

*Charter Township of Oshtemo  
Kalamazoo County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended December 31, 2014*

---

	<i>Page</i>
<b>INDEPENDENT AUDITORS' REPORT</b>	3 - 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 - 10
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net position	11
Statement of activities	12
Fund financial statements:	
Balance sheet - governmental funds	13
Statement of revenues, expenditures, and changes in fund balances - governmental funds	14 - 15
Statement of fiduciary assets and liabilities	16
Statement of changes in fiduciary assets and liabilities	17
Notes to financial statements	18 - 31
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedules:	
General Fund	32 - 33
Fire Fund	34
Police Fund	35
Parks Fund	36
Schedule of funding progress for the postemployment healthcare plan	37
<b>SUPPLEMENTARY INFORMATION</b>	
Combining balance sheet - nonmajor governmental funds	38
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	39
Balance sheet - component unit	40
Statement of revenues, expenditures, and change in fund balance - component unit	41
Budgetary comparison schedule - Downtown Development Authority - component unit	42

# SEBER TANS, PLC

## CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT

Members of the Township Board  
Charter Township of Oshtemo, Kalamazoo County, Michigan

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

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

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

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 32 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Seber Tans, PLC*

Seber Tans, PLC  
Kalamazoo, Michigan  
June 16, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$1,763,154 (7 percent) as a result of this year's activities.
- Of the \$26,051,164 total net position reported, \$7,059,696 (27 percent) is unrestricted.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$2,857,914, which represents 125 percent of the actual total General Fund expenditures for the current fiscal year.

### **Overview of the financial statements**

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

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

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

A comparative analysis of the basic financial statements for 2014 and 2013 is also presented.

### **Government-wide financial statements**

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

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

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

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

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

**Fund financial statements**

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

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

The Township has two types of funds:

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

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net position**

Total net position at the end of the fiscal year was \$26,051,164. Of this total, \$16,635,869 is invested in capital assets, \$2,355,599 is restricted for public safety, and \$7,059,696 is unrestricted.

*Condensed financial information  
Net position*

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 13,155,035	\$ 12,841,867
Capital assets	<u>16,670,869</u>	<u>15,532,369</u>
Total assets	<u>29,825,904</u>	<u>28,374,236</u>
Current and other liabilities	567,155	2,956,619
Long-term debt	<u>70,150</u>	<u>96,650</u>
Total liabilities	<u>637,305</u>	<u>3,053,269</u>
Deferred inflows of resources	<u>3,137,435</u>	<u>1,032,957</u>
Net position:		
Net investment in capital assets	16,635,869	15,462,369
Restricted	2,355,599	2,294,716
Unrestricted	<u>7,059,696</u>	<u>6,530,925</u>
Total net position	<u>\$ 26,051,164</u>	<u>\$ 24,288,010</u>



**Changes in net position**

The Township's total revenues were \$6,817,078. For 2014, charges for services were 57 percent of the Township's revenues, 25 percent comes from state grants, and 10 percent comes from property taxes.

The total cost of the Township's programs and services was \$5,053,924. Approximately 52 percent of the Township's costs are related to public safety activities, general government is 29 percent, and public works is 11 percent of expenses.

*Condensed financial information  
Changes in net position*

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 3,874,930	\$ 2,970,650
Operating grants	13,203	13,711
Capital grants	287,138	56,031
General revenues:		
Property taxes	684,160	680,225
State grants	1,687,056	1,613,541
Franchise fees	247,864	200,859
Investment income	22,727	26,461
	<u>6,817,078</u>	<u>5,561,478</u>
Total revenues		
Expenses:		
General government	1,452,876	1,401,161
Public safety	2,645,569	2,404,243
Public works	563,436	481,017
Community and economic development	220,644	211,783
Culture and recreation	171,399	148,027
	<u>5,053,924</u>	<u>4,646,231</u>
Total expenses		
Changes in net position	<u>\$ 1,763,154</u>	<u>\$ 915,247</u>
Net position, end of year	<u>\$ 26,051,164</u>	<u>\$ 24,288,010</u>

**Governmental activities**

The \$1,763,154 increase in net position for 2014 is almost double the \$915,247 increase in the prior year. The increase can be attributed to an increase in charges for services, primarily related to an increase in police assessments of approximately \$611,000 and an increase of capital and state grants during the current fiscal year.

The total cost of governmental activities this year was \$5,053,924. After subtracting the direct charges to those who directly benefited from the programs (\$3,874,930) and operating and capital grants (\$300,341), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$878,653.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Governmental funds**

As of the end of the current year, the Township's governmental funds reported combined ending fund balances of \$9,303,315, an increase of \$650,353 from last year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$211,565 during the year, as revenues of \$2,925,553 exceeded current expenditures of \$2,289,307 and transfers to other funds of \$424,681. The fund balance was \$4,965,237 at the end of the year.

The Fire Fund experienced an increase in fund balance of \$65,161 for 2014, as revenues of \$1,705,163 and a transfer from the General Fund of \$6,000 exceeded current expenditures of \$1,646,002. The ending fund balance was \$1,818,719.

The Police Fund experienced a \$366,745 increase in fund balance, which reflects police service expenditures of \$997,154 that were less than combined revenues of \$1,285,605 and a transfer of \$78,294 from the General Fund. The fund balance at the end of the year was \$630,402.

The Parks Fund experienced a \$265,049 decrease in fund balance for 2014, as revenues of \$291,529 and a transfer from the General Fund of \$337,535, were not sufficient to cover current year's expenditures of \$894,113. The fund balance at the end of the year was \$1,550.

**General Fund budgetary highlights**

The Township amended the General Fund revenues and expenditures budgets for anticipated increases in both revenues and expenditures. Total revenues were \$92,987 greater than anticipated, primarily due to unanticipated license and permit revenues that exceeded the budget by nearly \$85,000. Total expenditures were \$805,792 less than the amounts appropriated, primarily due to general government costs that were \$223,311 less than projected and capital outlay costs that were \$543,533 less than expected due to projects not occurring in the current year that were planned. Transfers to other funds were \$42,000 higher than budgeted.

