and maintenance to the various funds on a full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

Fiduciary Funds

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

- The Police and Fire Pension Trust Fund accounts for the activities of the police and fire employees' retirement system, which accumulates resources for pension benefit payments to qualified police and fire employees.
- The Police and Fire Other Postemployment Benefits Trust Fund accumulates resources to fund the Township's obligation to provide health care benefits to retirees.
- The General Employees' Other Postemployment Benefits Trust Fund accumulates resources to fund the Township's obligation to provide health care benefits to retirees.

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Specific Balances and Transactions

Cash and Investments

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. To the extent that cash from various funds has been pooled, investment income is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

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

Restricted Assets

Unspent bond proceeds of the capital projects funds are required to be set aside for construction. These amounts have also been classified as restricted assets.

Capital Assets

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

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Note 1 - Significant Accounting Policies (Continued)

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

| | Depreciable Life - Years |
|----------------------------|-----------------------------|
| Land improvements | 7-50 |
| Road usage rights | 15 |
| Buildings and improvements | 7-50 |
| Water and sewer facilities | 50-100 |
| Water meters | 20-60 |
| CSO basin | 30 |
| Vehicles | 3-10 |
| Equipment | 5-10 |

Amortization

Bond discounts recorded in the business-type activities are being amortized over the life of the bonds. For the year ended March 31, 2020, amortization of \$3,150 has been included in the operating expenses of the business-type activities, and accumulated amortization totaled \$545,285 for business-type activities. Additionally, there was \$13,502 of amortization for deferred cost of refunding for component units.

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Charter Township reports the following deferred outflows of resources and deferred inflows of resources:

| | Inflows | Outflows |
|--|---------|----------|
| Unavailable revenue (not collected within the period of availability) - Reported only at the modified accrual level | ✓ | |
| Deferred charge on bond refunding | | ✓ |
| Deferred pension costs (or cost reductions) | ✓ | ✓ |
| Deferred OPEB costs (or cost reductions) | ✓ | ✓ |

Note 1 - Significant Accounting Policies (Continued)

Net Position

Net position of the Charter Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Charter Township will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the Charter Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Charter Township will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Charter Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. A portion of the public safety special assessment has been set aside to fund future capital asset purchases and compensated absence payouts. These funds are restricted but are long term in nature; therefore, the Charter Township will spend the funds as allowable expenditures are incurred. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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 Charter Township itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Charter Township's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Charter Township 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 has, by resolution, authorized the finance director to assign fund balance. The board of trustees 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.

Note 1 - Significant Accounting Policies (Continued)

Property Tax Revenue

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

The Charter Township's 2019 property tax revenue was levied and collectible on December 1, 2019 and is recognized as revenue in the year ended March 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Charter Township totaled \$857 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 4.1921 mills for general operating purposes, 1.2573 mills for police and fire general operating purposes, 7.9000 mills for police and fire special assessment district, 10.4000 mills for police and fire retirement benefits, 1.1500 mills for street lighting, and 0.1069 mills for Dial-A-Ride operating purposes. This resulted in \$3.4 million for general operating purposes, \$1.0 million for police and fire operating purposes, \$5.9 million for police and fire special assessment district, \$8.5 million for police and fire retirement benefits, \$179,000 for solid waste management, \$904,000 for street lighting, and \$86,000 for Dial-A-Ride operating purposes. These amounts are recognized in the respective General Fund and special revenue funds financial statements as tax revenue.

Pension

The Charter Township offers a single-employer defined benefit plan to its police and fire employees and an agent multiemployer defined benefit pension plan to its general employees. 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 Charter Township of Redford's pension plans and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net pension liability has generally been liquidated from the funds from which the individual employee's salaries are paid, which are primarily the General and Water and Sewer funds.

Other Postemployment Benefit Liability

The Charter Township offers retiree health care benefits to retirees. The Charter Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plans' fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Charter Township of Redford OPEB plans and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported in the OPEB plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The net OPEB liability has generally been liquidated from the funds from which the individual employee's salaries are paid, which are primarily the General and Water and Sewer funds. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the Charter Township's policy to permit employees to accumulate earned but unused sick pay benefits, after five years of employment, and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Compensated absences will be liquidated by the fund from which the individual's salary is paid, primarily by the General Fund and Water and Sewer Fund. Claims and judgments liability will generally be liquidated through the Charter Township's General Fund.

Proprietary Funds Operating Classification

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

Use of Estimates

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

Comparative Data/Reclassifications

Comparative data is not included in the Charter Township's financial statements.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Charter Township's financial statements for the year ending March 31, 2021.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Charter Township's financial statements for the year ending March 31, 2023.

March 31, 2020

Note 2 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Total Primary Government | Component Units |
|---|----------------------------|-----------------------------|----------------------|-----------------------------|---------------------|
| Cash and cash equivalents | \$ 23,470,039 | \$ 11,111,849 | \$ 1,000,000 | \$ 35,581,888 | \$ 1,279,070 |
| Investments | 8,654,581 | 2,271,133 | 66,588,304 | 77,514,018 | 250,000 |
| Restricted cash and investments | - | 2,330,141 | - | 2,330,141 | - |
| Total deposits and investments | \$ 32,124,620 | \$ 15,713,123 | \$ 67,588,304 | \$ 115,426,047 | \$ 1,529,070 |

These amounts are classified into the following deposits and investment categories:

| | Primary Government | Component Units |
|--------------------------------------|-----------------------|---------------------|
| Deposits with financial institutions | \$ 40,922,048 | \$ 1,279,070 |
| Investments: | | |
| Short-term funds (2a7-like) | 14,022,889 | 250,000 |
| U.S. governmental securities | 11,055,556 | - |
| Stocks | 16,762,340 | - |
| Closely held - Equity | 5,295,911 | - |
| CIF - Equity | 7,833,132 | - |
| Bonds | 6,590,301 | - |
| Mutual funds | 12,883,012 | - |
| Real estate investment trust | 51,097 | - |
| Petty cash or cash on hand | 9,761 | - |
| Total | \$ 115,426,047 | \$ 1,529,070 |

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 Police and Fire Pension, Police and Fire OPEB, and General Employees' OPEB trust funds 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 (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The Charter Township's deposits and investments are in accordance with statutory authority.

Note 2 - Deposits and Investments (Continued)

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 a bank failure, 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 \$42,035,556 of bank deposits (certificates of deposit and 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 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. At year end, the component units had \$1,279,070 of bank deposits that were uninsured and uncollateralized.

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 March 31, 2020, the Charter Township does not have investments with custodial credit risk.

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) |
|---|----------------------|--|
| Primary Government | | |
| U.S. government agency securities (Court Building Fund) | \$ 350,916 | 2.00 |
| U.S. government agency securities (pension) | 10,704,640 | 20.45 |
| Corporate bonds (pension) | <u>6,590,301</u> | 10.67 |
| Total | <u>\$ 17,645,857</u> | |

Note 2 - 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 March 31, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| Investment | Carrying Value | Rating | Rating Organization |
|---|----------------------|-----------|---------------------|
| Primary Government | | | |
| U.S. Treasury (pension) | \$ 474,071 | AAA | Moody's |
| U.S. government agency securities (pension) | 3,173,618 | AA+ | S&P |
| Corporate bonds (pension) | 401,416 | AA2 | Moody's |
| Corporate bonds (pension) | 475,488 | AA1 | Moody's |
| Corporate bonds (pension) | 1,727,778 | A3 | Moody's |
| Corporate bonds (pension) | 1,215,141 | A2 | Moody's |
| Corporate bonds (pension) | 1,083,028 | BAA2 | Moody's |
| Corporate bonds (pension) | 1,687,453 | BAA1 | Moody's |
| Short-term funds - MBIA pooled accounts | 7,171,823 | Not Rated | |
| Comerica J-Fund | 6,591,187 | AI,PI | S&P, Moody's |
| Total | <u>\$ 24,001,003</u> | | |

Concentration of Credit Risk

The Charter Township's investment policy minimizes concentration of credit risk by limiting the amount it may invest in any one issuer to 5 percent. No more than 5 percent of the Charter Township's investments is invested in any one issuer.

Note 3 - Fair Value Measurements

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

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

March 31, 2020

Note 3 - Fair Value Measurements (Continued)

The Charter Township has the following recurring fair value measurements as of March 31, 2020:

| | Assets Measured at Fair Value on a Recurring Basis at March 31, 2020 | | | |
|---|--|--|---|------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Other Significant Unobservable Inputs (Level 3) | Balance at March 31, 2020 |
| ADR | \$ 1,139,354 | \$ - | \$ - | \$ 1,139,354 |
| Collateralized mortgage obligations | - | 234 | - | 234 |
| Common stock | 15,047,397 | - | - | 15,047,397 |
| Corporate bonds | - | 6,590,301 | - | 6,590,301 |
| Foreign stock | 575,589 | - | - | 575,589 |
| Mortgage-backed securities | - | 3,647,452 | - | 3,647,452 |
| Open-end MF - Equity | 9,456,921 | - | - | 9,456,921 |
| Open-end mutual funds - Fixed income | 2,733,292 | - | - | 2,733,292 |
| Mutual funds | 692,799 | - | - | 692,799 |
| U.S. government securities | 732,113 | - | - | 732,113 |
| Partnerships | - | - | 51,097 | 51,097 |
| Total | \$ 30,377,465 | \$ 10,237,987 | \$ 51,097 | \$ 40,666,549 |

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of collateralized mortgage obligations, corporate bonds, and mortgage-backed securities at March 31, 2020 was determined primarily based on Level 2 inputs. The Charter Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of partnerships at March 31, 2020 was determined primarily based on Level 3 inputs. The Charter Township estimates the fair value of these investments using the Charter Township's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

Investments in Entities that Calculate Net Asset Value per Share

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

March 31, 2020

Note 3 - Fair Value Measurements (Continued)

As of March 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency, if Eligible | Redemption Notice Period |
|-----------------------------------|----------------------|----------------------|-----------------------------------|--------------------------|
| CIF - Equity | \$ 7,833,132 | \$ - | None | None |
| Closely held equity | 5,295,911 | - | None | None |
| MI CLASS investment pool | 7,171,823 | - | None | None |
| Comerica Investment Pool | 6,591,187 | - | None | None |
| Total investments measured at NAV | <u>\$ 26,892,053</u> | <u>\$ -</u> | | |

The collective investment funds (CIF) - equity are global investment funds that invest exclusively in high-quality, short-term securities. The fair values of the investments of this type have been determined using NAV per share of the investments.

The closely held equity funds class includes several private equity funds with diversified portfolios. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Comerica Investment Pool is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

Note 4 - Receivables

Receivables as of March 31, 2020 for the Charter Township's individual major funds and the nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Community Development Block Grant Fund | Nonmajor Funds | Total Governmental Funds | Water and Sewer Fund | Protective Inspection Fund | Nonmajor Enterprise Funds | Total Proprietary Funds | Total Primary Government |
|--|---------------------|--|-------------------|--------------------------|----------------------|----------------------------|---------------------------|-------------------------|--------------------------|
| Receivables: | | | | | | | | | |
| Property taxes receivable - Net of allowance | \$ 2,149,146 | \$ - | \$ 395,089 | \$ 2,544,235 | \$ - | \$ - | \$ - | \$ - | \$ 2,544,235 |
| Special assessments receivable | - | - | 5,729 | 5,729 | - | - | - | - | 5,729 |
| Customer receivables | - | - | 19,541 | 19,541 | 4,902,947 | 12,592 | - | 4,915,539 | 4,935,080 |
| Other receivables | 552,417 | 408,517 | 46,051 | 1,006,985 | - | - | 1,346 | 1,346 | 1,008,331 |
| Due from other governments | 2,097,447 | 348,727 | 49,758 | 2,495,932 | 333,555 | - | - | 333,555 | 2,829,487 |
| Due from component units | 227,425 | - | - | 227,425 | - | - | - | - | 227,425 |
| Net receivables | <u>\$ 5,026,435</u> | <u>\$ 757,244</u> | <u>\$ 516,168</u> | <u>\$ 6,299,847</u> | <u>\$ 5,236,502</u> | <u>\$ 12,592</u> | <u>\$ 1,346</u> | <u>\$ 5,250,440</u> | <u>\$ 11,550,287</u> |

Note 4 - Receivables (Continued)

Enterprise funds had unearned revenue in the amount of \$1,185 at the end of the current fiscal year. Governmental funds report deferred inflows in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows and unearned revenue are as follows:

| | Governmental Funds | |
|-----------------------------------|---------------------|------------------|
| | Unavailable | Unearned |
| Delinquent property taxes | \$ 2,438,536 | \$ - |
| Special assessments | 339,258 | - |
| Community Development Block Grant | 750,815 | - |
| Home Grant | - | 8,820 |
| Parks and recreation | - | 4,167 |
| Total | <u>\$ 3,528,609</u> | <u>\$ 12,987</u> |

March 31, 2020

Note 5 - Capital Assets

Capital asset activity of the Charter Township was as follows:

