

CHARTER TOWNSHIP OF BRANDON

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For The Year Ended December 31, 2014

CHARTER TOWNSHIP OF BRANDON

TOWNSHIP OFFICIALS

Supervisor - Kathy Thurman
Clerk – Candee Allen
Treasurer – Terri Darnall

BOARD OF TRUSTEES

Dana DePalma
William DeWitt
Ronald Lapp
Jayson Rumball

LEGAL COUNSEL

Karlstrom Cooney, LLP
Attorneys and Counselors at Law

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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May 15, 2015

Board of Trustees
Charter Township of Brandon
395 Mill Street
Ortonville, MI 48462

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit - Fire Department, each major fund, and the aggregate remaining fund information, and the related notes to the financial statements of the Charter Township of Brandon as of and for the year ended December 31, 2014, which collectively comprise the Charter Township of Brandon'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 did not audit the financial statements of the Brandon Township Public Library which is listed as a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Brandon Township Public Library is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit - Fire Department, each major fund, and the aggregate remaining fund information of the Charter Township of Brandon 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 9 - 14 and 53 - 56 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 Charter Township of Brandon's basic financial statements. The combining and individual 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 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

December 31, 2014

Within this section of the Charter Township of Brandon's annual financial report, we are providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2014. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary functions and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. The Capital Assets (land, buildings, equipment, etc.) are reported at original cost less depreciation and therefore this figure does not necessarily reflect Market Value.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, fire, police, parks, building and planning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds the Township Board is responsible for and, additionally, funds which the Township handles but are not under the control or jurisdiction of the Township Board. These component units include the Brandon Fire Department and the Brandon Library.

Fund Financial Statements

A fund is an accountability unit used to segregate resources for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for all funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds such as General Fund, Fire Fund, Police Fund and others are reported in the financial statements. These statements report short-term fiscal conditions focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds such as the tax and escrow funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information to assist with a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining, individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

Under GASB 34 the assets of Brandon Township exceed its liabilities at the close of the fiscal year by \$3,078,758. Of this amount, \$1,329,817 is not invested in Capital Assets and may be used to meet the Township’s ongoing obligations.

As of the close of the current fiscal year under governmental fund accounting the Township’s governmental funds reported combined ending fund balances of \$2,014,645, an increase of \$281,999 in comparison with the prior year.

The individual fund balances were as follows:

General Fund	\$	608,704
Police Fund		20,998
Designated General Fund		924,305
Non-major Funds		<u>460,638</u>
	\$	<u>2,014,645</u>

The following tables provide a summary of the Township's financial activities and changes in net position:

Summary of Net Position

	Governmental Activities			Component Unit-Fire			Component Unit-Library		
	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)	12/31/14	12/31/13	Increase (Decrease)
ASSETS									
Current and other assets	\$ 5,125,719	\$ 4,320,789	\$ 804,930	\$ 3,280,354	\$ 3,126,990	\$ 153,364	\$ 1,077,272	\$ 880,864	\$ 196,408
Capital assets, net of depreciation	<u>2,918,941</u>	<u>2,944,613</u>	<u>(25,672)</u>	<u>4,346,837</u>	<u>4,521,662</u>	<u>(174,825)</u>	<u>2,890,179</u>	<u>2,862,657</u>	<u>27,522</u>
Total assets	<u>8,044,660</u>	<u>7,265,402</u>	<u>779,258</u>	<u>7,627,191</u>	<u>7,648,652</u>	<u>(21,461)</u>	<u>3,967,451</u>	<u>3,743,521</u>	<u>223,930</u>
LIABILITIES									
Other liabilities	484,881	223,352	261,529	82,825	189,885	(107,060)	20,191	33,879	(13,688)
Long-term liabilities	<u>1,876,420</u>	<u>2,154,819</u>	<u>(278,399)</u>	<u>1,198,759</u>	<u>1,028,724</u>	<u>170,035</u>	<u>11,839</u>	<u>23,930</u>	<u>(12,091)</u>
Total liabilities	<u>2,361,301</u>	<u>2,378,171</u>	<u>(16,870)</u>	<u>1,281,584</u>	<u>1,218,609</u>	<u>62,975</u>	<u>32,030</u>	<u>57,809</u>	<u>(25,779)</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes levied for the following year	<u>2,604,601</u>	<u>2,253,839</u>	<u>350,762</u>	<u>1,858,429</u>	<u>1,731,696</u>	<u>126,733</u>	<u>885,738</u>	<u>868,915</u>	<u>16,823</u>
NET POSITION									
Net investment in capital assets	1,748,941	1,499,613	249,328	4,072,937	4,110,812	(37,875)	2,890,179	2,862,657	27,522
Restricted	114,206	113,253	953	414,241	587,535	(173,294)			
Unrestricted	<u>1,215,611</u>	<u>1,020,526</u>	<u>195,085</u>				<u>159,504</u>	<u>(45,860)</u>	<u>205,364</u>
Total net position	<u>\$ 3,078,758</u>	<u>\$ 2,633,392</u>	<u>\$ 445,366</u>	<u>\$ 4,487,178</u>	<u>\$ 4,698,347</u>	<u>\$ (211,169)</u>	<u>\$ 3,049,683</u>	<u>\$ 2,816,797</u>	<u>\$ 232,886</u>