These variances resulted in a positive budget variance of \$856,779, with a \$211,565 increase in fund balance compared to a budget that anticipated a \$645,214 decrease in fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The Township's investment in capital assets as of December 31, 2014, was \$16,670,869 (net of accumulated depreciation). This investment includes buildings and improvements, equipment and vehicles, and sewer, water, and road infrastructure. The \$1,138,500 increase in the Township's investment in capital assets for the current fiscal year includes \$1,806,469 in capital asset additions, less \$667,969 in depreciation for the year.

Major capital asset additions during the current fiscal year include:

- \$657,578 for park improvements
- \$441,252 for roads, drains, and water and sewer infrastructure costs
- \$261,672 for a non-motorized path
- \$192,309 for fire equipment
- \$148,126 for land purchases
- \$75,110 for playground equipment
- \$30,422 for a new tractor

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

**Debt**

The Township's long-term obligations, totaling \$70,150, include a \$35,000 balance remaining on a three-year land contract for a park land acquisition and \$35,150 in accrued compensated absences.

More detailed information about the Township's noncurrent liabilities is presented in Note 8 of the notes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Property tax appeals and resultant reductions have continued over the past few years and are likely to be ongoing. No significant changes are planned in the types of services to be provided or in related levels of expenditures for continuing operations during the upcoming year.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

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

Libby Heiny-Cogswell, Supervisor  
Charter Township of Oshtemo  
7275 West Main Street  
Oshtemo, MI 49009

Phone: (269) 375-4260

## **BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**

December 31, 2014

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 9,345,544	\$ 567,940
Investments	1,070,083	-
Beneficial interest of assets held at foundation	22,958	-
Receivables, net	<u>2,530,228</u>	<u>40,699</u>
Total current assets	<u>12,968,813</u>	<u>608,639</u>
Noncurrent assets:		
Receivables, net	186,222	-
Capital assets not being depreciated	576,742	293,595
Capital assets, net of accumulated depreciation	<u>16,094,127</u>	<u>-</u>
Total noncurrent assets	<u>16,857,091</u>	<u>293,595</u>
Total assets	<u>29,825,904</u>	<u>902,234</u>
<b>LIABILITIES</b>		
Current liabilities:		
Payables	364,750	100
Long-term debt	35,000	-
Unearned operating assessment revenues	<u>202,405</u>	<u>-</u>
Total current liabilities	602,155	100
Noncurrent liabilities:		
Long-term obligations	<u>35,150</u>	<u>-</u>
Total liabilities	<u>637,305</u>	<u>100</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax revenues levied for the subsequent year	703,893	53,099
Special assessment levied for the subsequent year	<u>2,433,542</u>	<u>-</u>
Total deferred inflows of resources	<u>3,137,435</u>	<u>53,099</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,635,869	293,595
Restricted for public safety	2,355,599	-
Unrestricted	<u>7,059,696</u>	<u>555,440</u>
Total net position	<u>\$ 26,051,164</u>	<u>\$ 849,035</u>

See notes to financial statements

**STATEMENT OF ACTIVITIES**

Year ended December 31, 2014

					<u>Net (expenses) revenues and changes in net position</u>	
	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>	<u>Component unit</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>		<u>Capital grants and contributions</u>	<u>Downtown Development Authority</u>
<b>Functions/Programs</b>						
Governmental activities:						
General government	\$ 1,452,876	\$ 74,064	\$ -	\$ -	\$ (1,378,812)	
Public safety	2,645,569	2,985,628	-	-	340,059	
Public works	563,436	743,667	13,203	19,503	212,937	
Community and economic development	220,644	53,188	-	-	(167,456)	
Culture and recreation	171,399	18,383	-	267,635	114,619	
Total governmental activities	<u>5,053,924</u>	<u>3,874,930</u>	<u>13,203</u>	<u>287,138</u>	<u>(878,653)</u>	
Component unit:						
Downtown Development Authority	<u>\$ 16,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,522)</u>	
General revenues:						
Taxes				684,160	112,784	
State grants				1,687,056	-	
Franchise fees				247,864	-	
Investment income				22,727	1,078	
Total general revenues				<u>2,641,807</u>	<u>113,862</u>	
Changes in net position				1,763,154	97,340	
Net position - beginning				<u>24,288,010</u>	<u>751,695</u>	
Net position - ending				<u>\$ 26,051,164</u>	<u>\$ 849,035</u>	