Governmental Activities

| | Balance April 1, 2019 | Reclassifications | Additions | Disposals and Adjustments | Balance March 31, 2020 |
|--|--------------------------|-------------------|---------------------|------------------------------|---------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,343,404 | \$ - | \$ 441,523 | \$ - | \$ 1,784,927 |
| Construction in progress | 465,101 | - | 3,918,364 | - | 4,383,465 |
| Subtotal | 1,808,505 | - | 4,359,887 | - | 6,168,392 |
| Capital assets being depreciated: | | | | | |
| Road usage rights | 12,755,044 | - | - | - | 12,755,044 |
| Buildings and improvements | 17,826,945 | - | 20,960 | (250,000) | 17,597,905 |
| Machinery and equipment | 485,427 | - | - | - | 485,427 |
| Vehicles | 4,232,658 | - | 256,598 | (158,645) | 4,330,611 |
| Office equipment | 3,344,639 | - | 803,867 | - | 4,148,506 |
| Land improvements | 3,119,800 | - | 189,083 | (23,677) | 3,285,206 |
| Furniture and fixtures | 78,713 | - | - | - | 78,713 |
| Subtotal | 41,843,226 | - | 1,270,508 | (432,322) | 42,681,412 |
| Accumulated depreciation: | | | | | |
| Road usage rights | 9,715,516 | - | 850,261 | - | 10,565,777 |
| Buildings and improvements | 10,680,180 | - | 358,315 | (225,000) | 10,813,495 |
| Machinery and equipment | 355,589 | - | 28,719 | - | 384,308 |
| Vehicles | 3,279,880 | - | 441,011 | (150,975) | 3,569,916 |
| Office equipment | 2,497,486 | - | 279,552 | - | 2,777,038 |
| Land improvements | 1,884,626 | - | 124,861 | (4,735) | 2,004,752 |
| Furniture and fixtures | 72,276 | - | 1,430 | - | 73,706 |
| Subtotal | 28,485,553 | - | 2,084,149 | (380,710) | 30,188,992 |
| Net capital assets being depreciated | 13,357,673 | - | (813,641) | (51,612) | 12,492,420 |
| Net governmental activities capital assets | <u>\$ 15,166,178</u> | <u>\$ -</u> | <u>\$ 3,546,246</u> | <u>\$ (51,612)</u> | <u>\$ 18,660,812</u> |

March 31, 2020

Note 5 - Capital Assets (Continued)

Business-type Activities

| | Balance April 1, 2019 | Reclassifications | Additions | Disposals and Adjustments | Balance March 31, 2020 |
|---|--------------------------|-------------------|----------------|------------------------------|---------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 868,128 | \$ - | \$ - | \$ - | \$ 868,128 |
| Construction in progress | 6,780,434 | - | 185,863 | - | 6,966,297 |
| Subtotal | 7,648,562 | - | 185,863 | - | 7,834,425 |
| Capital assets being depreciated: | | | | | |
| Water and sewer facilities | 39,385,555 | - | - | - | 39,385,555 |
| Road rights | 37,077 | - | - | - | 37,077 |
| Water meters | 4,547,465 | - | 6,499 | - | 4,553,964 |
| Buildings and improvements | 9,723,339 | - | 264,778 | - | 9,988,117 |
| Equipment | 2,834,987 | - | 50,351 | - | 2,885,338 |
| Vehicles | 1,901,706 | - | 77,485 | - | 1,979,191 |
| CSO basin | 19,109,560 | - | - | - | 19,109,560 |
| Land improvements | 74,215 | - | - | - | 74,215 |
| Subtotal | 77,613,904 | - | 399,113 | - | 78,013,017 |
| Accumulated depreciation: | | | | | |
| Water and sewer lines | 13,931,970 | - | 698,423 | - | 14,630,393 |
| Road rights | 16,067 | - | 2,472 | - | 18,539 |
| Water meters | 257,727 | - | 227,076 | - | 484,803 |
| Buildings and improvements | 5,715,263 | - | 222,266 | - | 5,937,529 |
| Equipment | 2,172,235 | - | 202,021 | - | 2,374,256 |
| Vehicles | 1,500,206 | - | 149,894 | - | 1,650,100 |
| CSO basin | 13,649,473 | - | 641,364 | - | 14,290,837 |
| Land improvements | 34,227 | - | 4,947 | - | 39,174 |
| Subtotal | 37,277,168 | - | 2,148,463 | - | 39,425,631 |
| Net capital assets being depreciated | 40,336,736 | - | (1,749,350) | - | 38,587,386 |
| Net business-type activities capital assets | \$ 47,985,298 | \$ - | \$ (1,563,487) | \$ - | \$ 46,421,811 |

March 31, 2020

Note 5 - Capital Assets (Continued)

Component Units

| | Balance April 1, 2019 | Reclassifications | Additions | Disposals and Adjustments | Balance March 31, 2020 |
|---|--------------------------|-------------------|--------------------|------------------------------|---------------------------|
| Capital assets not being depreciated - Land | \$ 75,690 | \$ - | \$ - | \$ - | \$ 75,690 |
| Capital assets being depreciated: | | | | | |
| Machinery and equipment | 14,416 | - | - | - | 14,416 |
| Land improvements | 272,812 | - | - | - | 272,812 |
| Subtotal | 287,228 | - | - | - | 287,228 |
| Accumulated depreciation: | | | | | |
| Machinery and equipment | 14,416 | - | - | - | 14,416 |
| Land improvements | 119,997 | - | 17,188 | - | 137,185 |
| Subtotal | 134,413 | - | 17,188 | - | 151,601 |
| Net capital assets being depreciated | 152,815 | - | (17,188) | - | 135,627 |
| Net component units capital assets | <u>\$ 228,505</u> | <u>\$ -</u> | <u>\$ (17,188)</u> | <u>\$ -</u> | <u>\$ 211,317</u> |

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

| | | |
|--|--|---------------------|
| Governmental activities: | | |
| General government | | \$ 142,842 |
| Public safety | | 886,880 |
| Public works | | 933,118 |
| Community and economic development | | 26,000 |
| Recreation and culture | | 93,969 |
| Court | | 1,340 |
| Total governmental activities | | <u>\$ 2,084,149</u> |
| Business-type activities: | | |
| Water and sewer | | \$ 1,845,970 |
| Senior housing | | 123,402 |
| Protective inspection | | 37,365 |
| Golf course | | 141,726 |
| Total business-type activities | | <u>\$ 2,148,463</u> |
| Component unit activities - Downtown Development Authority | | <u>\$ 17,188</u> |

Construction Commitments

The Charter Township has active construction projects at year end. At year end, the Charter Township's commitments with contractors are as follows:

| | Spent to Date | Remaining Commitment |
|---|---------------|-------------------------|
| Phase XIII water main replacement project | \$ 1,157,900 | \$ 67,475 |
| District court building project | 1,613,365 | 2,907,150 |

March 31, 2020

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|----------------------|--|---------------------|
| General Fund | Community Development Block Grant Fund | \$ 1,553,498 |
| | Michigan Indigent Defense Commission | 83,892 |
| | Neighborhood Stabilization Grant Fund | 2,210 |
| | Water and Sewer Fund | 61 |
| | Golf Course Fund | 173,930 |
| | Total General Fund | 1,813,591 |
| Water and Sewer Fund | General Fund | 73 |
| | Total | <u>\$ 1,813,664</u> |

The balance of amounts loaned to discretely presented component units is as follows:

| Fund Borrowed From | Fund Loaned To | Amount |
|----------------------|--|------------|
| General Fund | Brownfield Redevelopment Financing Authority | \$ 227,425 |
| Water and Sewer Fund | Brownfield Redevelopment Financing Authority | 1,023,723 |

Balances between the General Fund and the Brownfield Redevelopment Financing Authority result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

The balance between the Water and Sewer Fund and the Brownfield Redevelopment Financing Authority relates to financing provided as part of the Shamrock redevelopment project.

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

| Paying Fund (Transfer Out) | Receiving Fund (Transfer In) | Amount |
|-----------------------------------|------------------------------|---------------------|
| General Fund | Nonmajor governmental funds | \$ 662,102 |
| Nonmajor governmental funds | Nonmajor governmental funds | 822,164 |
| Community Development Block Grant | Nonmajor governmental funds | 50,000 |
| | Total | <u>\$ 1,534,266</u> |

The transfers were related to funding debt payments, operating expenditures, and capital improvements.

March 31, 2020

Note 7 - Long-term Debt

Long-term debt activity for the year ended March 31, 2020 can be summarized as follows:

Governmental Activities

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|----------------------|---------------------------|-------------------|--------------|----------------|----------------|---------------------|
| Bonds and contracts payable: | | | | | | | |
| Direct borrowings and direct placements: | | | | | | | |
| 2019 Installment Purchase - Court Project | | | | | | | |
| Amount of issue - \$1,000,000 | | | | | | | |
| | 2.61% | \$100,000 | \$ - | \$ 1,000,000 | \$ - | \$ 1,000,000 | \$ 100,000 |
| 2016 Lease Purchase Agreement - Fire Truck | | | | | | | |
| Amount of issue - \$300,000 | | | | | | | |
| | 2.75% | \$75,991 - \$78,081 | 154,076 | - | (75,991) | 78,085 | 78,085 |
| 2019 Lease Purchase Agreement - Ladder Truck | | | | | | | |
| Amount of issue - \$700,000 | | | | | | | |
| | 3.04% | \$91,230 - \$109,219 | - | 700,000 | - | 700,000 | 91,230 |
| 2019 Lease Purchase Agreement - Motorola Radios | | | | | | | |
| Amount of issue - \$361,853 | | | | | | | |
| | 0.00% | \$120,618 | - | 361,853 | - | 361,853 | 120,618 |
| Total direct borrowings and direct placements principal outstanding | | | | | | | |
| | | | 154,076 | 2,061,853 | (75,991) | 2,139,938 | 389,933 |
| Other debt: | | | | | | | |
| 2017 Capital Improvement Refunding Bonds | | | | | | | |
| Amount of issue - \$4,490,855 (Part of \$5,090,000 issue) | | | | | | | |
| | 2.00% | \$470,000 - \$1,005,000 | 3,462,005 | - | (886,701) | 2,575,304 | 878,709 |
| Premium on 2017 Capital improvement bond | | | | | | | |
| | | | 53,809 | - | (9,784) | 44,025 | - |
| 2007 CDBG Bond: | | | | | | | |
| Amount of issue \$3,545,000 | | | | | | | |
| | 4.55% - 5.13% | \$305,000 - \$365,000 | 1,340,000 | - | (305,000) | 1,035,000 | 325,000 |
| Total other debt principal outstanding | | | | | | | |
| | | | 4,855,814 | - | (1,201,485) | 3,654,329 | 1,203,709 |
| Total bonds and contracts payable | | | | | | | |
| | | | 5,009,890 | 2,061,853 | (1,277,476) | 5,794,267 | 1,593,642 |
| Compensated absences | | | | | | | |
| | | | 2,344,005 | 1,457,395 | (1,388,388) | 2,413,012 | 152,896 |
| Total governmental activities long-term debt | | | | | | | |
| | | | \$ 7,353,895 | \$ 3,519,248 | \$ (2,665,864) | \$ 8,207,279 | \$ 1,746,538 |

March 31, 2020

Note 7 - Long-term Debt (Continued)

Business-type Activities

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|---------------------------|---------------------|-------------------|-----------------------|---------------------|---------------------|
| Bonds and contracts payable: | | | | | | | |
| Direct borrowings and direct placements: | | | | | | | |
| 2012 Water Supply Sewage and Disposal Bonds: | | | | | | | |
| Amount of issue - \$3,405,000 | | | | | | | |
| Maturing through 2020 | 1.55% | \$348,000 | \$ 348,000 | \$ - | \$ (348,000) | \$ - | \$ - |
| Other debt: | | | | | | | |
| 2016 Capital Improvement Bonds Limited Tax General Obligation: | | | | | | | |
| Amount of issue - \$7,765,000 | 2.00% - | \$300,000 - | | | | | |
| Maturing through 2030 | 3.00% | \$475,000 | 7,175,000 | - | (300,000) | 6,875,000 | 350,000 |
| 2017 Capital Improvement Refunding Bonds | | | | | | | |
| Amount of issue - \$599,144.75 (Part of \$5,090,000 issue) | | | | | | | |
| Maturing through 2024 | 2.00% | \$470,000 - \$1,005,000 | 372,997 | - | (118,299) | 254,698 | 126,291 |
| Total other debt principal outstanding | | | 7,547,997 | - | (418,299) | 7,129,698 | 476,291 |
| Unamortized bond premiums | | | 117,787 | - | (9,156) | 108,631 | - |
| Unamortized bond discounts | | | (7,874) | - | 3,149 | (4,725) | - |
| Total bonds and contracts payable | | | 8,005,910 | - | (772,306) | 7,233,604 | 476,291 |
| CSO installment agreement | | | 179,259 | - | (179,259) | - | - |
| Compensated absences | | | 476,187 | 155,793 | (136,560) | 495,420 | 61,714 |
| Total business-type activities long-term debt | | | <u>\$ 8,661,356</u> | <u>\$ 155,793</u> | <u>\$ (1,088,125)</u> | <u>\$ 7,729,024</u> | <u>\$ 538,005</u> |

Component Units

| | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|---------------------------|---------------------|-------------|---------------------|---------------------|---------------------|
| Bonds and contracts payable: | | | | | | | |
| Other debt: | | | | | | | |
| Limited Tax General Obligation | | | | | | | |
| 2017 Refunding Bonds - | | | | | | | |
| Amount of issue - \$2,375,000 | | | | | | | |
| Maturity through 2026 | 4.00% | \$240,000 - \$310,000 | \$ 1,920,000 | \$ - | \$ (240,000) | \$ 1,680,000 | \$ 250,000 |
| Limited Tax General Obligation Bonds, Series 2015A - | | | | | | | |
| Amount of issue - \$3,135,000 | 2.88% - | \$280,000 - | | | | | |
| Maturity through 2026 | 4.00% | \$390,000 | 2,360,000 | - | (280,000) | 2,080,000 | 300,000 |
| Total other debt principal outstanding | | | 4,280,000 | - | (520,000) | 3,760,000 | 550,000 |
| Unamortized bond premiums | | | 191,251 | - | (25,500) | 165,751 | - |
| Total component unit long-term debt | | | <u>\$ 4,471,251</u> | <u>\$ -</u> | <u>\$ (545,500)</u> | <u>\$ 3,925,751</u> | <u>\$ 550,000</u> |

March 31, 2020

Note 7 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The Charter Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. The Charter Township's qualified bonds are fully guaranteed by the State of Michigan. County contractual agreements and installment purchase agreements are also general obligations of the Charter Township. General obligations outstanding at March 31, 2020 for governmental activities are the 2017 Capital Improvement Refunding Bonds and the 2007 CDBG Bond and for business-type activities are the 2016 Capital Improvement Bonds and the 2017 Capital Improvement Refunding Bonds.