Summary of Changes in Net Position

	Governmental Activities			Component Unit-Fire			Component Unit-Library		
	12/31/2014	12/31/2013	Increase (Decrease)	12/31/2014	12/31/2013	Increase (Decrease)	12/31/2014	12/31/2013	Increase (Decrease)
REVENUES									
Program revenues									
Charges for services	\$ 558,594	\$ 493,417	\$ 65,177	\$ 360,792	\$ 243,009	\$ 117,783	\$ 23,541	\$ 22,814	\$ 727
Operating grants and contributions							22,802	20,153	2,649
Capital grants	45,174	69,284	(24,110)	12,456	22,614	(10,158)			
General revenues									
Special assessments	69,294	71,394	(2,100)						
State shared revenues	1,106,474	1,043,100	63,374						
Property taxes	2,261,438	2,215,658	45,780	1,732,327	1,700,873	31,454	859,317	837,746	21,571
Interest income	47,162	22,685	24,477	33,417	18,392	15,025	7,197		7,197
Other revenues	195,932	144,903	51,029	4,039		4,039	49,450	27,537	21,913
Gain (loss) on disposal of assets	30	(54,366)	54,396	3,001	(28,346)	31,347			
Total revenues	4,284,098	4,006,075	278,023	2,146,032	1,956,542	189,490	962,307	908,250	54,057
EXPENSES									
General government	1,343,572	1,139,000	204,572						
Library							885,525	1,056,078	(170,553)
Police protection	1,763,952	1,736,227	27,725						
Fire Protection				2,357,201	2,202,134	155,067			
Culture and recreation	468,638	437,382	31,256						
Public works	232,230	189,770	42,460						
Interest on long-term debt	30,340	38,690	(8,350)						
Total expenses	3,838,732	3,541,069	297,663	2,357,201	2,202,134	155,067	885,525	1,056,078	(170,553)
Change in net position	445,366	465,006	(19,640)	(211,169)	(245,592)	34,423	76,782	(147,828)	224,610
Beginning net position	2,633,392	2,168,386	465,006	4,698,347	4,943,939	(245,592)	2,972,901	2,964,625	8,276
Ending net position	\$ 3,078,758	\$ 2,633,392	\$ 445,366	\$ 4,487,178	\$ 4,698,347	\$ (211,169)	\$ 3,049,683	\$ 2,816,797	\$ 232,886

Component Units

Due to their autonomous nature, the Library and Fire Department are reported as separate component units within the Charter Township of Brandon’s financial statements.

See Footnote regarding the component units for more detail.

Financial Analysis of the Township’s Funds

The Township has 3 major funds for the year ended December 31, 2014. These funds include:

- General Fund
- Designated General Fund
- Police Fund

The General Fund’s fund balance decreased by \$210,085 during the year. This was mostly due to the increase in transfers out to the designated general fund.

The Designated General Fund’s fund balance increased by \$397,617, for the year due to transfers from the general fund.

The increase in the Designated Fund is again the result of the work put forth by the Brandon Township Board of Trustees in an effort to build the Township’s “Rainy Day” fund balance.

The Police Fund's fund balance decreased by \$22,580, due to an increase in expenses.

General Fund Budgetary Highlights

The Township adopted its budget one month before the beginning of the fiscal year. Amendments were made during the year to adjust for changes. Budget appropriations were exceeded by actual expenditures in a few areas. See details in required supplemental information.

Capital Asset and Debt Administration

The Township made total principle payments of \$275,000 for 2014.