See notes to financial statements

Charter Township of Oshtemo

**BALANCE SHEET - governmental funds**

December 31, 2014

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Parks</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>						
Cash	\$ 3,961,586	\$ 2,643,277	\$ 826,667	\$ 67,294	\$ 1,846,720	\$ 9,345,544
Investments	1,070,083	-	-	-	-	1,070,083
Beneficial interest of assets held at foundation	-	-	-	22,958	-	22,958
Receivables	<u>1,068,743</u>	<u>950,882</u>	<u>506,373</u>	<u>-</u>	<u>190,452</u>	<u>2,716,450</u>
Total assets	<u>\$ 6,100,412</u>	<u>\$ 3,594,159</u>	<u>\$ 1,333,040</u>	<u>\$ 90,252</u>	<u>\$ 2,037,172</u>	<u>\$ 13,155,035</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Payables	\$ 228,877	\$ 43,565	\$ 971	\$ 88,702	\$ 2,635	\$ 364,750
Unearned operating special assessment revenues	<u>202,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,405</u>
Total liabilities	<u>431,282</u>	<u>43,565</u>	<u>971</u>	<u>88,702</u>	<u>2,635</u>	<u>567,155</u>
Deferred inflows of resources:						
Property tax revenues levied for the subsequent year	703,893	-	-	-	-	703,893
Special assessment levied for the subsequent year	-	1,731,875	701,667	-	-	2,433,542
Unavailable special assessment revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,130</u>	<u>147,130</u>
Total deferred inflows of resources	<u>703,893</u>	<u>1,731,875</u>	<u>701,667</u>	<u>-</u>	<u>147,130</u>	<u>3,284,565</u>
Fund balances:						
Nonspendable for long-term advance	57,793	-	-	-	-	57,793
Restricted for public safety	542,530	1,818,719	-	-	-	2,361,249
Assigned for public safety	-	-	630,402	-	-	630,402
Assigned for public works	-	-	-	-	1,887,407	1,887,407
Assigned for culture and recreation	-	-	-	1,550	-	1,550
Assigned for subsequent year expenditures	1,507,000	-	-	-	-	1,507,000
Unassigned	<u>2,857,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,857,914</u>
Total fund balances	<u>4,965,237</u>	<u>1,818,719</u>	<u>630,402</u>	<u>1,550</u>	<u>1,887,407</u>	<u>9,303,315</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,100,412</u>	<u>\$ 3,594,159</u>	<u>\$ 1,333,040</u>	<u>\$ 90,252</u>	<u>\$ 2,037,172</u>	<u>\$ 13,155,035</u>

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

Total fund balance - total governmental funds \$ 9,303,315

Amounts reported for *governmental activities* in the statement of net position (page 11) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 16,670,869

Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences (35,150)

Contract payable (35,000)

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds. 147,130

Net position of *governmental activities* \$ 26,051,164

See notes to financial statements

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

Year ended December 31, 2014

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Parks</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>						
Taxes	\$ 708,801	\$ -	\$ -	\$ -	\$ -	\$ 708,801
Licenses and permits	301,200	-	-	-	-	301,200
State grants	1,719,762	-	-	253,275	-	1,973,037
Charges for services	42,097	22,661	18,144	-	581,905	664,807
Fines and forfeitures	-	-	73,932	-	-	73,932
Interest and rentals	9,402	3,875	1,265	23,894	13,395	51,831
Other	144,291	1,678,627	1,192,264	14,360	38,109	3,067,651
<b>Total revenues</b>	<u>2,925,553</u>	<u>1,705,163</u>	<u>1,285,605</u>	<u>291,529</u>	<u>633,409</u>	<u>6,841,259</u>
<b>EXPENDITURES</b>						
General government	1,278,520	-	-	-	-	1,278,520
Public safety	4,219	1,346,545	970,736	-	-	2,321,500
Public works	376,377	-	-	-	364,330	740,707
Community and economic development	219,744	-	-	-	-	219,744
Culture and recreation	-	-	-	106,702	-	106,702
Capital outlay	410,447	299,457	26,418	752,411	-	1,488,733
Debt service	-	-	-	35,000	-	35,000
<b>Total expenditures</b>	<u>2,289,307</u>	<u>1,646,002</u>	<u>997,154</u>	<u>894,113</u>	<u>364,330</u>	<u>6,190,906</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>636,246</u>	<u>59,161</u>	<u>288,451</u>	<u>(602,584)</u>	<u>269,079</u>	<u>650,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	6,000	78,294	337,535	2,852	424,681
Transfers out	(424,681)	-	-	-	-	(424,681)
<b>Net other financing sources (uses)</b>	<u>(424,681)</u>	<u>6,000</u>	<u>78,294</u>	<u>337,535</u>	<u>2,852</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>211,565</u>	<u>65,161</u>	<u>366,745</u>	<u>(265,049)</u>	<u>271,931</u>	<u>650,353</u>
<b>FUND BALANCES - BEGINNING</b>	<u>4,753,672</u>	<u>1,753,558</u>	<u>263,657</u>	<u>266,599</u>	<u>1,615,476</u>	<u>8,652,962</u>
<b>FUND BALANCES - ENDING</b>	<u>\$4,965,237</u>	<u>\$1,818,719</u>	<u>\$ 630,402</u>	<u>\$ 1,550</u>	<u>\$ 1,887,407</u>	<u>\$ 9,303,315</u>

1	542,530.03 +
2	4,422,707.34 +
Total (2Items )	4,965,237.37 T

1	855,180.09 +
2	963,538.46 +
Total (2Items )	1,818,718.55 T

1	5,510.88 +
2	3,960.96 -
Total (2Items )	1,549.92 T



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

Year ended December 31, 2014

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

Net change in fund balance - total governmental funds (page 14) \$ 650,353

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

Capital assets:

Assets acquired 1,806,469  
Provision for depreciation (667,969)

Long-term obligations:

Loan payment 35,000  
Net change in liability for compensated absences (8,500)

Changes in other assets/liabilities:

Net decrease in OPEB assets (28,018)  
Net decrease in deferred revenue (24,181)

Change in net position of *governmental activities* \$ 1,763,154

*Charter Township of Oshtemo*

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

*December 31, 2014*

	<u><i>Retiree Medical Trust</i></u>	<u><i>Agency</i></u>
<b>ASSETS</b>		
Cash	\$ -	\$ 496,522
Investments	<u>251,912</u>	<u>-</u>
Total assets	<u>\$ 251,912</u>	<u>\$ 496,522</u>
<b>LIABILITIES</b>		
Due to others	<u>\$ 100,675</u>	<u>\$ 496,522</u>
<b>NET POSITION</b>		
Held in trust for retirees' health benefits	<u>\$ 151,237</u>	

*See notes to financial statements*

*Charter Township of Oshtemo*

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**

*December 31, 2014*

	<u><i>Retiree Medical Trust</i></u>
<b>ADDITIONS</b>	
Investment return	\$ 13,547
<b>DEDUCTIONS</b>	
Benefits paid	<u>82,584</u>
<b>NET DECREASE</b>	(69,037)
<b>NET POSITION</b>	
Beginning	<u>220,274</u>
Ending	<u><u>\$ 151,237</u></u>

*See notes to financial statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*Reporting entity:*

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

*Discretely presented component unit - Downtown Development Authority*

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

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

The Township reports the following major governmental funds:

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

The Fire Fund accounts for financial resources used for fire protection. Revenues are primarily derived from special assessments.