County Contractual Obligations

The above contractual obligations to the county are the result of the county issuance of bonds on the Charter Township's behalf. The Charter Township has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations.

Revenue Bonds

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. Business-type activities utilize revenue bonds to finance the water and sewer system. The Charter Township has pledged substantially all of the Water and Sewer Fund, net of operating expenses, to repay the water and sewer revenue bonds.

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

| Years Ending March 31 | Governmental Activities | | | | |
|--------------------------|--|-------------------|---------------------|-------------------|---------------------|
| | Direct Borrowings and Direct Placements | | Other Debt | | Total |
| | Principal | Interest | Principal | Interest | |
| 2021 | \$ 389,933 | \$ 48,261 | \$ 1,203,709 | \$ 65,026 | \$ 1,706,929 |
| 2022 | 314,626 | 40,722 | 1,066,595 | 40,446 | 1,462,389 |
| 2023 | 317,488 | 35,249 | 835,000 | 19,448 | 1,207,185 |
| 2024 | 199,820 | 29,690 | 505,000 | 5,050 | 739,560 |
| 2025 | 202,860 | 24,040 | - | - | 226,900 |
| 2026-2030 | 715,211 | 42,504 | - | - | 757,715 |
| Thereafter | - | - | - | - | - |
| Total | \$ 2,139,938 | \$ 220,466 | \$ 3,610,304 | \$ 129,970 | \$ 6,100,678 |

| Years Ending March 31 | Business-type Activities | | |
|--------------------------|--------------------------|---------------------|---------------------|
| | Other Debt | | |
| | Principal | Interest | Total |
| 2021 | \$ 476,291 | \$ 197,362 | \$ 673,653 |
| 2022 | 478,407 | 187,815 | 666,222 |
| 2023 | 350,000 | 179,531 | 529,531 |
| 2024 | 375,000 | 172,531 | 547,531 |
| 2025 | 400,000 | 165,031 | 565,031 |
| 2026-2030 | 2,200,000 | 639,906 | 2,839,906 |
| Thereafter | 2,850,000 | 272,406 | 3,122,406 |
| Total | \$ 7,129,698 | \$ 1,814,582 | \$ 8,944,280 |

| Years Ending March 31 | Component Unit Activities | | |
|--------------------------|---------------------------|-------------------|---------------------|
| | Other Debt | | |
| | Principal | Interest | Total |
| 2021 | \$ 550,000 | \$ 145,203 | \$ 695,203 |
| 2022 | 585,000 | 123,163 | 708,163 |
| 2023 | 615,000 | 101,843 | 716,843 |
| 2024 | 640,000 | 78,773 | 718,773 |
| 2025 | 670,000 | 54,238 | 724,238 |
| 2026-2030 | 700,000 | 28,000 | 728,000 |
| Thereafter | - | - | - |
| Total | \$ 3,760,000 | \$ 531,220 | \$ 4,291,220 |

Note 7 - Long-term Debt (Continued)

Revenue Pledged

The Charter Township had pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water supply and sewage disposal systems. The bonds were payable solely from the net revenue of the water and sewer system. The bond had no outstanding remaining principal and interest payments as of March 31, 2020.

The Charter Township has pledged a portion of future property tax revenue to repay \$5,765,000 in brownfield redevelopment bonds issued in 2007 (subsequently refunded in 2017) and 2015 to finance various capital improvements. The bonds are payable from the incremental property taxes captured by the Authority and are guaranteed by the Charter Township in the event the captures do not cover the debt service requirements over the life of the bonds. Principal and interest remaining on the bonds total \$4,291,220, payable through 2026. For the current year, principal and interest paid and total property tax captures were \$0 and \$1,534,815, respectively.

Note 8 - Restricted Assets

Net position has been restricted in the amount of \$2,330,141 for unspent bond proceeds in the business-type activities at March 31, 2020.

Note 9 - 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).

The Michigan Municipal Risk Management Authority (the "Risk Management Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Risk Management Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Charter Township.

The Charter Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the Self-insurance (internal service) Fund. Changes in the estimated liability for the past two fiscal years were as follows:

| | General Liability | |
|---|---------------------|-------------------|
| | 2020 | 2019 |
| Estimated liability - Beginning of year | \$ 773,530 | \$ 571,086 |
| Estimated claims incurred, including changes in estimates | 1,747,368 | 1,183,516 |
| Claim payments | (947,503) | (981,072) |
| Estimated liability - End of year | <u>\$ 1,573,395</u> | <u>\$ 773,530</u> |

Note 10 - Pension Plans

Plans Description

The Charter Township of Redford provides a monthly retirement benefit (with alternative lump-sum payment options) to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Police and Fire Employees Retirement System, a single-employer plan administered by the Police and Fire Employees Retirement System board, and the Municipal Employees' Retirement System of Michigan (MERS) plan, an agent multiple-employer plan administered by MERS of Michigan.

The MERS plan issues a publicly available financial report that can be obtained at 1134 Municipal Way, Lansing, MI 48197; the Police and Fire Employees Retirement System's public financial report is included within these financial statements.

Management of the Police and Fire Employees Retirement System is vested in the pension board, which consists of five members: the treasurer, by state statute, and four appointed by the Charter Township.

Benefits Provided

The Police and Fire Employees Retirement System and MERS plan provide retirement, disability, and death benefits to all full-time general and public safety employees. Retirement benefits are calculated as various percentages (ranging from 1.5 to 2.5 percent) of the employee's final three-year average compensation times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 10 to 25) and meet minimum retirement age in most circumstances. The benefits also include nonduty disability benefits and disability retirement benefits, in limited situations. An employee who leaves the Charter Township's service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms do not provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date.

Benefit terms are generally established and amended by authority of the board of trustees, generally after negotiations of these terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

| | Police and Fire Employees Retirement System | MERS Plan |
|---|---|-------------------|
| Date of member count | March 31, 2020 | December 31, 2019 |
| Inactive plan members or beneficiaries currently receiving benefits | 184 | 179 |
| Inactive plan members entitled to but not yet receiving benefits | 1 | 30 |
| Active plan members | 98 | 94 |
| Total employees covered by the plan | 283 | 303 |

Note 10 - Pension Plans (Continued)

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS and the Charter Township hire an independent actuary for this purpose, and annually the Charter Township contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on the amounts agreed upon in union contracts. The Charter Township's required contribution is determined after consideration of the required contribution rate of employees.

For the year ended March 31, 2020, the average active employee contribution rate was 0 to 5.0 percent of annual pay, and the Charter Township's average contribution rate was 36.71 to 94.10 percent of annual payroll for the various employee groups.

Net Pension Liability

The Charter Township chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

| | Police and Fire Employees Retirement System | MERS Plan |
|--|---|-------------------|
| Measurement date used for the Charter Township's net pension liability | March 31, 2020 | December 31, 2019 |
| Based on a comprehensive actuarial valuation as of | March 31, 2019 | December 31, 2019 |

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

Police and Fire Employees Retirement System

| Changes in Net Pension Liability | Increase (Decrease) | | |
|--|----------------------------|----------------------|--------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balance at April 1, 2019 | \$ 123,599,243 | \$ 63,253,323 | \$ 60,345,920 |
| Changes for the year: | | | |
| Service cost | 1,442,304 | - | 1,442,304 |
| Interest | 8,975,548 | - | 8,975,548 |
| Differences between expected and actual experience | (3,264,202) | - | (3,264,202) |
| Contributions - Employer | - | 6,828,794 | (6,828,794) |
| Contributions - Employee | - | 140,270 | (140,270) |
| Net investment loss | - | (1,938,782) | 1,938,782 |
| Benefit payments, including refunds | (9,292,835) | (9,292,835) | - |
| Administrative expenses | - | (79,218) | 79,218 |
| Net changes | (2,139,185) | (4,341,771) | 2,202,586 |
| Balance at March 31, 2020 | \$ 121,460,058 | \$ 58,911,552 | \$ 62,548,506 |

The plan's fiduciary net position represents 48.5 percent of the total pension liability.

March 31, 2020

Note 10 - Pension Plans (Continued)

MERS Plan

| Changes in Net Pension Liability | Increase (Decrease) | | |
|--|-------------------------|----------------------|-----------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balance at December 31, 2018 | \$ 51,568,221 | \$ 27,273,881 | \$ 24,294,340 |
| Changes for the year: | | | |
| Service cost | 529,845 | - | 529,845 |
| Interest | 3,985,900 | - | 3,985,900 |
| Differences between expected and actual experience | (546,625) | - | (546,625) |
| Changes in assumptions | 1,600,009 | - | 1,600,009 |
| Contributions - Employer | - | 2,114,540 | (2,114,540) |
| Contributions - Employee | - | 98,337 | (98,337) |
| Net investment income | - | 3,600,166 | (3,600,166) |
| Benefit payments, including refunds | (4,018,797) | (4,018,797) | - |
| Administrative expenses | - | (61,963) | 61,963 |
| Net changes | 1,550,332 | 1,732,283 | (181,951) |
| Balance at December 31, 2019 | \$ 53,118,553 | \$ 29,006,164 | \$ 24,112,389 |

Of the net pension liability for the MERS plan, \$16,648,540 has been allocated to governmental activities, \$6,142,278 has been allocated to the Water and Sewer Fund, \$502,333 has been allocated to the Senior Housing Fund, and \$819,238 has been allocated to the Protective Inspection Fund.

The plan's fiduciary net position represents 54.6 percent of the total pension liability.

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

For the year ended March 31, 2020, the Charter Township recognized pension expense of \$13,397,119 from all plans.

At March 31, 2020, 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 | \$ 3,078,422 | \$ (2,778,398) |
| Changes in assumptions | 1,721,468 | - |
| Net difference between projected and actual earnings on pension plan investments | 5,814,623 | - |
| Employer contributions to the plan subsequent to the measurement date | 529,868 | - |
| Total | \$ 11,144,381 | \$ (2,778,398) |

Of the net deferred outflows of resources, \$10,689,487 has been allocated to governmental activities, \$374,349 has been allocated to the Water and Sewer Fund, \$30,616 has been allocated to the Senior Housing Fund, and \$49,929 has been allocated to the Protective Inspection Fund.

Of the net deferred inflows of resources, \$2,693,798 has been allocated to governmental activities, \$69,622 has been allocated to the Water and Sewer Fund, \$5,693 has been allocated to the Senior Housing Fund, and \$9,285 has been allocated to the Protective Inspection Fund.

Note 10 - Pension Plans (Continued)

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

| Years Ending March 31 | Amount |
|--------------------------|---------------------|
| 2021 | \$ 3,238,284 |
| 2022 | 2,327,809 |
| 2023 | 1,477,818 |
| 2024 | 792,204 |
| Total | <u>\$ 7,836,115</u> |

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | Police and Fire Employees Retirement System | MERS Plan |
|--|---|----------------------------|
| Inflation | 2.70% | 2.50% |
| Salary increases (including inflation) | 4.50 - 8.90% | 3.00% |
| Investment rate of return (net of investment expenses) | 7.50% | 7.35% |
| Mortality rates | RP-2014 Mortality Table | RP-2014 Mortality Table |

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees:

| | Police and Fire Employees Retirement System | MERS Plan |
|---|---|-----------|
| Assumed investment rate of return | 7.50% | 7.35% |
| Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits? | Yes | Yes |
| Discount rate used to measure total pension liability | 7.50% | 7.35% |

Note 10 - Pension Plans (Continued)

Investment Rate of Return

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.

The Police and Fire Employees Retirement System’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 table presents best estimates of arithmetic real rates of return as of the measurement date for each major asset class included in the pension plan's target asset allocation, as well as the pension board's adopted asset allocation policy as of March 31, 2020:

Police and Fire Employees Retirement System

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic equity | 50.00 % | 7.50 % |
| International equity | 13.00 | 8.50 |
| Domestic bonds | 22.50 | 2.50 |
| International bonds | 5.00 | 3.50 |
| Real estate | 9.50 | 4.50 |

MERS Plan

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------|-------------------|--|
| Global equity | 60.00 % | 6.15 % |
| Global fixed income | 20.00 | 1.26 |
| Private investments | 20.00 | 6.56 |

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 current discount rate, 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 or 1 percentage point higher than the current rate:

| | <u>1 Percentage Point Decrease</u> | <u>Current Discount Rate</u> | <u>1 Percentage Point Increase</u> |
|--|--|----------------------------------|--|
| Net pension liability of the Police and Fire Employees Retirement System | \$ 74,350,172 | \$ 62,548,506 | \$ 52,611,440 |
| Net pension liability of the MERS plan | 29,250,942 | 24,112,389 | 19,712,387 |

Note 10 - Pension Plans (Continued)

Pension Plans Fiduciary Net Position

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

Assumption Changes

In the 2019 MERS valuation, the investment rate of return was reduced from 7.75 percent to 7.35 percent. Additionally, the inflation assumption was changed from 3.75 percent to 3.0 percent.

Pension Plan Reserves

In accordance with the Redford Township Police and Fire Employees Retirement System, 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.