The Township deems all capital purchases of \$5,000 or greater as capital assets. During the year, total capital asset acquisitions totaled \$80,571. The purchases consist of:

\$ 11,512	Police – building improvements
11,430	General Township - equipment
22,559	Cable - equipment
<u>35,070</u>	Senior Center – building improvements
<u>\$ 80,571</u>	

Economic Conditions and Future Activities

Economic conditions in Brandon Township, like most other areas in southeast Michigan, are still influenced by the economic downturn that took place between 2008 and 2011. According to Oakland County, prior levels experienced in 2007 will not be reached until sometime between 2020 and 2025. While residential building permits have seen a moderate increase over the past three years, new commercial and industrial development has remained stagnant. MDOT requirements and the lack of sewers are two additional factors that have contributed to the stalled development along M-15 in Brandon Township.

In 2014 Enbridge Energy completed their Line 6B replacement project and Consumers Energy finished their three year gas main extension project. The added utility infrastructure will more than double the amount of personal property taxes the Township is able to collect beginning in 2016. The Township's general fund and the police fund will be positively impacted by these added revenues. Constitutional Sales Tax revenue continues to increase in the general fund and the State of Michigan reinstated statutory sales tax revenue to Brandon Township for one year beginning in 2014.

The Fire Department, on the other hand, receives revenue through a special assessment which does not include tax revenue from personal property. Adjustments to millage rates for the fire department were made in 2014 in order to cover expenditures previously supplemented by their fund balance carry forward. With the passage of the 4.25 millage for police, the police budget has stabilized and no longer requires supplementation from the general fund.

Contacting the Township's Financial Management

The Management Discussion and Analysis was prepared by the Township Supervisor with assistance from the auditor. If you have any questions about the information or opinions contained in the Management Discussion please contact Kathy Thurman, Supervisor at the Charter Township of Brandon, 395 Mill Street, Ortonville, MI 48462.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CHARTER TOWNSHIP OF BRANDON

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>Governmental Activities</u>	<u>Component Unit Fire</u>	<u>Component Unit Library</u>
ASSETS			
Cash and investments	\$ 2,268,226	\$ 1,521,821	\$ 246,956
Receivables			
Special assessments	95,227		
Taxes	2,418,776	1,722,798	822,726
State shared revenues	194,698		
Other	113,936		2,310
Prepaid expenses	34,856	35,735	5,280
Capital assets			
Not depreciated	1,238,697	1,857,202	171,000
Depreciable - net of accumulated depreciation	<u>1,680,244</u>	<u>2,489,635</u>	<u>2,719,179</u>
Total assets	<u>8,044,660</u>	<u>7,627,191</u>	<u>3,967,451</u>
LIABILITIES			
Accrued OPEB	706,420	924,859	
Accounts payable - trade	373,179	44,320	7,336
Unearned revenues	79,762		
Accrued wages	17,797	31,813	12,855
Compensated absences	14,143	6,692	11,839
Long term obligations			
Other due within one year	280,000	136,950	
Other due in more than one year	<u>890,000</u>	<u>136,950</u>	
Total liabilities	<u>2,361,301</u>	<u>1,281,584</u>	<u>32,030</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for the following year	<u>2,604,601</u>	<u>1,858,429</u>	<u>885,738</u>
NET POSITION			
Invested in capital assets, net of related debt	1,748,941	4,072,937	2,890,179
Restricted	114,206	414,241	159,504
Unrestricted	<u>1,215,611</u>		
Total net position	<u>\$ 3,078,758</u>	<u>\$ 4,487,178</u>	<u>\$ 3,049,683</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Component Unit Fire</u>	<u>Component Unit Library</u>
PRIMARY GOVERNMENT						
Governmental activities						
General government	\$ (1,343,572)	\$ 317,504	\$ 5,355	\$ (1,020,713)	\$	\$
Police protection	(1,763,952)	115,913		(1,648,039)		
Culture and recreation	(468,638)	112,192		(356,446)		
Public works	(232,230)	12,985	39,819	(179,426)		
Interest on long-term debt	(30,340)			(30,340)		
Total governmental activities	\$ (3,838,732)	\$ 558,594	\$ 45,174	(3,234,964)		
Component Units						
Fire	\$ (2,357,201)	\$ 360,792	\$ 12,456		(1,983,953)	
Library	(885,525)	23,541	22,802			(839,182)
Total component units	\$ (3,242,726)	\$ 384,333	\$ 35,258		(1,983,953)	(839,182)
General revenues						
Property taxes				2,261,438	1,732,327	859,317
Special assessments				69,294		
State shared revenues				1,106,474		
Investment earnings				47,162	33,417	7,197
Other income				195,932	4,039	49,450
Gain (loss) on disposal of assets				30	3,001	
Total general revenues				3,680,330	1,772,784	915,964
Changes in net position				445,366	(211,169)	76,782
Net position, January 1, 2014				2,633,392	4,698,347	2,816,797
Prior period adjustment						156,104
Net position, December 31, 2014				\$ 3,078,758	\$ 4,487,178	\$ 3,049,683