The Police Fund accounts for financial resources used for police protection. Revenues are primarily derived from special assessments.

The Parks Fund accounts for financial resources used for recreational park facilities improvements and maintenance. Revenues are primarily derived from donations and grants.

Additionally, the Township reports the following fiduciary fund types:

The Agency Fund accounts for the collection and disbursement of taxes and other monies due to other units of government and individuals. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Retiree Medical Trust Fund accounts for assets held to provide medical benefits to eligible retiree participants and their dependents.

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

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

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

*Investments* - Investments are reported at fair value.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial, individual cost of greater than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

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

Land improvements	15 - 30 years
Buildings and improvements	15 - 60 years
Equipment	3 - 7 years
Infrastructure	10 - 50 years

*Unearned revenue* - Unearned revenue represents resources related to operating assessments which have not yet been earned.

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

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

*Fund equity* - In the fund financial statements, governmental funds report nonspendable fund balances for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balances. Unassigned fund balances are the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

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

*Property tax revenue recognition* - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township’s 2013 ad valorem tax is levied and collectible on December 1, 2013, it is the Township’s policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

<u>Fund</u>	<u>Function</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
General	Other financing uses - transfer to Parks Fund	\$ 295,535	\$ 337,535	\$ 42,000

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments, as presented in the accompanying financial statements, consisted of the following:

	<u>Primary government: Governmental activities</u>	<u>Component unit</u>	<u>Fiduciary activities</u>	<u>Totals</u>
Cash	\$ 9,345,544	\$ 567,940	\$ 496,522	\$ 10,410,006
Investments	<u>1,070,083</u>	<u>-</u>	<u>251,912</u>	<u>1,321,995</u>
	<u>\$ 10,415,627</u>	<u>\$ 567,940</u>	<u>\$ 748,434</u>	<u>\$ 11,732,001</u>

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

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. At December 31, 2014, \$11,969,578 of the Township’s bank balances of \$15,469,578 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

*Investments, primary government and component unit* - State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) qualified investment pools. At December 31, 2014, investments consisted solely of Cooperative Liquid Assets Securities System - Michigan (CLASS), a local investment pool established under Michigan state statutes for participating Michigan municipalities. This pool is not subject to regulatory oversight and is not registered with the SEC. The fair value of the City's position in the pool is the same as the value of its pool shares. The pool is rated AAAM by Standard and Poor's, and, the pool issues a separate report, which is available at 15309 Meadowwood Drive, Grand Haven, Michigan, 49417.

The Township's investments are subject to several types of risk, which are discussed below:

*Custodial credit risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State statutes and the Township's investment policy do not contain requirements that would limit the exposure to custodial credit risk for investments. At year end, the investment securities were uninsured and unregistered and held by the two separate broker-dealers (counterparty) that purchased the securities for the Township.

*Credit risk.* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in mutual funds and qualified investment pools are not considered to have credit risk.

*Concentration of credit risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of the Township's investment in a single holding. The Township's investment policy places no limitations on the amount that can be invested in any one issuer.

*Interest rate risk.* Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment's fair value due to changes in market interest rates. The Township's investment policy has no specific limitations with respect to maturities of investments.

*Investments, retiree health plan* - The investments of the Township's other postemployment benefit (OPEB) trust fund are maintained separately from the Township's pooled cash and investment, and, are subject to separate investment policies and State statutes. Accordingly, the required disclosures for the OPEB trust fund investments are presented separately.



**NOTE 3 - CASH AND INVESTMENTS (Continued)**

The Michigan Public Employees Retirement Systems’ Investment Act, Public Act 314 of 1965, as amended, authorizes the other postemployment benefit trust to invest in stocks, governmental and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitation. The Township Board has the responsibility and authority to oversee the investment portfolio. The Township has contracted the Michigan Municipal Employees’ Retirement System (MERS) to assist in managing the OPEB trust fund’s assets. The investments are held by MERS, within its Retiree Health Funding Vehicle (RHFV), an employer savings trust that allows employers to advance fund their retiree healthcare liability. As a governmental plan, MERS is exempted by state and federal law from registration with the SEC. The funds held consist of portfolios of assets, in separate accounts, in a collective trust. Specific fund holdings at December 31, 2014 consisted of the following:

MERS Total Market Portfolio	\$	126,514
MERS Est Market Portfolio		<u>125,398</u>
	\$	<u><u>251,912</u></u>

*Custodial credit risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State statutes and the Township’s OPEB investment policy require that investment securities be held in trust by a third-party institution, in the name of the benefit trust. The RHFV fund holdings are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical form.

*Credit risk.* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in mutual funds and qualified investment pools, including those within the RHFV, are not considered to have credit risk.

*Concentration of credit risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of the Township’s investment in a single holding. The Township’s OPEB investment policy places no limitations on the amount that can be invested in any one issuer.

*Interest rate risk.* Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment’s fair value due to changes in market interest rates. The Township’s OPEB investment policy has no specific limitations with respect to maturities of investments. The RHFV holdings have no maturities.

**NOTE 4 - RECEIVABLES**

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

<u>Fund</u>	<u>Property taxes</u>	<u>Accounts</u>	<u>Special assessments</u>	<u>Inter-governmental</u>	<u>Totals</u>
<i>Primary government:</i>					
<i>Governmental:</i>					
General	\$ 500,191	\$ 167,646	\$ 36,038	\$ 364,868	\$ 1,068,743
Fire	-	-	950,882	-	950,882
Police	-	-	506,373	-	506,373
Nonmajor funds	-	-	163,416	27,036	190,452
Total governmental funds	<u>\$ 500,191</u>	<u>\$ 167,646</u>	<u>\$ 1,656,709</u>	<u>\$ 391,904</u>	<u>\$ 2,716,450</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,429</u>	<u>\$ 57,793</u>	<u>\$ 186,222</u>
<i>Component unit:</i>					
Downtown Development Authority	<u>\$ -</u>	<u>\$ 40,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,699</u>

All receivables are considered fully collectible.