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 and credits interest annually at applied rates as follows: command at 5 percent, patrol at 5 percent, and fire at 5 percent. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balances are 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 March 31, 2020 are as follows:

| | Required Reserve | Amount Funded |
|------------------|-----------------------------|-----------------------------|
| Retiree reserve | \$ 89,481,566 | \$ 55,249,857 |
| Employee reserve | 3,661,695 | 3,661,695 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 93,143,261</u> | <u>\$ 58,911,552</u> |

Deferred Retirement Option Program (DROP)

The Charter Township offers certain employees the ability to continue services and be paid a salary after they are fully vested; this program credits the employee for benefit payments that would have been paid and pays them out with interest at 5 percent after the employee has fully retired (discontinued providing employee services to the Charter Township). At March 31, 2020, the plan has \$8,439,197 accumulated in DROP accounts.

Note 11 - Other Postemployment Benefit Plan

Plans Description

The Charter Township provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the General Employees' OPEB Plan, a single-employer plan administered by the township board, and Police and Fire OPEB Plan, a single-employer plan administered by the township board.

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

Management of the plans is vested in the pension board, which consists of seven members - three elected by plan members, three appointed by the Charter Township, and the Charter Township's treasurer, who serves as an ex officio member.

Benefits Provided

The General Employees' OPEB Plan and Police and Fire OPEB Plan provide health care benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plans.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

| | General Employees' OPEB Plan | Police and Fire OPEB Plan |
|---|------------------------------------|------------------------------|
| Date of member count | March 31, 2018 | March 31, 2018 |
| Inactive plan members or beneficiaries currently receiving benefits | 138 | 167 |
| Active plan members | 90 | 99 |
| Total plan members | <u>228</u> | <u>266</u> |

Contributions

Retiree health care costs are paid by the Charter Township on a "pay-as-you-go" basis. 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 March 31, 2020, the Charter Township made payments for postemployment health benefit premiums of \$3,904,272.

Net OPEB Liability

The Charter Township has chosen to use the March 31 measurement date as its measurement date for the net OPEB liability. The March 31, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the March 31, 2020 measurement date. The March 31, 2020 total OPEB liability was determined by an actuarial valuation performed as of March 31, 2018, which used update procedures to roll forward the estimated liability to March 31, 2020. The net OPEB liability of the Charter Township has been measured as follows:

| | General Employees' OPEB Plan | Police and Fire OPEB Plan |
|---|------------------------------------|------------------------------|
| Measurement date used for the Charter Township net OPEB liability | March 31, 2020 | March 31, 2020 |
| Based on a comprehensive actuarial valuation as of | March 31, 2018 | March 31, 2018 |

March 31, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)

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

General Employees' OPEB Plan

| Changes in Net OPEB Liability | Increase (Decrease) | | |
|--|----------------------|---------------------|----------------------|
| | Total OPEB Liability | Plan Net Position | Net OPEB Liability |
| Balance at April 1, 2019 | \$ 53,307,988 | \$ 2,200,120 | \$ 51,107,868 |
| Changes for the year: | | | |
| Service cost | 1,296,319 | - | 1,296,319 |
| Interest | 1,810,261 | - | 1,810,261 |
| Differences between expected and actual experience | 248,608 | - | 248,608 |
| Changes in assumptions | 8,103,575 | - | 8,103,575 |
| Contributions - Employer | - | 2,349,058 | (2,349,058) |
| Net investment income | - | 40,072 | (40,072) |
| Benefit payments, including refunds | (2,049,058) | (2,049,058) | - |
| Administrative expenses | - | (17,443) | 17,443 |
| Net changes | 9,409,705 | 322,629 | 9,087,076 |
| Balance at March 31, 2020 | \$ 62,717,693 | \$ 2,522,749 | \$ 60,194,944 |

Of the net OPEB liability for the General Employees' OPEB Plan, \$40,392,695 has been allocated to governmental activities, \$15,246,837 has been allocated to the Water and Sewer Fund, \$764,538 has been allocated to the Senior Housing Fund, and \$3,790,874 has been allocated to the Protective Inspection Fund.

The plan's fiduciary net position represents 4.0 percent of the total OPEB liability.

Police and Fire OPEB Plan

| Changes in Net OPEB Liability | Increase (Decrease) | | |
|--|-----------------------|---------------------|-----------------------|
| | Total OPEB Liability | Plan Net Position | Net OPEB Liability |
| Balance at April 1, 2019 | \$ 96,890,521 | \$ 4,272,071 | \$ 92,618,450 |
| Changes for the year: | | | |
| Service cost | 2,216,694 | - | 2,216,694 |
| Interest | 3,303,460 | - | 3,303,460 |
| Differences between expected and actual experience | 90,144 | - | 90,144 |
| Changes in assumptions | 17,403,757 | - | 17,403,757 |
| Contributions - Employer | - | 3,221,117 | (3,221,117) |
| Net investment loss | - | (23,703) | 23,703 |
| Benefit payments, including refunds | (2,472,362) | (2,472,362) | - |
| Administrative expenses | - | (18,192) | 18,192 |
| Net changes | 20,541,693 | 706,860 | 19,834,833 |
| Balance at March 31, 2020 | \$ 117,432,214 | \$ 4,978,931 | \$ 112,453,283 |

The plan's fiduciary net position represents 4.2 percent of the total OPEB liability.

March 31, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)

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

For the year ended March 31, 2020, the Charter Township recognized OPEB expense of \$17,655,184 from all plans.

At March 31, 2020, the Charter Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 249,659 | \$ (9,975,339) |
| Changes in assumptions | 38,778,930 | - |
| Net difference between projected and actual earnings on OPEB plan investments | 242,305 | - |
| Total | <u>\$ 39,270,894</u> | <u>\$ (9,975,339)</u> |

Of the net deferred outflows of resources, \$35,813,535 has been allocated to governmental activities, \$2,662,010 has been allocated to the Water and Sewer Fund, \$133,483 has been allocated to the Senior Housing Fund, and \$661,866 has been allocated to the Protective Inspection Fund.

Of the net deferred inflows of resources, \$8,740,140 has been allocated to governmental activities, \$951,047 has been allocated to the Water and Sewer Fund, \$47,689 has been allocated to the Senior Housing Fund, and \$236,463 has been allocated to the Protective Inspection Fund.

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

| Years Ending March 31 | Amount |
|--------------------------|----------------------|
| 2021 | \$ 9,231,514 |
| 2022 | 8,944,514 |
| 2023 | 7,511,365 |
| 2024 | 3,541,590 |
| 2025 | 66,572 |
| Total | <u>\$ 29,295,555</u> |

Actuarial Assumptions

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | General Employees' OPEB Plan | Police and Fire OPEB Plan |
|--|--|--|
| Inflation | 3.00% | 3.00% |
| Salary increases (including inflation) | 3.0% to 14.0% | 3.0% to 14.0% |
| Investment rate of return (net of investment expenses) | 2.48% | 2.48% |
| Health care cost trend rate | 8.5 percent decreasing to an ultimate trend rate of 4.5 percent after 17 years | 8.5 percent decreasing to an ultimate trend rate of 4.5 percent after 17 years |
| Mortality rates | RP-2014 Mortality Table | RP-2014 Mortality Table |

March 31, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)

Inactive plan members share in the cost of OPEB by making biweekly contributions for medical coverage based on the plan and coverage election they have made, in accordance with the contract in effect at the date of retirement.

Discount Rate

The discount used to measure the total OPEB liability was 2.48 percent for both plans. The projection of cash flows used to determine the discount rate assumed that the Charter Township's contributions will be consistent with the pay-as-you-go amount. The discount rate was based on the 20-year AA bond rate measured by the Fidelity General Obligation AA bond index as of March 2019.

| | General Employees' OPEB Plan | Police and Fire OPEB Plan |
|---|------------------------------------|------------------------------|
| Assumed investment rate of return | 2.48% | 2.48% |
| Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits? | No | No |
| Discount rate used to measure total OPEB liability | 2.48% | 2.48% |

Investment Policy

The plans' policy in regard to the allocation of invested assets is established and may be amended by the board by a majority vote of its members. It is the policy of the board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

General Employees' OPEB Plan and Police and Fire OPEB Plan

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------------|-------------------|--|
| Cash or cash equivalents | 100.00 % | - % |

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

The following presents the net OPEB liability of the Charter Township, calculated using the discount rate of 2.48 percent, as well as what the Charter Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1 Percentage Point Decrease (1.48%) | Current Discount Rate (2.48%) | 1 Percentage Point Increase (3.48%) |
|--|---|-------------------------------------|---|
| Net OPEB liability of the General Employees' OPEB Plan | \$ 70,967,940 | \$ 60,194,944 | \$ 51,629,099 |
| Net OPEB liability of the Police and Fire OPEB Plan | 136,371,934 | 112,453,283 | 94,073,066 |

March 31, 2020

Note 11 - Other Postemployment Benefit Plan (Continued)

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

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

| | 1 Percentage Point Decrease | Current Health Care Cost Trend Rate | 1 Percentage Point Increase |
|--|--------------------------------|---|--------------------------------|
| Net OPEB liability of the General Employees' OPEB Plan | \$ 50,339,482 | \$ 60,194,944 | \$ 72,763,425 |
| Net OPEB liability of the Police and Fire OPEB Plan | 91,706,432 | 112,453,283 | 139,875,424 |

OPEB Plans Fiduciary Net Position

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

Assumption Change

As of March 31, 2020, the Charter Township changed the discount rate assumption from 3.42 percent in 2019 to 2.48 percent in 2020.

Note 12 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the defined benefit pension plans (see Note 10) and the postemployment health care plans (see Note 11). The plans do not issue separate financial statements:

| | Police and Fire Pension Trust | Police and Fire OPEB Trust | General Employees' OPEB Trust |
|---|----------------------------------|-------------------------------|-------------------------------------|
| Statement of Net Position | | | |
| Cash and investments | \$ 59,427,634 | \$ 5,637,853 | \$ 2,522,817 |
| Other assets | 105,046 | 35,993 | - |
| Liabilities | 621,128 | 694,915 | 68 |
| Net position | <u>\$ 58,911,552</u> | <u>\$ 4,978,931</u> | <u>\$ 2,522,749</u> |
| Statement of Changes in Net Position | | | |
| Investment income | \$ (1,938,784) | \$ (23,703) | \$ 40,072 |
| Contributions | 6,969,064 | 2,842,786 | 2,110,241 |
| Benefit payments | 9,292,835 | 2,094,031 | 1,810,241 |
| Other deductions | 79,218 | 18,192 | 17,443 |
| Net change in net position | <u>\$ (4,341,773)</u> | <u>\$ 706,860</u> | <u>\$ 322,629</u> |

Note 13 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

| | General Fund | Community Development Block Grant Fund | Nonmajor Funds | Total |
|--------------------------------------|----------------------|--|---------------------|----------------------|
| Nonspendable - Prepays | \$ 1,347,869 | \$ 9,742 | \$ 3,824 | \$ 1,361,435 |
| Restricted: | | | | |
| Road improvements | - | - | 295,217 | 295,217 |
| Drug law enforcement | - | - | 918,643 | 918,643 |
| Police and fire postemployment costs | 549,771 | - | - | 549,771 |
| Debt service | - | - | 1,614,323 | 1,614,323 |
| Storm water improvements | - | - | 71,832 | 71,832 |
| Police grants | 129,450 | - | - | 129,450 |
| Dial-A-Ride services | - | - | 484,811 | 484,811 |
| Solid waste activities | - | - | 2,280,551 | 2,280,551 |
| 911 services | - | - | 669,476 | 669,476 |
| Drain improvements | - | - | 941,261 | 941,261 |
| Future CDBG/NSP expenditures | - | 184,062 | 154,801 | 338,863 |
| Police and fire SAD | 143,313 | - | 362,000 | 505,313 |
| PEG purposes | 220,398 | - | - | 220,398 |
| Grant programs | 23,740 | - | - | 23,740 |
| Street lighting | 108,961 | - | - | 108,961 |
| Total restricted | 1,175,633 | 184,062 | 7,792,915 | 9,152,610 |
| Committed: | | | | |
| Court building improvements | - | - | 1,391,641 | 1,391,641 |
| Parks and recreation | 263,341 | - | - | 263,341 |
| Total committed | 263,341 | - | 1,391,641 | 1,654,982 |
| Assigned: | | | | |
| Compensated absences | 199,295 | - | - | 199,295 |
| Capital projects | - | - | 597,863 | 597,863 |
| OPEB obligations | 3,000,000 | - | - | 3,000,000 |
| Total assigned | 3,199,295 | - | 597,863 | 3,797,158 |
| Unassigned | 15,353,622 | (365,258) | - | 14,988,364 |
| Total fund balance | <u>\$ 21,339,760</u> | <u>\$ (171,454)</u> | <u>\$ 9,786,243</u> | <u>\$ 30,954,549</u> |

Note 14 - Tax Abatements

The Charter Township uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Charter Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal years ended March 31, 2020, the Charter Township abated \$160,070 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

March 31, 2020

Note 14 - Tax Abatements (Continued)

Additionally, the Brownfield Redevelopment Financing Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Authority's tax revenue is reduced. For the fiscal year ended March 31, 2020, the Authority abated \$612,943 of taxes under this program. There are no provisions to recapture taxes.

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

Note 15 - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As of the date of issuance of the financial statements, the Township's operations have not been significantly impacted, but the Township continues to monitor the situation. No impairments were recorded as of the statement of net position/balance sheet date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Township's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time. Alternative investments measured at fair market value are also subject to fluctuation.