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRANDON
BALANCE SHEET
GOVERNMENTAL FUNDS AND COMPONENT UNITS
DECEMBER 31, 2014

	General Fund	Designated General Fund	Police Fund	Non-major Funds	Totals	Component Units	
						Fire Fund	Library Fund
ASSETS							
Cash and investments	\$ 475,330	\$ 924,305	\$ 421,910	\$ 446,681	\$ 2,268,226	\$ 1,521,821	\$ 246,956
Receivables							
Taxes	316,366		1,344,539	211,945	1,872,850	1,313,151	822,726
Accounts			48,815	55,884	104,699		
Special assessments				78,032	78,032		
Due from other funds	103,032		391,213	78,863	573,108	409,647	
Other governmental units	194,698				194,698		2,310
Prepaid expenditures	27,969		59	6,828	34,856	35,735	5,280
Total assets	<u>\$ 1,117,395</u>	<u>\$ 924,305</u>	<u>\$ 2,206,536</u>	<u>\$ 878,233</u>	<u>\$ 5,126,469</u>	<u>\$ 3,280,354</u>	<u>\$ 1,077,272</u>
LIABILITIES							
Accounts payable	\$ 51,397	\$	\$ 315,360	\$ 6,422	373,179	\$ 44,320	\$ 7,336
Accrued wages	16,569		307	921	17,797	31,813	12,855
Due to other funds	750				750		
Unearned revenue				79,762	79,762		
Total liabilities	<u>68,716</u>	<u></u>	<u>315,667</u>	<u>87,105</u>	<u>471,488</u>	<u>76,133</u>	<u>20,191</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues				35,735	35,735		
Property taxes levied for the following year	439,975		1,869,871	294,755	2,604,601	1,858,429	885,738
Total deferred inflows of resources	<u>439,975</u>	<u></u>	<u>1,869,871</u>	<u>330,490</u>	<u>2,640,336</u>	<u>1,858,429</u>	<u>885,738</u>
FUND BALANCES							
Nonspendable for:							
Prepays	27,969		59	6,828	34,856	35,735	5,280
Restricted for:							
Fire protection						686,472	
Police protection			20,939		20,939		
Parks and recreation				10,675	10,675		
Debt service				37,307	37,307		
Library							166,063
Public works				45,226	45,226		
Committed for:							
Cable				266,472	266,472		
Recreation				8,142	8,142		
Municipal improvement		924,305			924,305		
Cemetery				64,735	64,735		
Assigned for future budget deficit				21,253	21,253	623,585	
Unassigned	580,735				580,735		
Total fund balance	<u>608,704</u>	<u>924,305</u>	<u>20,998</u>	<u>460,638</u>	<u>2,014,645</u>	<u>1,345,792</u>	<u>171,343</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,117,395</u>	<u>\$ 924,305</u>	<u>\$ 2,206,536</u>	<u>\$ 878,233</u>	<u>\$ 5,126,469</u>	<u>\$ 3,280,354</u>	<u>\$ 1,077,272</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Total governmental fund balances		\$ 2,014,645
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 4,024,563	
Depreciation	<u>(1,105,622)</u>	
Total		2,918,941
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable	(1,170,000)	
Accrued compensated absences	<u>(14,143)</u>	
Total		(1,184,143)
Other post employment benefit obligations liability not recognized under fund accounting		(706,420)
Unavailable revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>35,735</u>
Net position of governmental activities		<u><u>\$ 3,078,758</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
 COMPONENT UNIT - FIRE FUND
 DECEMBER 31, 2014

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total governmental fund balances		\$ 1,345,792
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 7,539,681	
Depreciation	<u>(3,192,844)</u>	
Total		4,346,837
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable	(273,900)	
Accrued compensated absences	<u>(6,692)</u>	
Total		(280,592)
Other Post Employment Benefit obligations liability not recognized under fund accounting		<u>(924,859)</u>
Net position of governmental activities		<u><u>\$ 4,487,178</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
COMPONENT UNIT - LIBRARY
DECEMBER 31, 2014