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATION**

The amount shown as beneficial interest in assets held by foundation represents monies placed with the Kalamazoo Community Foundation (the Foundation) by the Township, specifying itself as the beneficiary. The Foundation maintains conditional variance power and legal ownership of such funds and, as such, continues to report the funds as assets of the Foundation, with a corresponding liability, agency endowment fund. The Township reports this asset at the present value of future payments expected to be received.

The Foundation also holds monies, placed by donors for the benefit of the Township’s parks and recreation activities, to generate investment return that, based on the Foundation’s spending guidelines, can be made available to the Township. Such monies are not considered assets of the Township. At December 31, 2014, the Foundation held \$259,857 in this account.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS**

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 428,616	\$ 148,126	\$ -	\$ 576,742
Capital assets being depreciated:				
Buildings and improvements	6,796,663	75,110	-	6,871,773
Equipment	1,387,197	222,731	(144,553)	1,465,375
Vehicles	2,708,955	-	-	2,708,955
Infrastructure	9,479,017	1,360,502	-	10,839,519
Subtotal	<u>20,371,832</u>	<u>1,658,343</u>	<u>(144,553)</u>	<u>21,885,622</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,112,517)	(187,941)	-	(2,300,458)
Equipment	(961,794)	(95,984)	144,553	(913,225)
Vehicles	(948,561)	(134,669)	-	(1,083,230)
Infrastructure	(1,245,207)	(249,375)	-	(1,494,582)
Subtotal	<u>(5,268,079)</u>	<u>(667,969)</u>	<u>144,553</u>	<u>(5,791,495)</u>
Total capital assets being depreciated, net	<u>15,103,753</u>	<u>990,374</u>	<u>-</u>	<u>16,094,127</u>
Governmental activities capital assets, net	<u>\$ 15,532,369</u>	<u>\$ 1,138,500</u>	<u>\$ -</u>	<u>\$ 16,670,869</u>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 114,319
Public safety	253,687
Public works	247,747
Culture and recreation	<u>52,216</u>
 Total	 <u>\$ 667,969</u>

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Component unit - DDA:				
Capital assets not being depreciated - land	\$ -	\$ 293,595	\$ -	\$ 293,595

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - PAYABLES**

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

<i>Fund</i>	<i>Accounts</i>	<i>Accrued liabilities</i>	<i>Deposits</i>	<i>Totals</i>
Primary government:				
Governmental:				
General	\$ 98,339	\$ 32,789	\$ 97,749	\$ 228,877
Fire	19,961	23,604	-	43,565
Police	100	871	-	971
Parks	88,576	126	-	88,702
Other governmental funds	<u>2,635</u>	<u>-</u>	<u>-</u>	<u>2,635</u>
Total governmental funds	<u>\$ 209,611</u>	<u>\$ 57,390</u>	<u>\$ 97,749</u>	<u>\$ 364,750</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

Long-term obligation activity (excluding postemployment benefits other than pensions) for the year ended December 31, 2014, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
Compensated absences	\$ 26,650	\$ 95,160	\$ (86,660)	\$ 35,150	\$ -
Land contract payable	<u>70,000</u>	<u>-</u>	<u>(35,000)</u>	<u>35,000</u>	<u>35,000</u>
Total long-term obligations	<u>\$ 96,650</u>	<u>\$ 95,160</u>	<u>\$ (121,660)</u>	<u>\$ 70,150</u>	<u>\$ 35,000</u>

The 2012 land contract is payable in three annual payments of \$35,000, at zero interest; final payment is due June 2015.

**NOTE 9 - PROPERTY TAXES**

The 2013 taxable valuation of the Township approximated \$713,769,000, on which ad valorem taxes levied consisted of 0.9765 mills for operating purposes, raising approximately \$697,000. This amount is recognized in the General Fund financial statements as property tax revenue.

The 2014 taxable valuation of the Township approximated \$719,781,000, on which ad valorem taxes levied consisted of 0.9765 mills for operating purposes, raising approximately \$703,000. This amount is recognized in the General Fund financial statements as deferred inflows, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

**NOTE 10 - DEFINED CONTRIBUTION AND MONEY PURCHASE PLAN**

The Township maintains a non-contributory defined contribution plan (Township of Oshtemo Group Pension Plan) through which it provides pension benefits to its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Eligible employees may begin participating on the date the plan started, or on the first day of the month coincident with, or immediately following, their date of employment, if later. The plan covers all full-time employees and paid on call firefighters. The plan is administered by an insurance company.

The Township contributed 4% of the annual compensation for elected officials and eligible full-time employees. The Township also matches voluntary contributions made by officials, full-time employees, and permanent part-time employees, up to a limit of 4%. All of the Township's contributions for participating full-time employees and officials (and interest allocated to the participants' accounts) are fully vested after two years of continuous service. The Township's contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Township's current period contribution requirement. Township contributions for paid on-call firefighters were 10%. The Township's contributions for firefighters vest immediately. The Township made required and matching contributions in the amount of \$125,787 for 2014. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 11 - DEFINED BENEFIT POSTEMPLOYMENT HEALTHCARE PLAN**

*Plan description:*

The Township administers a single-employer defined benefit healthcare plan, which only covers retired members. The plan provides lifetime healthcare insurance for eligible retirees and their spouses for the life of the retiree. Plan expenses consist of reimbursement of individual policy premiums. Five individuals are eligible for post-employment health benefits under the current plan. The retiree health plan does not issue a publicly available financial report.