Required Supplemental Information

Charter Township of Redford

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended March 31, 2020

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|--|-------------------|-------------------|-------------------|------------------------------|
| Revenue | | | | |
| Property taxes | \$ 20,332,674 | \$ 20,474,090 | \$ 20,251,012 | \$ (223,078) |
| Intergovernmental: | | | | |
| Federal grants | 1,050,830 | 989,970 | 779,116 | (210,854) |
| State-shared revenue and grants | 6,394,810 | 6,528,300 | 6,884,739 | 356,439 |
| Charges for services | 1,776,810 | 1,748,470 | 1,763,679 | 15,209 |
| Fines and forfeitures | 2,375,630 | 1,873,650 | 1,828,707 | (44,943) |
| Licenses and permits | 962,100 | 963,330 | 859,766 | (103,564) |
| Investment income | 150,000 | 350,000 | 339,151 | (10,849) |
| Other revenue | 1,511,460 | 1,554,050 | 1,333,851 | (220,199) |
| Total revenue | 34,554,314 | 34,481,860 | 34,040,021 | (441,839) |
| Expenditures | | | | |
| Current services: | | | | |
| General government: | | | | |
| Legislative | 126,290 | 119,770 | 135,024 | (15,254) |
| Executive | 261,140 | 252,960 | 276,632 | (23,672) |
| Accounting | 698,180 | 680,460 | 655,337 | 25,123 |
| Information systems | 576,100 | 554,060 | 553,583 | 477 |
| Treasurer | 376,590 | 387,700 | 428,947 | (41,247) |
| Assessing | 401,800 | 387,430 | 379,834 | 7,596 |
| Clerk | 513,270 | 502,590 | 490,832 | 11,758 |
| Buildings and grounds | 310,100 | 326,710 | 234,846 | 91,864 |
| Attorney | 128,000 | 146,000 | 149,756 | (3,756) |
| Elections | 164,960 | 186,760 | 223,374 | (36,614) |
| Civil service | 390,480 | 360,430 | 340,967 | 19,463 |
| Police and fire civil service | 1,500 | - | - | - |
| Public service building maintenance | 56,000 | 42,520 | 42,372 | 148 |
| Marquee maintenance | 106,000 | 6,320 | 7,067 | (747) |
| Public education government | 134,720 | 129,380 | 112,260 | 17,120 |
| Insurance and other functions | 1,462,470 | 2,239,490 | 2,159,451 | 80,039 |
| District court: | | | | |
| District court costs | 2,288,990 | 2,121,680 | 2,049,431 | 72,249 |
| Criminal justice | 486,500 | 304,000 | 247,154 | 56,846 |
| Probation | 333,150 | 311,570 | 320,024 | (8,454) |
| Work program | 31,020 | 9,110 | 16,280 | (7,170) |
| Public safety: | | | | |
| Police | 12,526,050 | 12,122,070 | 12,317,039 | (194,969) |
| Fire | 9,854,420 | 10,024,110 | 10,300,277 | (276,167) |
| Dispatch | 808,670 | 575,870 | 462,626 | 113,244 |
| School resource officer | 330,070 | 336,330 | 337,884 | (1,554) |
| School crossing | 36,270 | 45,880 | 44,212 | 1,668 |
| ALS transport collection fee | 97,500 | 97,500 | 97,539 | (39) |
| Public works: | | | | |
| Highway and streets | 860,000 | 796,090 | 795,946 | 144 |
| DPW | 164,450 | 161,570 | 54,961 | 106,609 |
| Health and welfare - Animal control | 54,180 | 25,770 | 25,722 | 48 |
| Community and economic development: | | | | |
| Community promotion | 11,500 | 5,560 | 5,142 | 418 |
| Zoning board of appeals | 9,220 | 2,080 | 1,567 | 513 |
| Other community and economic development | 99,610 | 84,480 | 83,054 | 1,426 |
| Redevelopment | 16,460 | 15,960 | 3,953 | 12,007 |
| Recreation and culture: | | | | |
| Parks and recreation | 478,960 | 403,200 | 400,439 | 2,761 |
| Parks facilities | 746,960 | 650,070 | 721,901 | (71,831) |
| Senior citizens | 35,700 | 42,740 | 41,686 | 1,054 |
| Cultural | 4,000 | 2,730 | 2,727 | 3 |
| Total expenditures | 34,981,280 | 34,460,950 | 34,519,846 | (58,896) |

Charter Township of Redford

Required Supplemental Information
Budgetary Comparison Schedule
General Fund (Continued)

Year Ended March 31, 2020

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|--|----------------------|----------------------|----------------------|---------------------------------|
| Excess of Revenue (Under) Over Expenditures | \$ (426,966) | \$ 20,910 | \$ (479,825) | \$ (500,735) |
| Other Financing (Uses) Sources | | | | |
| Transfers out | (270,230) | (682,250) | (662,102) | 20,148 |
| Face value of debt issue | - | - | 1,061,853 | 1,061,853 |
| Proceeds from sale of capital assets | 7,500 | 13,500 | 13,500 | - |
| Total other financing (uses) sources | (262,730) | (668,750) | 413,251 | 1,082,001 |
| Net Change in Fund Balance | (689,696) | (647,840) | (66,574) | 581,266 |
| Fund Balance - Beginning of year | 16,856,232 | 16,856,232 | 16,856,232 | - |
| Fund Balance - End of year | \$ 16,166,536 | \$ 16,208,392 | \$ 16,789,658 | \$ 581,266 |

Charter Township of Redford

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Community Development Block Grant

Year Ended March 31, 2020

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|--|---------------------|---------------------|---------------------|------------------------------------|
| Revenue | | | | |
| Intergovernmental: | | | | |
| Federal grants | \$ - | \$ 909,842 | \$ 1,125,790 | \$ 215,948 |
| Program income | - | 415,158 | 325,364 | (89,794) |
| Total revenue | - | 1,325,000 | 1,451,154 | 126,154 |
| Expenditures | | | | |
| Current services - | | | | |
| Community and economic development: | | | | |
| Program year 2013 - B-13-MC-26-0029 | - | 52,278 | - | 52,278 |
| Program year 2017 - B-17-MC-26-0029 | - | 24,267 | 9,267 | 15,000 |
| Program year 2018 - B-18-MC-26-0029 | - | 87,996 | 25,000 | 62,996 |
| Program year 2019 - B-19-MC-26-0029 | - | 1,275,000 | 1,298,754 | (23,754) |
| Total expenditures | - | 1,439,541 | 1,333,021 | 106,520 |
| Excess of Revenue (Under) Over Expenditures | - | (114,541) | 118,133 | 232,674 |
| Other Financing Uses - Transfers out | - | (50,000) | (50,000) | - |
| Net Change in Fund Balance | - | (164,541) | 68,133 | 232,674 |
| Fund Balance - Beginning of year | (239,587) | (239,587) | (239,587) | - |
| Fund Balance - End of year | <u>\$ (239,587)</u> | <u>\$ (404,128)</u> | <u>\$ (171,454)</u> | <u>\$ 232,674</u> |

Charter Township of Redford

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios General Employees' Retirement System (MERS)

Last Five Plan Years

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | |
| Service cost | \$ 529,845 | \$ 549,087 | \$ 522,284 | \$ 519,162 | \$ 536,952 |
| Interest | 3,985,900 | 3,981,386 | 3,937,631 | 3,941,351 | 3,824,685 |
| Changes in benefit terms | - | - | - | 2,407 | 10,493 |
| Differences between expected and actual experience | (546,625) | (465,356) | 13,130 | (695,452) | 145,971 |
| Changes in assumptions | 1,600,009 | - | - | - | 2,154,773 |
| Benefit payments, including refunds | (4,018,797) | (3,979,361) | (3,873,222) | (3,757,876) | (3,704,706) |
| Miscellaneous other charges | - | - | (13,209) | - | - |
| Net Change in Total Pension Liability | 1,550,332 | 85,756 | 586,614 | 9,592 | 2,968,168 |
| Total Pension Liability - Beginning of year | 51,568,221 | 51,482,465 | 50,895,851 | 50,886,259 | 47,918,091 |
| Total Pension Liability - End of year | \$ 53,118,553 | \$ 51,568,221 | \$ 51,482,465 | \$ 50,895,851 | \$ 50,886,259 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 2,114,540 | \$ 1,895,544 | \$ 2,199,682 | \$ 1,609,912 | \$ 1,551,380 |
| Contributions - Member | 98,337 | 139,402 | 83,315 | 77,347 | 80,905 |
| Net investment income (loss) | 3,600,166 | (1,125,307) | 3,634,908 | 3,022,812 | (422,384) |
| Administrative expenses | (61,963) | (57,383) | (57,740) | (59,771) | (63,614) |
| Benefit payments, including refunds | (4,018,797) | (3,979,361) | (3,873,222) | (3,757,876) | (3,704,706) |
| Other | - | - | (783) | 784 | - |
| Net Change in Plan Fiduciary Net Position | 1,732,283 | (3,127,105) | 1,986,160 | 893,208 | (2,558,419) |
| Plan Fiduciary Net Position - Beginning of year | 27,273,881 | 30,400,986 | 28,414,826 | 27,521,618 | 30,080,037 |
| Plan Fiduciary Net Position - End of year | \$ 29,006,164 | \$ 27,273,881 | \$ 30,400,986 | \$ 28,414,826 | \$ 27,521,618 |
| Charter Township's Net Pension Liability - Ending | \$ 24,112,389 | \$ 24,294,340 | \$ 21,081,479 | \$ 22,481,025 | \$ 23,364,641 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 54.61 % | 52.89 % | 59.05 % | 55.83 % | 54.08 % |
| Covered-employee Payroll | \$ 4,551,042 | \$ 4,620,161 | \$ 4,321,893 | \$ 4,204,172 | \$ 4,270,547 |
| Charter Township's Net Pension Liability as a Percentage of Covered-employee Payroll | 529.82 % | 525.83 % | 487.78 % | 534.73 % | 547.11 % |

This statement is being built prospectively from the date of adoption of GASB 68.

In the 2019 MERS valuation, the investment rate of return was reduced from 7.75 percent to 7.35 percent. Additionally, the inflation assumption was changed from 3.75 percent to 3.0 percent. In the 2015 MERS valuation, the mortality table was adjusted to the RP-2014 tables.

See notes to required supplemental information.

Charter Township of Redford

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Police and Fire Employees Retirement System

Last Six Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | | | |
| Service cost | \$ 1,442,304 | \$ 1,025,096 | \$ 878,923 | \$ 934,642 | \$ 1,245,350 | \$ 1,069,633 |
| Interest | 8,975,548 | 8,426,118 | 8,081,179 | 8,131,387 | 8,059,966 | 7,463,736 |
| Changes in benefit terms | - | - | - | - | - | 5,036,434 |
| Differences between expected and actual experience | (3,264,202) | 5,701,316 | - | (1,187,143) | (260,869) | 3,930,269 |
| Changes in assumptions | - | 1,600,363 | 4,600,159 | - | 1,037,913 | - |
| Benefit payments, including refunds | (9,292,835) | (9,858,842) | (8,329,327) | (8,711,613) | (9,237,821) | (10,038,589) |
| Net Change in Total Pension Liability | (2,139,185) | 6,894,051 | 5,230,934 | (832,727) | 844,539 | 7,461,483 |
| Total Pension Liability - Beginning of year | 123,599,243 | 116,705,192 | 111,474,258 | 112,306,985 | 111,462,446 | 104,000,963 |
| Total Pension Liability - End of year | \$ 121,460,058 | \$ 123,599,243 | \$ 116,705,192 | \$ 111,474,258 | \$ 112,306,985 | \$ 111,462,446 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - Employer | \$ 6,828,794 | \$ 4,944,226 | \$ 4,428,716 | \$ 4,320,943 | \$ 3,963,149 | \$ 4,560,754 |
| Contributions - Member | 140,270 | 117,347 | 86,506 | 44,477 | 63,710 | 34,652 |
| Net investment (loss) income | (1,938,782) | 2,157,950 | 6,608,147 | 6,245,985 | 113,222 | 4,376,535 |
| Administrative expenses | (79,218) | (94,965) | (88,231) | (80,675) | (53,304) | (53,162) |
| Benefit payments, including refunds | (9,292,835) | (9,858,842) | (8,329,327) | (8,711,613) | (9,237,821) | (10,038,589) |
| Other | - | - | - | (23) | - | - |
| Net Change in Plan Fiduciary Net Position | (4,341,771) | (2,734,284) | 2,705,811 | 1,819,094 | (5,151,044) | (1,119,810) |
| Plan Fiduciary Net Position - Beginning of year | 63,253,323 | 65,987,607 | 63,281,796 | 61,462,702 | 66,613,746 | 67,733,556 |
| Plan Fiduciary Net Position - End of year | \$ 58,911,552 | \$ 63,253,323 | \$ 65,987,607 | \$ 63,281,796 | \$ 61,462,702 | \$ 66,613,746 |
| Charter Township's Net Pension Liability - Ending | \$ 62,548,506 | \$ 60,345,920 | \$ 50,717,585 | \$ 48,192,462 | \$ 50,844,283 | \$ 44,848,700 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 48.50 % | 51.18 % | 56.54 % | 56.77 % | 54.73 % | 59.76 % |
| Covered-employee Payroll | \$ 5,566,399 | \$ 5,015,022 | \$ 4,450,846 | \$ 3,769,593 | \$ 4,010,149 | \$ 4,085,614 |
| Charter Township's Net Pension Liability as a Percentage of Covered-employee Payroll | 1,123.68 % | 1,203.30 % | 1,139.50 % | 1,278.45 % | 1,267.89 % | 1,097.72 % |

This statement is being built prospectively from the date of adoption of GASB 68.

In 2019, the Township adopted new demographic assumptions based on a five-year experience study conducted. In 2018, the Township changed the inflation assumption from 4.5 percent to 2.7 percent. In 2015, the Township updated the mortality tables from the 2000 projected to the RP-2014 tables.

See notes to required supplemental information.