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Total governmental fund balances		\$ 171,343
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 5,302,992	
Depreciation	<u>(2,412,813)</u>	
Total		2,890,179
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Accrued compensated absences		<u>(11,839)</u>
Net position of governmental activities		<u><u>\$ 3,049,683</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Designated Fund	Police Fund	Other Non-major Funds	Totals	Component Units	
						Fire Fund	Library Fund
REVENUES							
Taxes	\$ 443,272	\$	\$ 1,516,603	\$ 301,563	\$ 2,261,438	\$ 1,732,327	\$ 859,318
Licenses and permits	129,336				129,336		
Intergovernmental	1,106,474				1,106,474		22,802
Charges for services	17,183		115,913	325,372	458,468	360,792	23,541
Interest	16,334	8,864	15,856	6,108	47,162	33,417	7,197
Miscellaneous	85,577	100,126	26,036	157	211,896	4,039	49,450
Special assessments - principal				75,995	75,995		
Special assessments - interest				2,233	2,233		
Public donations						12,456	
Total revenues	<u>1,798,176</u>	<u>108,990</u>	<u>1,674,408</u>	<u>711,428</u>	<u>4,293,002</u>	<u>2,143,031</u>	<u>962,308</u>
EXPENDITURES							
General government	1,119,943				1,119,943		
Public safety	142,451		1,757,474		1,899,925	1,940,752	
Public works	79,581			81,255	160,836		
Culture and recreation	241,350			203,068	444,418		769,035
Capital outlay							
Senior Center	35,070				35,070		
Police			11,512		11,512		
General Township	11,430				11,430		
Cable				22,559	22,559		
Fire						52,937	
Debt service							
Principal				275,000	275,000	136,950	
Interest and fiscal charges				30,340	30,340	16,717	
Total expenditures	<u>1,629,825</u>	<u></u>	<u>1,768,986</u>	<u>612,222</u>	<u>4,011,033</u>	<u>2,147,356</u>	<u>769,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>168,351</u>	<u>108,990</u>	<u>(94,578)</u>	<u>99,206</u>	<u>281,969</u>	<u>(4,325)</u>	<u>193,273</u>
OTHER FINANCING SOURCES (USES)							
Sale of assets	30				30	3,001	
Transfers in	122,998	368,155	71,998	112,428	675,579		
Transfers (out)	(501,464)	(79,528)		(94,587)	(675,579)		
Total other financing sources (uses)	<u>(378,436)</u>	<u>288,627</u>	<u>71,998</u>	<u>17,841</u>	<u>30</u>	<u>3,001</u>	
Net change in fund balance	<u>(210,085)</u>	<u>397,617</u>	<u>(22,580)</u>	<u>117,047</u>	<u>281,999</u>	<u>(1,324)</u>	<u>193,273</u>
FUND BALANCE (DEFICIT)							
JANUARY 1, 2014	<u>818,789</u>	<u>526,688</u>	<u>43,578</u>	<u>343,591</u>	<u>1,732,646</u>	<u>1,347,116</u>	<u>(21,930)</u>
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 608,704</u>	<u>\$ 924,305</u>	<u>\$ 20,998</u>	<u>\$ 460,638</u>	<u>\$ 2,014,645</u>	<u>\$ 1,345,792</u>	<u>\$ 171,343</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

Net change in fund balances - governmental funds \$ 281,999

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets is allocated over their useful lives as depreciation
expense. The net amount of capital outlay expenditures and
depreciation is as follows:

Capital outlay	\$ 80,571	
Depreciation expense	<u>(106,243)</u>	
Net		(25,672)

Repayment of bond and contract payable is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the Statement of Net Position

Repayment of bonds payable		275,000
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Accrued absences for vacation and sick time for the
employees is recorded on the Statement of Net Position

Accrued absences at December 31, 2013	5,111	
Accrued absences at December 31, 2014	<u>(14,143)</u>	
Net		(9,032)

Other Post Employment Benefit expense not recognized for fund accounting		3,399
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Principal received on special assessments are income as they are
levied annually for governmental funds, but they are income
when they are initially (first year of assessment) levied for the
Statement of Activities

Principal levied on assessments/net of levy		<u>(80,328)</u>
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Change in net position of governmental activities		<u><u>\$ 445,366</u></u>
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The notes are an integral part of the financial statements