*Funding policy:*

The Township has the authority to establish the funding policy and to amend the obligations of both the Township and members.

For the year ended December 31, 2014, the Township contributed \$82,584 to the plan; no retiree contributions to fund future benefits were required.

**NOTE 11 - DEFINED BENEFIT POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

*Annual OPEB cost and net OPEB obligation:*

Through December 31, 2014, the Township's annual other postemployment benefit (OPEB) cost (expense) was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, was projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following schedule shows the components of the Township's annual OPEB cost for the year ended December 31, 2014, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ -
Interest on net OPEB obligation	7,691
ARC adjustment	<u>102,911</u>
Net OPEB cost (benefit)	110,602
Contributions made	<u>(82,584)</u>
Change in net OPEB obligation	28,018
Net OPEB obligation (asset) - beginning of year	<u>(28,018)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ -</u></u>

The annual required contribution adjustment reflects the elimination of normal costs related to ongoing employment, unfunded actuarial liabilities, and projected future cost increases, as a result of the provisions of the Township's 2014 health insurance plan ordinance.

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 through 2014 were as follows:

<u>Period</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation (asset)</u>
2012	\$ 4,616	2671.2%	\$ -
2013	7,375	279.9%	(28,018)
2014	110,602	74.7%	-

**NOTE 11 - DEFINED BENEFIT POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

*Funded status and funding progress:*

The funded status of the plan for the most recent actuarial valuation date is as follows:

<i>Valuation date, December 31,</i>	<i>Actuarial accrued liability (AAL) (a)</i>	<i>Market value of assets (b)</i>	<i>Unfunded AAL (UAAL) (a-b)</i>	<i>Funded ratio (b/a)</i>
2014	\$ 151,237	\$ 151,237	\$ -	100%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

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

*Actuarial methods and assumptions:*

The following simplifying assumptions were made:

*Marital status* - Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* - Life expectancies were based on mortality tables from the Social Security Administration 2007 Period Actuarial Life Table.

*Healthcare cost trend rate* – The cost of benefits has been set at a maximum dollar amount of \$3,300 annually, per participant.

In the December 31, 2014, actuarial valuation, the GASB No. 45 alternative actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date.

**NOTE 12 - DEFINED CONTRIBUTION POSTEMPLOYMENT HEALTHCARE SAVINGS PLAN**

The Township established a non-contributory defined contribution plan (Retiree Health Care Defined Contribution Plan) in 2013 through which it provides retiree health insurance benefits to its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Eligible current employees began participating on the date the plan started and were given credit for each year employed by the Township since 2000 (up to 12 years), the date retiree healthcare benefits were initially provided by the Township. The plan covers all full-time employees. The plan is administered by Municipal Employees' Retirement System of Michigan (MERS).

The Township contributed \$45,000 to the plan to fund the current year's contribution for employees in 2014. All of the Township's contributions for participating full-time employees and officials (and interest allocated to the participants' accounts) are fully vested immediately.

**NOTE 13 - INTERFUND TRANSFERS**

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

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Police	\$ 78,294	General	\$ <u>424,681</u>
Fire	6,000		
General Sewer	2,852		
Parks	<u>337,535</u>		
Total	<u>\$ 424,681</u>		

The transfers to the Police, Parks, Fire, and General Sewer funds represent operating transfers to cover costs associated with police and fire protection, parks acquisitions and improvements, and sewer improvements in those funds.

**NOTE 14 - JOINT VENTURE**

The Township is a member of the Kalamazoo Area Building Authority (the Authority), which is a joint venture of the Charter Townships of Comstock, Kalamazoo, Oshtemo, and Cooper. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. The Township of Oshtemo advanced \$68,000 (non-interest bearing) as its proportionate share of the Authority's initial startup costs. As of the year ended December 31, 2014, \$57,793 of the advance is due to the Township from the Authority, subject to the Authority's cash requirements. The Authority also owed the Township \$14,865 at year end for the reimbursement of professional fees. Complete audited financial statements for the Authority can be obtained by contacting the Authority at P.O. Box 292, Oshtemo, MI 49077.

The Township does not expect to receive residual equity from the joint venture. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future.



**NOTE 15 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability, property and casualty, and workers' compensation are managed through purchased commercial insurance. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Township has been named in various litigation and claims during the year. Management and the Township's legal advisors do not believe that any known circumstances or ongoing claims will result in significant financial losses for the Township.

**NOTE 16 - RECLASSIFICATION OF FUND EQUITIES**

In 2014, the Township discontinued the Building Inspections Fund as the result of the establishment of the Kalamazoo Area Building Authority, a joint venture entered into in the previous fiscal year. The reclassification of the assets of the Building Inspections Fund to the General Fund, as of January 1, 2014, resulted in a \$547,608 increase to opening fund balance of the General Fund. The funds remained restricted for public safety; there was no effect on opening net position.

**NOTE 17 - PENDING ACCOUNTING PRONOUNCEMENT**

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

**NOTE 18 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 16, 2015 the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Oshtemo**