Charter Township of Redford

Required Supplemental Information Schedule of Pension Contributions General Employees' Retirement System (MERS)

**Last Ten Fiscal Years
Years Ended March 31**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------------|------------------|-------------------|------------------|-------------------|------------------|----------------|----------------|----------------|------------------|
| Actuarially determined contribution | \$ 2,132,737 | \$ 1,958,500 | \$ 1,736,897 | \$ 1,609,912 | \$ 1,514,624 | \$ 1,258,669 | \$ 893,945 | \$ 922,879 | \$ 962,999 | \$ 1,095,542 |
| Contributions in relation to the actuarially determined contribution | <u>2,132,737</u> | <u>1,958,500</u> | <u>2,236,897</u> | <u>1,609,912</u> | <u>1,714,624</u> | <u>1,258,669</u> | <u>893,945</u> | <u>922,879</u> | <u>962,999</u> | <u>1,095,542</u> |
| Contribution Excess | \$ - | \$ - | \$ 500,000 | \$ - | \$ 200,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee Payroll | \$ 4,551,042 | \$ 4,620,161 | \$ 4,321,893 | \$ 4,204,172 | \$ 4,270,547 | \$ 3,912,707 | \$ 3,865,436 | \$ 3,917,961 | \$ 4,268,956 | \$ 5,488,420 |
| Contributions as a Percentage of Covered-employee Payroll | 46.86 % | 42.39 % | 51.76 % | 38.27 % | 40.15 % | 32.17 % | 23.13 % | 23.56 % | 22.56 % | 19.96 % |

Notes to Schedule of Pension Contributions - General Employees' Retirement System (MERS)

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 15 months prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 19 years |
| Asset valuation method | Five-year smoothed market |
| Inflation | 2.5 percent |
| Salary increase | 3.75 percent long-term wage inflation |
| Investment rate of return | 7.75 percent |
| Retirement age | 60 |
| Mortality | 50 percent male - 50 percent female blend of the following tables: 1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent 2. The RP-2014 Employee Mortality Tables 3. The RP-2014 Juvenile Mortality Tables |
| Other information | None |

Charter Township of Redford

Required Supplemental Information Schedule of Pension Contributions Police and Fire Employees Retirement System

**Last Ten Fiscal Years
Years Ended March 31**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 5,647,869 | \$ 4,944,226 | \$ 4,428,716 | \$ 4,320,943 | \$ 3,963,149 | \$ 4,560,754 | \$ 4,257,948 | \$ 4,082,568 | \$ 4,407,240 | \$ 3,902,126 |
| Contributions in relation to the actuarially determined contribution | 6,828,794 | 4,944,226 | 4,428,716 | 4,320,943 | 3,963,149 | 4,560,754 | 4,257,948 | 4,082,568 | 4,407,240 | 3,902,126 |
| Contribution Excess | \$ 1,180,925 | \$ - | \$ - | \$ - | \$ - |
| Covered-employee Payroll | \$ 5,566,399 | \$ 5,015,022 | \$ 4,450,846 | \$ 3,769,593 | \$ 4,010,149 | \$ 4,085,614 | \$ 3,909,678 | \$ - | \$ - | \$ - |
| Contributions as a Percentage of Covered-employee Payroll | 122.68 % | 98.59 % | 99.50 % | 114.63 % | 98.83 % | 111.63 % | 108.91 % | - % | - % | - % |

Notes to Schedule of Pension Contributions - Police and Fire Employees Retirement System

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 17 years remaining as of March 31, 2020 |
| Asset valuation method | Four-year smoothed market |
| Inflation | 2.70 percent |
| Salary increase | 4.50 - 8.90 percent, including inflation |
| Investment rate of return | 7.50 percent, net of pension plan investment plan expense, including inflation |
| Retirement age | Age-based table of rates that are specific to the eligibility condition |
| Mortality | Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table |
| Other information | None |

Charter Township of Redford

Required Supplemental Information Schedule of Pension Investment Returns Police and Fire Employees Retirement System

| | Last Six Fiscal Years Years Ended March 31 | | | | | |
|--|---|-------------|-------------|-------------|-------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Annual money-weighted rate of return - Net of investment expense | (5.30)% | 3.27 % | 10.30 % | 12.30 % | 0.80 % | 7.30 % |

This statement is being built prospectively from the date of adoption of GASB 68.

Charter Township of Redford

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

| | Last Three Fiscal Years | | |
|--|--------------------------------|-----------------------------|-----------------------------|
| | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | |
| Service cost | \$ 1,296,319 | \$ 879,159 | \$ 723,766 |
| Interest | 1,810,261 | 1,810,557 | 1,842,066 |
| Differences between expected and actual experience | 248,608 | (8,966,452) | (230,934) |
| Changes in assumptions | 8,103,575 | 10,732,748 | 1,176,327 |
| Benefit payments, including refunds | <u>(2,049,058)</u> | <u>(1,724,769)</u> | <u>(2,096,059)</u> |
| Net Change in Total OPEB Liability | 9,409,705 | 2,731,243 | 1,415,166 |
| Total OPEB Liability - Beginning of year | <u>53,307,988</u> | <u>50,576,745</u> | <u>49,161,579</u> |
| Total OPEB Liability - End of year | <u>\$ 62,717,693</u> | <u>\$ 53,307,988</u> | <u>\$ 50,576,745</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 2,349,058 | \$ 1,874,769 | \$ 2,079,404 |
| Net investment income | 40,072 | 40,633 | 20,246 |
| Administrative expenses | (17,443) | (7,375) | (11,257) |
| Benefit payments, including refunds | <u>(2,049,058)</u> | <u>(1,724,769)</u> | <u>(2,096,059)</u> |
| Net Change in Plan Fiduciary Net Position | 322,629 | 183,258 | (7,666) |
| Plan Fiduciary Net Position - Beginning of year | <u>2,200,120</u> | <u>2,016,862</u> | <u>2,024,528</u> |
| Plan Fiduciary Net Position - End of year | <u>\$ 2,522,749</u> | <u>\$ 2,200,120</u> | <u>\$ 2,016,862</u> |
| Net OPEB Liability - Ending | <u>\$ 60,194,944</u> | <u>\$ 51,107,868</u> | <u>\$ 48,559,883</u> |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 4.02 % | 4.13 % | 3.99 % |
| Covered-employee Payroll | \$ 4,702,729 | \$ 4,928,920 | \$ 4,384,701 |
| Net OPEB Liability as a Percentage of Covered-employee Payroll | 1,280.00 % | 1,036.90 % | 1,107.48 % |

This statement is being built prospectively from the date of adoption of GASB 74.

As of March 31, 2020, the Charter Township changed the discount rate assumption from 3.42 percent in 2019 to 2.48 percent in 2020. As of March 31, 2019, the Charter Township changed the discount rate assumption from 3.61 to 3.42 percent. As of March 31, 2018, the Charter Township changed the discount rate assumption from 3.8 to 3.61 percent.

Charter Township of Redford

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

| | Last Three Fiscal Years | | |
|--|-------------------------|----------------------|----------------------|
| | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | |
| Service cost | \$ 2,216,694 | \$ 1,230,517 | \$ 1,023,694 |
| Interest | 3,303,460 | 2,932,396 | 2,981,126 |
| Differences between expected and actual experience | 90,144 | (10,361,830) | (123,186) |
| Changes in assumptions | 17,403,757 | 24,258,614 | 2,089,917 |
| Benefit payments, including refunds | (2,472,362) | (3,567,469) | (3,024,192) |
| Net Change in Total OPEB Liability | 20,541,693 | 14,492,228 | 2,947,359 |
| Total OPEB Liability - Beginning of year | 96,890,521 | 82,398,293 | 79,450,934 |
| Total OPEB Liability - End of year | \$ 117,432,214 | \$ 96,890,521 | \$ 82,398,293 |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 3,221,117 | \$ 3,668,239 | \$ 3,089,873 |
| Net investment (loss) income | (23,703) | 77,052 | 35,856 |
| Administrative expenses | (18,192) | (6,625) | (12,000) |
| Benefit payments, including refunds | (2,472,362) | (3,567,469) | (3,024,192) |
| Net Change in Plan Fiduciary Net Position | 706,860 | 171,197 | 89,537 |
| Plan Fiduciary Net Position - Beginning of year | 4,272,071 | 4,100,874 | 4,011,337 |
| Plan Fiduciary Net Position - End of year | \$ 4,978,931 | \$ 4,272,071 | \$ 4,100,874 |
| Net OPEB Liability - Ending | \$ 112,453,283 | \$ 92,618,450 | \$ 78,297,419 |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 4.24 % | 4.41 % | 4.98 % |
| Covered-employee Payroll | \$ 8,111,498 | \$ 8,196,771 | \$ 7,430,998 |
| Net OPEB Liability as a Percentage of Covered-employee Payroll | 1,386.34 % | 1,129.94 % | 1,053.66 % |

This statement is being built prospectively from the date of adoption of GASB 74.

As of March 31, 2020, the Charter Township changed the discount rate assumption from 3.42 percent in 2019 to 2.48 percent in 2020. As of March 31, 2019, the Charter Township changed the discount rate assumption from 3.61 to 3.42 percent. As of March 31, 2018, the Charter Township changed the discount rate assumption from 3.8 to 3.61 percent.

Charter Township of Redford

Required Supplemental Information
Schedule of OPEB Investment Returns
General Employees'

**Last Three Fiscal Years
Years Ended March 31**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|
| Annual money-weighted rate of return - Net of investment expense | 1.03 % | 2.01 % | 1.00 % |

This statement is being built prospectively from the date of adoption of GASB 74.

Charter Township of Redford

Required Supplemental Information
Schedule of OPEB Investment Returns
Police and Fire

**Last Three Fiscal Years
Years Ended March 31**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|
| Annual money-weighted rate of return - Net of investment expense | 0.01 % | 1.88 % | 0.89 % |

This statement is being built prospectively from the date of adoption of GASB 74.

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the "Uniform Budgeting Act"). The following is a summary of the requirements of this Act according to the *State Treasurer's Bulletin for Audits of Local Units of Government in Michigan* dated April 1982:

1. Budgets must be adopted for the General Fund and special revenue funds.
2. Budgeted expenditures cannot exceed budgeted revenue and fund balance.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The Charter Township adopts its budget on a fund-total basis for all funds, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. A comparison of actual results of operations to the General Fund budget adopted by the township board is included as required supplemental information. A comparison of actual results of operations, including budget overruns, to the nonmajor fund budgets adopted by the township board is available at the clerk's office for inspection.

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

1. The township superintendent on or before 75 days prior to the commencement of the fiscal and budgetary year (April 1) shall prepare and submit to the board a complete itemized proposed budget for the next fiscal year.
2. A public hearing on the budget shall be held before its final adoption, at such time and place as the board shall direct, and notice of such public hearing shall be published at least 10 days in advance thereof by the clerk.
3. The board shall, on or before 15 days prior to the commencement of the next fiscal year, adopt a budget for the ensuing fiscal year.

The annual budget is prepared by the township management and adopted by the township board; subsequent amendments are approved by the township board. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that transfers to/from other funds have been included in revenue and expenditures, rather than as other financing sources (uses), grant revenue to reimburse capital expenditures has been included in expenditures rather than revenue, and reimbursements from other funds for wage expense have been included as other revenue rather than as an offset to expenditures.

The budgeted statements are presented on the same basis of accounting used in preparing the adopted budget. A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

| | <u>Total Revenue</u> | <u>Total Expenditures</u> | <u>Other Financing Sources (Uses)</u> |
|---------------------------------|--------------------------|-------------------------------|---|
| Amounts per operating statement | \$ 35,489,198 | \$ 35,560,072 | \$ 470,481 |
| Accrued employee benefits fund | (195,410) | (212,425) | - |
| Accrued police and fire SAD | - | 25,580 | - |
| Ordinance enforcement fund | <u>(1,253,767)</u> | <u>(853,381)</u> | <u>(57,230)</u> |
| Amounts per budget statement | <u>\$ 34,040,021</u> | <u>\$ 34,519,846</u> | <u>\$ 413,251</u> |

Charter Township of Redford

Notes to Required Supplemental Information

March 31, 2020

Fund Deficit

The Charter Township has a deficit in unrestricted net position in the Protective Inspection Fund in the amount of \$2,613,468.