CHARTER TOWNSHIP OF BRANDON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
COMPONENT UNIT - FIRE FUND
DECEMBER 31, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds		\$ (1,324)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The net amount of capital outlay depreciation, and losses on disposals are as follows:</p>		
Capital outlay	\$ 52,937	
Depreciation expense	<u>(227,762)</u>	
Net		(174,825)
Accrued absences for vacation time for the employees is recorded on the Statement of Net Position		(1,935)
Accrued sick and vacation		(1,935)
Other Post Employment Benefit expense not recognized for fund accounting		(170,035)
Repayment of installment payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		<u>136,950</u>
Change in net position of governmental activities		<u><u>\$ (211,169)</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
COMPONENT UNIT - LIBRARY
DECEMBER 31, 2014

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

Net change in fund balances - governmental funds		\$	193,273
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The net amount of capital outlay expenditures and depreciation is as follows:			
Capital outlay	\$	45,553	
Depreciation expense		(172,126)	
Disposal of assets		<u>(2,009)</u>	
			(128,582)
Accrued absences for vacation time for the employees is recorded on the Statement of Net Position			
Net accrued absences			<u>12,091</u>
Change in net position of governmental activities			<u><u>\$ 76,782</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRANDON

FIDUCIARY FUNDS
COMBINED BALANCE SHEET
DECEMBER 31, 2014

ASSETS

ASSETS

Cash and investments	\$ 2,448,372
Due to other funds	<u>750</u>
Total assets	<u><u>\$ 2,449,122</u></u>

LIABILITIES

LIABILITIES

Due to others	\$ 1,466,367
Due to other funds	<u>982,755</u>
Total liabilities	<u><u>\$ 2,449,122</u></u>

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Brandon was incorporated as a Michigan Charter Township under the provisions of P.A. 359 of 1947, as amended. The Township covers an area of approximately 36 square miles. The Township operates under an elected Board of Trustees and provides services to approximately 15,500 residents including police and fire protection, building ordinance enforcement, community services and enrichment, elections, tax assessments, planning, and street lighting.

The accounting policies of the Charter Township of Brandon conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 & 63 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal's net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Non-major funds are combined in a single column on the fund financial statements.

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 general government, except those required to be accounted for in another fund.

The Designated General Fund accounts for the activities related to committing funds for specific board purposes. This fund is primarily supported through interest income, cell tower rent, Metro funds and transfers from the General Fund.

The Police Fund accounts for the activities related to operating police protection services. This fund is primarily supported through the collection of property taxes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township’s actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2013 levy was assessed at an adjusted taxable value of \$428,873,891. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General township operations	1.0000
Police	3.5286
Fire	4.1905
Library	2.0000
Library Debt Service	0.7000
Total millage	11.4191

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	10 to 50 years
Machinery, equipment, furniture	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned. The Township implemented GASB Statement No. 54 during the previous year.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the Township board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township board.
- Assigned – Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned – Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and had not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

G. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Charter Township of Brandon as the primary government have been included in the financial statements.

Component Units

1. The Library operates under PA 164, thus the Library Board is independently elected, approves its own budget, maintains control over expenditures of all funds credited to the Library and has the responsibility to see that adequate funding is provided. The Township has chosen to report the Library Fund as a separate discretely presented component unit of the Township's audited financial statements. A separate audit is conducted of the Library operations by another Certified Public Accounting firm. The separate bound audit report with respective financial statements are available at the Library.
2. The Fire Department was created by the Township and the Village of Ortonville under an agreement in 1954. There is a joint Fire Board which is made up of representatives from the Township and Village. The budget process requires approvals from the Township Board of Trustees, Village Council and the joint Fire Board. The Township has chosen to report the Fire Department as a separate discretely presented component unit of the Township's audited financial statements.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

All interfund balances are short-term in character. Interfund balances will be collected and paid during the next reporting period. These amounts are reported as current assets/liabilities in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Payroll Fund	\$ 2,000
General Fund	Current Tax Fund	97,018
General Fund	Health Reimbursement Fund	104
General Fund	Trust and Agency Fund	883
General Fund	BCN Reimbursement Fund	3,000
General Fund	Delinquent Tax Fund	27
Fire Equipment and Housing Fund	Current Tax Fund	54,552
Fire Operating Fund	Current Tax Fund	351,095
Fire Operating Fund	BCN Reimbursement Fund	3,000
Police Fund	Current Tax Fund	391,213
Fire Ambulance Fund	BCN Reimbursement Fund	1,000
BCN Reimbursement Fund	General Fund	750
Library Debt Fund	Current Tax Fund	61,668
Presidio & Freedom Trail Fund	Current Tax Fund	1,191
Zariedo Street Sewer Fund	Current Tax Fund	1,075
Upper Bushman Fund	Current Tax Fund	1,872
Lake Louise Fund	Current Tax Fund	9,439
Legault Fund	Current Tax Fund	3,618
		<u>\$ 983,505</u>

CHARTER TOWNSHIP OF BRANDON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (continued)

The following interfund transfers were made for cash flow purposes during the year ended December 31, 2014.