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Taxes	\$ 713,401	\$ 711,401	\$ 708,801	\$ (2,600)
Licenses and permits	188,600	216,400	301,200	84,800
State grants	1,731,442	1,731,442	1,719,762	(11,680)
Charges for services	14,970	14,970	42,097	27,127
Interest and rentals	6,000	6,000	9,402	3,402
Other	153,353	153,353	144,291	(9,062)
Total revenues	<u>2,807,766</u>	<u>2,833,566</u>	<u>2,925,553</u>	<u>91,987</u>
<b>EXPENDITURES</b>				
General government:				
Legislative	30,672	30,672	27,505	3,167
Supervisor	140,568	140,568	109,638	30,930
Elections	33,999	37,269	37,163	106
Assessor	204,975	207,975	180,055	27,920
Clerk	121,499	127,499	126,036	1,463
Treasurer	96,897	96,897	86,491	10,406
Professional services	229,395	251,695	246,185	5,510
Cemetery, buildings, and grounds	81,400	81,400	66,653	14,747
General operations	515,906	527,856	398,794	129,062
Total general government	<u>1,455,311</u>	<u>1,501,831</u>	<u>1,278,520</u>	<u>223,311</u>
Public safety - inspections	<u>21,000</u>	<u>21,000</u>	<u>4,219</u>	<u>16,781</u>
Public works:				
Highways and streets	200,000	200,000	194,889	5,111
Street lights	138,353	138,353	128,954	9,399
Waste collection	35,000	53,000	52,534	466
Total public works	<u>373,353</u>	<u>391,353</u>	<u>376,377</u>	<u>14,976</u>
Community and economic development - planning and zoning	<u>199,135</u>	<u>226,935</u>	<u>219,744</u>	<u>7,191</u>

Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued)</b>				
Capital outlay	\$ 887,782	\$ 953,980	\$ 410,447	\$ 543,533
Total expenditures	<u>2,936,581</u>	<u>3,095,099</u>	<u>2,289,307</u>	<u>805,792</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(128,815)</u>	<u>(261,533)</u>	<u>636,246</u>	<u>897,779</u>
<b>OTHER FINANCING USES</b>				
Operating transfers out:				
Police Fund	(38,294)	(78,294)	(78,294)	-
Fire Fund	(6,000)	(6,000)	(6,000)	-
General Sewer Fund	-	(2,852)	(2,852)	-
Parks Fund	<u>(73,473)</u>	<u>(295,535)</u>	<u>(337,535)</u>	<u>(42,000)</u>
Total other financing uses	<u>(117,767)</u>	<u>(382,681)</u>	<u>(424,681)</u>	<u>(42,000)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(246,582)	(644,214)	211,565	855,779
<b>FUND BALANCES - BEGINNING</b>	<u>4,753,672</u>	<u>4,753,672</u>	<u>4,753,672</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,507,090</u>	<u>\$ 4,109,458</u>	<u>\$ 4,965,237</u>	<u>\$ 855,779</u>

**Charter Township of Oshtemo**

**BUDGETARY COMPARISON SCHEDULE - Fire Fund**

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Charges for services	\$ -	\$ 5,840	\$ 22,661	\$ 16,821
Interest	2,700	2,700	3,875	1,175
Other:				
Special assessments	1,677,841	1,674,906	1,657,944	(16,962)
Miscellaneous	-	17,610	20,683	3,073
Total revenues	<u>1,680,541</u>	<u>1,701,056</u>	<u>1,705,163</u>	<u>4,107</u>
<b>EXPENDITURES</b>				
Public safety	1,376,059	1,403,759	1,346,545	57,214
Capital outlay	225,482	368,988	299,457	69,531
Total expenditures	<u>1,601,541</u>	<u>1,772,747</u>	<u>1,646,002</u>	<u>126,745</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	79,000	(71,691)	59,161	130,852
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in - General Fund	6,000	6,000	6,000	-
<b>NET CHANGES IN FUND BALANCES</b>	85,000	(65,691)	65,161	130,852
<b>FUND BALANCES - BEGINNING</b>	<u>1,753,558</u>	<u>1,753,558</u>	<u>1,753,558</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,838,558</u>	<u>\$ 1,687,867</u>	<u>\$ 1,818,719</u>	<u>\$ 130,852</u>

Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - Police Fund**

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 14,000	\$ 14,000	\$ 18,144	\$ 4,144
Fines and forfeitures	50,500	61,550	73,932	12,382
Interest and rentals	555	555	1,265	710
Other - special assessments	<u>1,215,558</u>	<u>1,216,058</u>	<u>1,192,264</u>	<u>(23,794)</u>
Total revenues	<u>1,280,613</u>	<u>1,292,163</u>	<u>1,285,605</u>	<u>(6,558)</u>
<b>EXPENDITURES</b>				
Public safety:				
Administration	16,445	16,945	9,060	7,885
Police protection	1,201,413	1,201,413	839,441	361,972
Ordinance enforcement and parking violations	<u>101,049</u>	<u>112,099</u>	<u>122,235</u>	<u>(10,136)</u>
Total public safety	<u>1,318,907</u>	<u>1,330,457</u>	<u>970,736</u>	<u>359,721</u>
Capital outlay	<u>-</u>	<u>40,000</u>	<u>26,418</u>	<u>13,582</u>
Total expenditures	<u>1,318,907</u>	<u>1,370,457</u>	<u>997,154</u>	<u>373,303</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(38,294)	(78,294)	288,451	366,745
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in - General Fund	<u>38,294</u>	<u>78,294</u>	<u>78,294</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	366,745	366,745
<b>FUND BALANCES - BEGINNING</b>	<u>263,657</u>	<u>263,657</u>	<u>263,657</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 263,657</u>	<u>\$ 263,657</u>	<u>\$ 630,402</u>	<u>\$ 366,745</u>

Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - Parks Fund**

Year ended December 31, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
State grants	\$ 300,000	\$ 600,000	\$ 253,275	\$ (346,725)
Interest and rentals	16,600	16,600	23,894	7,294
Other - donations	8,790	12,815	14,360	1,545
Total revenues	<u>325,390</u>	<u>629,415</u>	<u>291,529</u>	<u>(337,886)</u>
<b>EXPENDITURES</b>				
Culture and recreation	140,273	140,273	106,702	33,571
Capital outlay	494,202	1,050,289	752,411	297,878
Debt service	35,000	35,000	35,000	-
Total expenditures	<u>669,475</u>	<u>1,225,562</u>	<u>894,113</u>	<u>331,449</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(344,085)	(596,147)	(602,584)	(6,437)
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in - General Fund	73,473	295,535	337,535	42,000
<b>NET CHANGES IN FUND BALANCES</b>	(270,612)	(300,612)	(265,049)	35,563
<b>FUND BALANCES - BEGINNING</b>	<u>266,599</u>	<u>266,599</u>	<u>266,599</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ (4,013)</u>	<u>\$ (34,013)</u>	<u>\$ 1,550</u>	<u>\$ 35,563</u>