Excess of Expenditures over Appropriations in Budgeted Funds

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

| | <u>Budget</u> | | <u>Actual</u> | | <u>Variance</u> |
|-----------------------------------|---------------|----|---------------|----|-----------------|
| General Fund - Total expenditures | \$ 34,460,950 | \$ | 34,519,846 | \$ | (58,896) |

Other Supplemental Information

Charter Township of Redford

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

March 31, 2020

| | Special Revenue Funds | | | | | | | | |
|---|-----------------------|-----------------|----------------------|------------------------|-------------------|--------------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| | Dial-A-Ride | Home Grant | Drug Law Enforcement | Solid Waste Management | 911 Dispatch | Michigan Indigent Defense Commission | Neighborhood Stabilization Grant | Public Improvement - Storm Water | State and Local Narcotic Forfeitures |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 475,160 | \$ 9,765 | \$ 517,145 | \$ 2,352,858 | \$ 626,356 | \$ 52,705 | \$ 88,559 | \$ 71,832 | \$ 402,466 |
| Investments | - | - | - | - | - | - | - | - | - |
| Receivables | 28,383 | - | - | 383,486 | 44,998 | 34,966 | - | - | - |
| Prepaid expenses | 2,823 | - | - | - | 1,001 | - | - | - | - |
| Assets held for resale | - | - | - | - | - | - | 68,273 | - | - |
| | <u>\$ 506,366</u> | <u>\$ 9,765</u> | <u>\$ 517,145</u> | <u>\$ 2,736,344</u> | <u>\$ 672,355</u> | <u>\$ 87,671</u> | <u>\$ 156,832</u> | <u>\$ 71,832</u> | <u>\$ 402,466</u> |
| Total assets | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 272 | \$ 945 | \$ 50 | \$ 25,933 | \$ - | \$ 3,600 | \$ - | \$ - | \$ 886 |
| Due to other governmental units | - | - | - | - | - | - | - | - | - |
| Due to component units | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | 83,892 | 2,210 | - | - |
| Accrued liabilities and other | 6,018 | - | - | - | 1,878 | - | - | - | 32 |
| Unearned revenue | - | 8,820 | - | - | - | - | - | - | - |
| Provision for property tax refunds | 3,599 | - | - | 47,428 | - | - | - | - | - |
| | <u>9,889</u> | <u>9,765</u> | <u>50</u> | <u>73,361</u> | <u>1,878</u> | <u>87,492</u> | <u>2,210</u> | <u>-</u> | <u>918</u> |
| Total liabilities | | | | | | | | | |
| Deferred Inflows of Resources | <u>8,843</u> | <u>-</u> | <u>-</u> | <u>382,432</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | 18,732 | 9,765 | 50 | 455,793 | 1,878 | 87,492 | 2,210 | - | 918 |
| Fund Balances | | | | | | | | | |
| Nonspendable | 2,823 | - | - | - | 1,001 | - | - | - | - |
| Restricted: | | | | | | | | | |
| Roads | - | - | - | - | - | - | - | - | - |
| Drug law enforcement | - | - | 517,095 | - | - | - | - | - | 401,548 |
| Debt service | - | - | - | - | - | - | - | - | - |
| Storm water improvements | - | - | - | - | - | - | - | 71,832 | - |
| Dial-A-Ride services | 484,811 | - | - | - | - | - | - | - | - |
| Solid waste activities | - | - | - | 2,280,551 | - | - | - | - | - |
| 911 services | - | - | - | - | 669,476 | - | - | - | - |
| Drain improvements | - | - | - | - | - | - | - | - | - |
| Grant expenditures | - | - | - | - | - | 179 | 154,622 | - | - |
| Police and fire SAD | - | - | - | - | - | - | - | - | - |
| Committed - Capital projects | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - |
| | <u>487,634</u> | <u>-</u> | <u>517,095</u> | <u>2,280,551</u> | <u>670,477</u> | <u>179</u> | <u>154,622</u> | <u>71,832</u> | <u>401,548</u> |
| Total fund balances | | | | | | | | | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 506,366</u> | <u>\$ 9,765</u> | <u>\$ 517,145</u> | <u>\$ 2,736,344</u> | <u>\$ 672,355</u> | <u>\$ 87,671</u> | <u>\$ 156,832</u> | <u>\$ 71,832</u> | <u>\$ 402,466</u> |

Charter Township of Redford

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds

March 31, 2020

| | Debt Service Funds | | | | | Capital Project Funds | | |
|--|--------------------|-----------------------------|---------------------------------------|-------------------------------------|-------------------------------|---------------------------|------------------------|-------------------|
| | Police Station | Road Paving Debt Service | Public Improvement Debt Service | Section 108 Loan Debt Service | Public Improvement 2009 | 2017 Capital Refunding | Capital Improvement | Smith Drain |
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 377,274 | \$ 445,159 | \$ 322,889 | \$ 620,805 | \$ 69,183 | \$ 546,778 | \$ 941,261 |
| Investments | - | - | - | - | - | - | 450,000 | - |
| Receivables | 3,814 | - | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - | - | - | - |
| Total assets | \$ 3,814 | \$ 377,274 | \$ 445,159 | \$ 322,889 | \$ 620,805 | \$ 69,183 | \$ 996,778 | \$ 941,261 |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other governmental units | - | - | - | - | - | - | 36,915 | - |
| Due to component units | - | 37,501 | 47,385 | 66,846 | 73,069 | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - |
| Accrued liabilities and other | - | - | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - | - |
| Provision for property tax refunds | - | - | - | - | - | - | - | - |
| Total liabilities | - | 37,501 | 47,385 | 66,846 | 73,069 | - | 36,915 | - |
| Deferred Inflows of Resources | | | | | | | | |
| Total liabilities and deferred inflows of resources | - | 37,501 | 47,385 | 66,846 | 73,069 | - | 36,915 | - |
| Fund Balances | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted: | | | | | | | | |
| Roads | - | - | - | - | - | - | - | - |
| Drug law enforcement | - | - | - | - | - | - | - | - |
| Debt service | 3,814 | 339,773 | 397,774 | 256,043 | 547,736 | 69,183 | - | - |
| Storm water improvements | - | - | - | - | - | - | - | - |
| Dial-A-Ride services | - | - | - | - | - | - | - | - |
| Solid waste activities | - | - | - | - | - | - | - | - |
| 911 services | - | - | - | - | - | - | - | - |
| Drain improvements | - | - | - | - | - | - | - | 941,261 |
| Grant expenditures | - | - | - | - | - | - | - | - |
| Police and fire SAD | - | - | - | - | - | - | 362,000 | - |
| Committed - Capital projects | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | 597,863 | - |
| Total fund balances | 3,814 | 339,773 | 397,774 | 256,043 | 547,736 | 69,183 | 959,863 | 941,261 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,814 | \$ 377,274 | \$ 445,159 | \$ 322,889 | \$ 620,805 | \$ 69,183 | \$ 996,778 | \$ 941,261 |

March 31, 2020

| | Capital Project Funds | | |
|--|-------------------------------|---------------------|----------------------|
| | Court Building Improvement | Road Improvement | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 674,189 | \$ 295,958 | \$ 8,890,342 |
| Investments | 1,450,294 | - | 1,900,294 |
| Receivables | 14,792 | 5,729 | 516,168 |
| Prepaid expenses | - | - | 3,824 |
| Assets held for resale | - | - | 68,273 |
| Total assets | \$ 2,139,275 | \$ 301,687 | \$ 11,378,901 |
| Liabilities | | | |
| Accounts payable | \$ 747,634 | \$ - | \$ 779,320 |
| Due to other governmental units | - | - | 36,915 |
| Due to component units | - | - | 224,801 |
| Due to other funds | - | - | 86,102 |
| Accrued liabilities and other | - | - | 7,928 |
| Unearned revenue | - | - | 8,820 |
| Provision for property tax refunds | - | - | 51,027 |
| Total liabilities | 747,634 | - | 1,194,913 |
| Deferred Inflows of Resources | - | 6,470 | 397,745 |
| Total liabilities and deferred inflows of resources | 747,634 | 6,470 | 1,592,658 |
| Fund Balances | | | |
| Nonspendable | - | - | 3,824 |
| Restricted: | | | |
| Roads | - | 295,217 | 295,217 |
| Drug law enforcement | - | - | 918,643 |
| Debt service | - | - | 1,614,323 |
| Storm water improvements | - | - | 71,832 |
| Dial-A-Ride services | - | - | 484,811 |
| Solid waste activities | - | - | 2,280,551 |
| 911 services | - | - | 669,476 |
| Drain improvements | - | - | 941,261 |
| Grant expenditures | - | - | 154,801 |
| Police and fire SAD | - | - | 362,000 |
| Committed - Capital projects | 1,391,641 | - | 1,391,641 |
| Assigned | - | - | 597,863 |
| Total fund balances | 1,391,641 | 295,217 | 9,786,243 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,139,275 | \$ 301,687 | \$ 11,378,901 |

Charter Township of Redford

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

Year Ended March 31, 2020

| | Special Revenue Funds | | | | | | | | |
|--|-----------------------|-------------|----------------------|------------------------|-------------------|--------------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| | Dial-A-Ride | Home Grant | Drug Law Enforcement | Solid Waste Management | 911 Dispatch | Michigan Indigent Defense Commission | Neighborhood Stabilization Grant | Public Improvement - Storm Water | State and Local Narcotic Forfeitures |
| Revenue | | | | | | | | | |
| Property taxes | \$ 85,853 | \$ - | \$ - | \$ 178,958 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - | - | - | - |
| Intergovernmental: | | | | | | | | | |
| Federal grants | - | - | 14,147 | - | - | - | - | - | - |
| State-shared revenue and grants | 128,322 | 945 | - | 139,460 | 7,695 | 245,102 | - | - | 316,903 |
| Local grants and contributions | - | - | - | - | - | - | - | - | - |
| Charges for services | 14,575 | - | - | 3,359,754 | 233,306 | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - | - | - | - |
| Investment income | 7,665 | - | 8,555 | 10,436 | 9,219 | 2,252 | - | 1,190 | 13,347 |
| Other revenue - Other miscellaneous income | 35,791 | - | - | - | - | - | - | - | - |
| Total revenue | 272,206 | 945 | 22,702 | 3,688,608 | 250,220 | 247,354 | - | 1,190 | 330,250 |
| Expenditures | | | | | | | | | |
| Current services: | | | | | | | | | |
| District court | - | - | - | - | - | 298,660 | - | - | - |
| Public safety | - | - | 8,450 | - | 67,643 | - | - | - | 29,554 |
| Public works | 279,337 | - | - | 3,270,285 | - | - | - | - | - |
| Health and welfare | - | 945 | - | - | - | - | 20,435 | - | - |
| Capital outlay | - | - | - | - | - | - | - | - | 60,709 |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - |
| Total expenditures | 279,337 | 945 | 8,450 | 3,270,285 | 67,643 | 298,660 | 20,435 | - | 90,263 |
| Excess of Revenue (Under) Over Expenditures | (7,131) | - | 14,252 | 418,323 | 182,577 | (51,306) | (20,435) | 1,190 | 239,987 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | - | - | - | - | - | 51,485 | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Face value of debt issue | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | 51,485 | - | - | - |
| Net Change in Fund Balances | (7,131) | - | 14,252 | 418,323 | 182,577 | 179 | (20,435) | 1,190 | 239,987 |
| Fund Balances - Beginning of year | 494,765 | - | 502,843 | 1,862,228 | 487,900 | - | 175,057 | 70,642 | 161,561 |
| Fund Balances - End of year | \$ 487,634 | \$ - | \$ 517,095 | \$ 2,280,551 | \$ 670,477 | \$ 179 | \$ 154,622 | \$ 71,832 | \$ 401,548 |

Charter Township of Redford

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

Year Ended March 31, 2020

| | Debt Service Funds | | | | | Capital Project Funds | | |
|--|--------------------|-----------------------------|---------------------------------------|-------------------------------------|-------------------------------|---------------------------|------------------------|-------------------|
| | Police Station | Road Paving Debt Service | Public Improvement Debt Service | Section 108 Loan Debt Service | Public Improvement 2009 | 2017 Capital Refunding | Capital Improvement | Smith Drain |
| Revenue | | | | | | | | |
| Property taxes | \$ 835 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - | - | - |
| Intergovernmental: | | | | | | | | |
| Federal grants | - | - | - | - | - | - | - | - |
| State-shared revenue and grants | - | - | - | - | - | - | - | - |
| Local grants and contributions | - | 160,829 | 270,278 | 367,333 | 426,905 | 73,069 | - | - |
| Charges for services | - | - | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - | - | - |
| Investment income | - | 6,433 | 6,718 | 723 | 8,425 | 1,566 | 10,628 | 17,631 |
| Other revenue - Other miscellaneous income | - | - | - | - | - | - | - | - |
| Total revenue | 835 | 167,262 | 276,996 | 368,056 | 435,330 | 74,635 | 10,628 | 17,631 |
| Expenditures | | | | | | | | |
| Current services: | | | | | | | | |
| District court | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Principal | - | - | - | 305,000 | - | 886,701 | - | - |
| Interest and fiscal charges | - | - | - | 24,910 | - | 71,561 | - | - |
| Total expenditures | - | - | - | 329,910 | - | 958,262 | - | - |
| Excess of Revenue (Under) Over Expenditures | 835 | 167,262 | 276,996 | 38,146 | 435,330 | (883,627) | 10,628 | 17,631 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | - | - | 6,714 | 50,000 | 43,472 | 882,675 | 442,690 | - |
| Transfers out | - | (150,700) | (241,375) | - | (379,903) | - | - | - |
| Face value of debt issue | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | (150,700) | (234,661) | 50,000 | (336,431) | 882,675 | 442,690 | - |
| Net Change in Fund Balances | 835 | 16,562 | 42,335 | 88,146 | 98,899 | (952) | 453,318 | 17,631 |
| Fund Balances - Beginning of year | 2,979 | 323,211 | 355,439 | 167,897 | 448,837 | 70,135 | 506,545 | 923,630 |
| Fund Balances - End of year | \$ 3,814 | \$ 339,773 | \$ 397,774 | \$ 256,043 | \$ 547,736 | \$ 69,183 | \$ 959,863 | \$ 941,261 |

Charter Township of Redford

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

Year Ended March 31, 2020

| | Capital Project Funds | | |
|--|-------------------------------|---------------------|---------------------|
| | Court Building Improvement | Road Improvement | Total |
| Revenue | | | |
| Property taxes | \$ - | \$ - | \$ 265,646 |
| Special assessments | - | 51,400 | 51,400 |
| Intergovernmental: | | | |
| Federal grants | - | - | 14,147 |
| State-shared revenue and grants | - | 27,215 | 865,642 |
| Local grants and contributions | - | - | 1,298,414 |
| Charges for services | - | - | 3,607,635 |
| Fines and forfeitures | 158,707 | - | 158,707 |
| Investment income | 95,420 | 4,848 | 205,056 |
| Other revenue - Other miscellaneous income | - | - | 35,791 |
| Total revenue | 254,127 | 83,463 | 6,502,438 |
| Expenditures | | | |
| Current services: | | | |
| District court | - | - | 298,660 |
| Public safety | - | - | 105,647 |
| Public works | - | - | 3,549,622 |
| Health and welfare | - | - | 21,380 |
| Capital outlay | 3,920,862 | - | 3,981,571 |
| Debt service: | | | |
| Principal | - | - | 1,191,701 |
| Interest and fiscal charges | 9,788 | - | 106,259 |
| Total expenditures | 3,930,650 | - | 9,254,840 |
| Excess of Revenue (Under) Over Expenditures | (3,676,523) | 83,463 | (2,752,402) |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | - | 1,477,036 |
| Transfers out | - | (50,186) | (822,164) |
| Face value of debt issue | 1,000,000 | - | 1,000,000 |
| Total other financing sources (uses) | 1,000,000 | (50,186) | 1,654,872 |
| Net Change in Fund Balances | (2,676,523) | 33,277 | (1,097,530) |
| Fund Balances - Beginning of year | 4,068,164 | 261,940 | 10,883,773 |
| Fund Balances - End of year | \$ 1,391,641 | \$ 295,217 | \$ 9,786,243 |