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>	<u>AMOUNT</u>
General Fund	Police Fund	\$ 71,998
General Fund	Cemetery Fund	15,000
General Fund	General Designated Fund	355,466
Cemetery Fund	Cemetery Designated Fund	800
General Designated Fund	General Fund	51,000
General Fund	Cemetery Designated Fund	59,000
General Designated Fund	Parks and Recreation Fund	28,528
Cemetery Designated Fund	Cemetery Fund	9,000
Parks and Recreation Fund	Recreation Designated Fund	100
Presidio & Freedom Trail Fund	General Designated Fund	12,689
Cable Fund	General Fund	71,998
		<u>\$ 675,579</u>

NOTE 4 - TOWNSHIP PENSION PLANS

DEFINED CONTRIBUTION PLAN - The Township originally adopted a Defined Contribution Plan with Manulife in July 1977, which has since become John Hancock. The plan is offered to both Township and Library elected officials and eligible full-time employees who are at least 18 years of age and have provided three months of service. The Township contributes 12% of compensation. Employees are permitted to make voluntary after-tax contributions in amounts ranging from 1-15%. As of December 31, 2014 no employees had elected to make after-tax contributions. Benefits attributable to employer contributions are 100% vested. Employees are eligible for normal retirement at age 65.

A summary of the most recent available plan's activity for the period January 1, 2014 through December 31, 2014 for both Township and Library employees is as follows:

Total Value January 1, 2014	\$ 472,934
Employee Contributions	0
Employer Contributions	36,769
Investment Income (loss)	5,556
Interest earned	426
Distributions	(375,793)
Charges	<u>(3,657)</u>
Total Value December 31, 2014	<u>\$ 136,235</u>

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - TOWNSHIP PENSION PLANS (continued)

DEFERRED COMPENSATION PLAN - Brandon Township participates in three deferred compensation plans established by the Michigan Township Association Master Deferral Compensation Plan pursuant to Section 457(b) of the Internal Revenue Code. All full-time Township employees are eligible to participate. Participants may elect to contribute, and revoke the election to contribute, at any time. The plans are administered by the Township and serviced through Voya, Security Benefits/Cambridge and MERS. The Township does not contribute any funds to these plans.

DEFINED BENEFIT PLAN - Brandon Township participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. Full-time employees and elected officials are eligible to participate in the plan. Covered and total payrolls for the year ended December 31, 2014 were \$1,212,858 and \$1,707,849 respectively. As of December 31, 2014 there were 25 active employees enrolled in the plan. Total employer contributions made to the plan during the year ended December 31, 2014 were \$125,773.

The following information, which is the most current available, was obtained from the Township's actuarial consultants, the Gabriel Roeder Smith & Company. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2013. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.9% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - TOWNSHIP PENSION PLANS (continued)

The actuarial valuation as of December 31, 2014 was not available at the time of issuing these financial statements. However, the 2013 actuarial valuation is as follows in respect to GASB 25 & 27.

GASB 25 INFORMATION (AS OF DECEMBER 31, 2013)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 2,261,234
Terminated employees (vested former members) not yet receiving benefits	40,898
Non-vested terminated employees (pending refunds of accumulated member contributions)	4,030
Current employees	
Accumulated employee contributions including allocated investment income	1,195,791
Employer financed	<u>2,040,291</u>
Total actuarial accrued liability	5,542,244
Net assets available for benefits, actuarial value (Market Value is \$4,600,895)	<u>4,885,414</u>
Unfunded actuarial accrued liability	<u><u>\$ 656,830</u></u>

GASB 27 INFORMATION (AS OF DECEMBER 31, 2013)

Fiscal year Beginning January 1, 2015	\$ 123,312
Annual required contribution (ARC)	0.08543
Amortization factor used - underfunded liabilities (30 years)	

Three year trend information

	Fiscal Year Ended December 31		
	2014	2013	2012
Annual pension cost (APC)	\$ 123,684	\$ 127,656	\$ 123,864
Percentage of APC contributed	100.0%	92.0%	98.5%
Net pension obligation (NPO)	None	None	None