**Charter Township of Oshtemo**

**SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT  
HEALTHCARE PLAN**

*Year ended December 31, 2014*

<i>Valuation date, December 31,</i>	<i>Actuarial liability (AAL) (a)</i>	<i>Market value of assets (b)</i>	<i>Unfunded AAL (UAAL) (a-b)</i>	<i>Funded ratio (b/a)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((a-b)/c)</i>
2009	\$ 2,299,050	\$ 164,678	\$ 2,134,372	7%	\$ 1,114,757	191%
2010	991,003	252,116	738,887	25%	1,152,923	64%
2012	203,900	203,669	231	100%	N/A	N/A
2013	192,256	220,274	(28,018)	115%	N/A	N/A
2014	151,237	151,237	-	100%	N/A	N/A

Notes to schedule:

The actuarial liability for 2010 includes adjustments to reflect the coordination of plan benefits with Medicare supplement insurance and an increase in certain retiree contributions.

The actuarial liability for 2013 includes adjustments to reflect changes in the plan to exclude current employees and the limitation of retiree benefits to a defined amount.



**SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET - nonmajor governmental funds**

December 31, 2014

	<u>General Sewer</u>	<u>General Water</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 924,743	\$ 921,977	\$ 1,846,720
Receivables	<u>118,802</u>	<u>71,650</u>	<u>190,452</u>
Total assets	<u>\$ 1,043,545</u>	<u>\$ 993,627</u>	<u>\$ 2,037,172</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,535	\$ 100	\$ 2,635
Deferred inflows of resources:			
Unavailable special assessment revenues	87,796	59,334	147,130
Fund balances:			
Assigned for public works	<u>953,214</u>	<u>934,193</u>	<u>1,887,407</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,043,545</u>	<u>\$ 993,627</u>	<u>\$ 2,037,172</u>

*Charter Township of Oshtemo*

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

*Year ended December 31, 2014*

	<u>General Sewer</u>	<u>General Water</u>	<u>Totals</u>
<b>REVENUES</b>			
Charges for services	\$ 226,729	\$ 355,176	\$ 581,905
Interest and rentals	6,845	6,550	13,395
Other	<u>13,852</u>	<u>24,257</u>	<u>38,109</u>
Total revenues	247,426	385,983	633,409
<b>EXPENDITURES</b>			
Public works	<u>81,617</u>	<u>282,713</u>	<u>364,330</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	165,809	103,270	269,079
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in - General Fund	<u>2,852</u>	<u>-</u>	<u>2,852</u>
<b>NET CHANGES IN FUND BALANCES</b>	168,661	103,270	271,931
<b>FUND BALANCES - BEGINNING</b>	<u>784,553</u>	<u>830,923</u>	<u>1,615,476</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 953,214</u>	<u>\$ 934,193</u>	<u>\$ 1,887,407</u>

**Charter Township of Oshtemo**

**BALANCE SHEET - component unit**

December 31, 2014

	<b><i>Downtown Development Authority</i></b>
<b>ASSETS</b>	
Cash	\$ 567,940
Receivables	<u>40,699</u>
 Total assets	 <u><u>\$ 608,639</u></u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
Liabilities:	
Payables	\$ 100
 Deferred inflows of resources:	
Property tax revenues levied for the subsequent year	53,099
 Fund balance - unassigned	 <u>555,440</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u><u>\$ 608,639</u></u>
 Reconciliation of the balance sheet to the statement of net position:	
 Total fund balance - <i>component unit</i>	 \$ 555,440
 Amounts reported for the <i>component unit</i> in the statement of net position (page 11) are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	 <u>293,595</u>
 Net position of the <i>component unit</i>	 <u><u>\$ 849,035</u></u>

*Charter Township of Oshtemo*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND**

**BALANCE - *component unit***

*Year ended December 31, 2014*

	<u><i>Downtown Development Authority</i></u>
<b>REVENUES</b>	
Property taxes	\$ 112,784
Interest	<u>1,078</u>
Total revenues	113,862
 <b>EXPENDITURES</b>	
Public works	56,232
Capital outlay	<u>253,885</u>
Total expenditures	<u>310,117</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 (196,255)
 <b>FUND BALANCE - BEGINNING</b>	 <u>751,695</u>
 <b>FUND BALANCE - ENDING</b>	 <u><u>\$ 555,440</u></u>
 Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:	
Net change in fund balance - <i>component unit</i>	\$ (196,255)
 Amounts reported for the <i>component unit</i> in the statement of activities (page 12) are different because:	
Capital asset - acquisitions	<u>293,595</u>
Change in net position of <i>component unit</i>	<u><u>\$ 97,340</u></u>

*Charter Township of Oshtemo*

**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority - component unit**

*Year ended December 31, 2014*

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 87,457	\$ 87,457	\$ 112,784	\$ 25,327
Interest	400	400	1,078	678
Total revenues	<u>87,857</u>	<u>87,857</u>	<u>113,862</u>	<u>26,005</u>
<b>EXPENDITURES</b>				
Public works	114,000	114,000	56,232	57,768
Capital outlay	60,000	310,000	253,885	56,115
Total expenditures	<u>174,000</u>	<u>424,000</u>	<u>310,117</u>	<u>113,883</u>
<b>NET CHANGES IN FUND BALANCES</b>	(86,143)	(336,143)	(196,255)	139,888
<b>FUND BALANCES - BEGINNING</b>	<u>751,695</u>	<u>751,695</u>	<u>751,695</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 665,552</u>	<u>\$ 415,552</u>	<u>\$ 555,440</u>	<u>\$ 139,888</u>