Charter Township of Redford

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds

March 31, 2020

| | Golf Course Fund | Senior Housing Fund | Total Nonmajor Enterprise Funds |
|---------------------------------------|---------------------|------------------------|---------------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 1,316,369 | \$ 362,090 | \$ 1,678,459 |
| Receivables | - | 1,346 | 1,346 |
| Deposits | 7,107 | - | 7,107 |
| Prepaid expenses | - | 3,013 | 3,013 |
| Total current assets | 1,323,476 | 366,449 | 1,689,925 |
| Noncurrent assets - Capital assets | 1,939,406 | 2,644,375 | 4,583,781 |
| Total assets | 3,262,882 | 3,010,824 | 6,273,706 |
| Deferred Outflows of Resources | | | |
| Deferred pension costs | - | 30,616 | 30,616 |
| Deferred OPEB costs | - | 133,483 | 133,483 |
| Total deferred outflows of resources | - | 164,099 | 164,099 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 165,074 | 14,112 | 179,186 |
| Due to other funds | 173,930 | - | 173,930 |
| Accrued liabilities and other | - | 2,814 | 2,814 |
| Unearned revenue | 1,185 | - | 1,185 |
| Other liabilities | - | 55,424 | 55,424 |
| Total current liabilities | 340,189 | 72,350 | 412,539 |
| Noncurrent liabilities: | | | |
| Compensated absences | - | 50,708 | 50,708 |
| Net pension liability | - | 502,333 | 502,333 |
| Net OPEB liability | - | 764,538 | 764,538 |
| Total noncurrent liabilities | - | 1,317,579 | 1,317,579 |
| Total liabilities | 340,189 | 1,389,929 | 1,730,118 |
| Deferred Inflows of Resources | | | |
| Deferred pension cost reductions | - | 5,693 | 5,693 |
| Deferred OPEB cost reductions | - | 47,689 | 47,689 |
| Total deferred inflows of resources | - | 53,382 | 53,382 |
| Net Position | | | |
| Net investment in capital assets | 1,939,406 | 2,644,375 | 4,583,781 |
| Unrestricted | 983,287 | (912,763) | 70,524 |
| Total net position | \$ 2,922,693 | \$ 1,731,612 | \$ 4,654,305 |

Charter Township of Redford

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds

Year Ended March 31, 2020

| | Golf Course Fund | Senior Housing Fund | Total Nonmajor Enterprise Funds |
|---|---------------------|------------------------|---------------------------------------|
| Operating Revenue - Charges for services | \$ 1,217,119 | \$ 701,370 | \$ 1,918,489 |
| Operating Expenses | | | |
| General and administrative costs | - | 591,831 | 591,831 |
| Cost of services | 1,119,679 | - | 1,119,679 |
| Depreciation and amortization | 141,726 | 123,402 | 265,128 |
| Total operating expenses | 1,261,405 | 715,233 | 1,976,638 |
| Operating Loss | (44,286) | (13,863) | (58,149) |
| Nonoperating Revenue - Investment income | 24,138 | 6,394 | 30,532 |
| Change in Net Position | (20,148) | (7,469) | (27,617) |
| Net Position - Beginning of year | 2,942,841 | 1,739,081 | 4,681,922 |
| Net Position - End of year | <u>\$ 2,922,693</u> | <u>\$ 1,731,612</u> | <u>\$ 4,654,305</u> |

Charter Township of Redford

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds

Year Ended March 31, 2020

| | Golf Course Fund | Senior Housing Fund | Total Nonmajor Enterprise Funds |
|---|----------------------------|--------------------------|---------------------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 1,217,119 | \$ 701,370 | \$ 1,918,489 |
| Payments for interfund services and reimbursements | 10,578 | - | 10,578 |
| Payments to suppliers | (1,132,737) | (128,983) | (1,261,720) |
| Payments to employees | - | (229,295) | (229,295) |
| | <u>94,960</u> | <u>343,092</u> | <u>438,052</u> |
| Net cash and cash equivalents provided by operating activities | | | |
| Cash Flows Used in Financing Activities - Purchase of capital assets | (15,075) | (264,780) | (279,855) |
| Cash Flows Provided by Investing Activities - Interest received on investments | <u>24,138</u> | <u>6,394</u> | <u>30,532</u> |
| Net Increase in Cash and Cash Equivalents | 104,023 | 84,706 | 188,729 |
| Cash and Cash Equivalents - Beginning of year | <u>1,212,346</u> | <u>277,384</u> | <u>1,489,730</u> |
| Cash and Cash Equivalents - End of year | <u><u>\$ 1,316,369</u></u> | <u><u>\$ 362,090</u></u> | <u><u>\$ 1,678,459</u></u> |
| Classification of Cash and Cash Equivalents - Cash and investments | <u><u>\$ 1,316,369</u></u> | <u><u>\$ 362,090</u></u> | <u><u>\$ 1,678,459</u></u> |
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | | |
| Operating loss | \$ (44,286) | \$ (13,863) | \$ (58,149) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | | |
| Depreciation and amortization | 141,726 | 123,402 | 265,128 |
| Changes in assets and liabilities: | | | |
| Due to and from other funds | 10,578 | - | 10,578 |
| Prepaid and other assets | - | 687 | 687 |
| Net pension or OPEB liability | - | 220,087 | 220,087 |
| Accounts payable | (13,058) | 12,779 | (279) |
| | <u>139,246</u> | <u>356,955</u> | <u>496,201</u> |
| Total adjustments | | | |
| Net cash and cash equivalents provided by operating activities | <u><u>\$ 94,960</u></u> | <u><u>\$ 343,092</u></u> | <u><u>\$ 438,052</u></u> |

Charter Township of Redford

**Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds**

March 31, 2020

| | Self-insurance | Vehicle Maintenance Internal Service | Central Maintenance Internal Service | Total Internal Service Funds |
|---|---------------------|---|---|---------------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 1,960,016 | \$ 7,726 | \$ 9,057 | \$ 1,976,799 |
| Deposits | 2,508,546 | - | - | 2,508,546 |
| Total assets | 4,468,562 | 7,726 | 9,057 | 4,485,345 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 3,553 | 1,155 | 4,708 |
| Accrued liabilities and other | - | 4,173 | 7,902 | 12,075 |
| Total current liabilities | - | 7,726 | 9,057 | 16,783 |
| Noncurrent liabilities - Provision for claims | 1,573,395 | - | - | 1,573,395 |
| Total liabilities | 1,573,395 | 7,726 | 9,057 | 1,590,178 |
| Net Position - Unrestricted | \$ 2,895,167 | \$ - | \$ - | \$ 2,895,167 |

Charter Township of Redford

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended March 31, 2020

| | Self-insurance | Vehicle Maintenance Internal Service | Central Maintenance Internal Service | Total Internal Service Funds |
|--|---------------------|---|---|---------------------------------|
| Operating Revenue - Township contributions | \$ 939,111 | \$ 299,703 | \$ 330,170 | \$ 1,568,984 |
| Operating Expenses | | | | |
| Benefit payments, reinsurance charges, and claim administration | 1,343,954 | - | - | 1,343,954 |
| Cost of services | - | 299,703 | 330,170 | 629,873 |
| Total operating expenses | 1,343,954 | 299,703 | 330,170 | 1,973,827 |
| Operating Loss | (404,843) | - | - | (404,843) |
| Nonoperating Revenue - Investment income | 101,380 | - | - | 101,380 |
| Change in Net Position | (303,463) | - | - | (303,463) |
| Net Position - Beginning of year | 3,198,630 | - | - | 3,198,630 |
| Net Position - End of year | <u>\$ 2,895,167</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,895,167</u> |

Charter Township of Redford

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

Year Ended March 31, 2020

| | Self-insurance | Vehicle Maintenance Internal Service | Central Maintenance Internal Service | Total Internal Service Funds |
|--|---------------------|---|---|---------------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from interfund services and reimbursements | \$ 939,111 | \$ 299,703 | \$ 330,170 | \$ 1,568,984 |
| Payments to suppliers | - | (52,952) | (8,216) | (61,168) |
| Payments to employees and fringes | - | (253,547) | (321,950) | (575,497) |
| Claims paid | (1,012,926) | - | - | (1,012,926) |
| Other receipts | 6,782 | - | - | 6,782 |
| Net cash and cash equivalents (used in) provided by operating activities | (67,033) | (6,796) | 4 | (73,825) |
| Cash Flows Provided by Investing Activities - | | | | |
| Interest received on investments | 101,380 | - | - | 101,380 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 34,347 | (6,796) | 4 | 27,555 |
| Cash and Cash Equivalents - Beginning of year | 1,925,669 | 14,522 | 9,053 | 1,949,244 |
| Cash and Cash Equivalents - End of year | \$ 1,960,016 | \$ 7,726 | \$ 9,057 | \$ 1,976,799 |
| Classification of Cash and Cash Equivalents - Cash and investments | \$ 1,960,016 | \$ 7,726 | \$ 9,057 | \$ 1,976,799 |
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | | | |
| Operating loss | \$ (404,843) | \$ - | \$ - | \$ (404,843) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | | | |
| Changes in assets and liabilities: | | | | |
| Receivables | 6,782 | - | - | 6,782 |
| Net pension or OPEB liability | - | 731 | 1,796 | 2,527 |
| Accounts payable | - | (7,527) | (1,792) | (9,319) |
| Estimated claims liability | 331,028 | - | - | 331,028 |
| Total adjustments | 337,810 | (6,796) | 4 | 331,018 |
| Net cash and cash equivalents (used in) provided by operating activities | \$ (67,033) | \$ (6,796) | \$ 4 | \$ (73,825) |

Charter Township of Redford

**Other Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds**

March 31, 2020

| | Police and Fire Pension Trust Fund | Police and Fire OPEB Trust Fund | General Employees' OPEB Trust Fund | Total Pension and OPEB Funds |
|--|--|---------------------------------------|---|------------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 6,675,757 | \$ 1,000,000 | \$ - | \$ 7,675,757 |
| Investments: | | | | |
| U.S. government securities | 381,197 | - | - | 381,197 |
| Agency securities | 3,647,686 | - | - | 3,647,686 |
| Closely held - Equity | 5,295,911 | - | - | 5,295,911 |
| Mutual funds | 12,190,213 | 692,799 | - | 12,883,012 |
| Stocks | 16,762,340 | - | - | 16,762,340 |
| Bonds | 6,590,301 | - | - | 6,590,301 |
| Real estate investment trust | 51,097 | - | - | 51,097 |
| Short-term funds (2a7-like) | - | 3,945,054 | 2,522,817 | 6,467,871 |
| CIF - Equity | 7,833,132 | - | - | 7,833,132 |
| Receivables | 105,046 | 35,992 | - | 141,038 |
| Total assets | <u>59,532,680</u> | <u>5,673,845</u> | <u>2,522,817</u> | <u>67,729,342</u> |
| Liabilities | | | | |
| Accounts payable | 63,890 | 4,878 | - | 68,768 |
| Due to primary government | 519,847 | 690,037 | 68 | 1,209,952 |
| Other liabilities | 37,391 | - | - | 37,391 |
| Total liabilities | <u>621,128</u> | <u>694,915</u> | <u>68</u> | <u>1,316,111</u> |
| Net Position - Restricted for pension and other employee benefits | <u>\$ 58,911,552</u> | <u>\$ 4,978,930</u> | <u>\$ 2,522,749</u> | <u>\$ 66,413,231</u> |

Charter Township of Redford

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended March 31, 2020

| | Police and Fire Pension Trust Fund | Police and Fire OPEB Trust Fund | General Employees' OPEB Trust Fund | Total Pension and OPEB Funds |
|--|--|---------------------------------------|---|------------------------------------|
| Additions | | | | |
| Investment income (loss): | | | | |
| Interest and dividends | \$ 1,110,716 | \$ 40,590 | \$ 40,072 | \$ 1,191,378 |
| Net decrease in fair value of investments | (2,781,314) | (64,293) | - | (2,845,607) |
| Investment-related expenses | (268,186) | - | - | (268,186) |
| Net investment (loss) income | (1,938,784) | (23,703) | 40,072 | (1,922,415) |
| Contributions | 6,969,064 | 2,842,786 | 2,110,241 | 11,922,091 |
| Total additions | 5,030,280 | 2,819,083 | 2,150,313 | 9,999,676 |
| Deductions | | | | |
| Benefit payments | 8,555,948 | 2,094,031 | 1,810,241 | 12,460,220 |
| Refunds and withdrawals | 101,315 | - | - | 101,315 |
| Deferred retirement option plan expenses | 635,572 | - | - | 635,572 |
| Administrative expenses | 79,218 | 18,194 | 17,443 | 114,855 |
| Total deductions | 9,372,053 | 2,112,225 | 1,827,684 | 13,311,962 |
| Net (Decrease) Increase in Net Position | (4,341,773) | 706,858 | 322,629 | (3,312,286) |
| Net Position Restricted for Pension and Other Employee Benefits - Beginning of year | 63,253,325 | 4,272,072 | 2,200,120 | 69,725,517 |
| Net Position Restricted for Pension and Other Employee Benefits - End of year | <u>\$ 58,911,552</u> | <u>\$ 4,978,930</u> | <u>\$ 2,522,749</u> | <u>\$ 66,413,231</u> |