	Actuarial Valuation as of December 31		
	2013	2012	2011
Actuarial value of assets	\$ 4,885,414	\$ 4,690,004	\$ 4,554,786
Actuarial accrued liability (AAL) (entry age)	\$ 5,542,244	\$ 5,347,256	\$ 5,227,442
Unfunded AAL (UAAL)	\$ 656,830	\$ 657,252	\$ 672,656
Funded ratio	88.1%	87.7%	87.1%
Covered payroll	\$ 1,188,279	\$ 1,194,221	\$ 1,300,784
UAAL as a percentage of covered payroll	55%	55%	52%

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS

Plan Description: The Township provides health insurance for eligible retirees and their spouses on a pay-as-you-go basis as well as advance funding through the use of the MERS Retiree Healthcare Funding Vehicle. The plan is an agent multiple employer defined benefit plan.

Plan eligibility requirements vary depending upon the date of hire, employee group and years of continuous service as follows:

<u>Group</u>	<u>Normal Eligibility</u>	<u>Retiree Contributions</u>
All employees hired on or before October 31, 2012	Age 55 with 20 years of continuous service	
Firefighters hired on or after November 1, 2012	Age 55 with 25 years of continuous service	20% of premium
All other employees hired on or after November 1, 2012	Age 60 with 25 years of continuous service	20% of premium

Once eligible for Medicare all retirees and spouses are provided a Medicare supplement policy as opposed to the benefits provided by Township's regular health insurance plan. Eligible retirees may elect out of receiving the health insurance coverage and receive \$2,000 in cash each year. All benefits terminate upon the death of the retiree.

Funding Policy: The Township has no obligation to make contributions prior to the time the insurance premiums to cover the eligible retirees are due to be paid (pay-as-you-go funding). However, the Township has made contributions to advance fund these benefits through a current policy to contribute 2% of covered payroll each month and additional amounts at year end as determined by the Township Board of Trustees.

Funding Progress: For the year ended December 31, 2014, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2012. The valuation computes the annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover the current service cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (continued)

The annual required contribution per the valuation, actual funding and changes in the net OPEB liability are summarized as follows:

Annual required contribution	\$	465,497
Interest on prior years net OPEB obligation		102,526
Adjustment to the annual required contribution		<u>(127,694)</u>
Annual OPEB cost		440,329
Amounts contributed:		
Payments of current premiums		(59,398)
Advance funding		<u>(214,295)</u>
Change in net OPEB obligation		166,636
Net OPEB obligation - beginning of year		<u>1,464,643</u>
Net OPEB obligation - end of year	\$	<u><u>1,631,279</u></u>

The net OPEB obligation is attributed to the following activities of the Township:

General government	\$	706,420
Fire department		<u>924,859</u>
Net OPEB obligation	\$	<u><u>1,631,279</u></u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Cost	Amount Contributed	Percentage Contributed	Net OPEB Obligation
12/31/14	1/1/2012	\$ 440,329	\$ 273,693	62%	\$ 1,631,279
12/31/13	1/1/2012	\$ 448,180	\$ 153,526	34%	\$ 1,464,643
12/31/12	1/1/2012	\$ 444,726	\$ 336,040	76%	\$ 1,169,989

CHARTER TOWNSHIP OF BRANDON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (continued)

The funding progress of the plan as of the most recent valuation dates are as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (Percent)	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/12	\$ 356,107	\$ 4,695,024	\$ 4,338,917	7.6%	Not aval.	Not aval.
12/31/07	\$ 200,662	\$ 4,340,432	\$ 4,139,770	4.6%	Not aval.	Not aval.

The actuarial valuation of plan assets in the above table reflects funding as of January 1, 2012. Advance funding contributions were made subsequent to the valuation date. As of December 31, 2014, the market value of plan assets held in the MERS Retiree Health Funding Vehicle was \$1,040,935.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, 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. The schedule of funding progress, presented previously, presents information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan 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 costs to the employer to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (continued)

In the January 1, 2012 actuarial valuation the following assumptions were made:

Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar, closed
Amortization period:	26 years (30 initially)
Asset valuation method:	Market value as of valuation date
Discount rate:	7%
Return on plan assets:	7%
Marital assumptions:	70% of active employees have covered spouses at retirement with males 3 years older than females; actual status used for retirees
Utilization:	Active employees will elect coverage at retirement consistent with current coverage; actual coverage valued for retirees
Healthcare cost inflation:	8% in 2012 graded to 5% in 2015
Mortality:	IRS 2012 Annuitant and Non-annuitant (sex-distinct)

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance 1/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2014</u>
Capital assets not being depreciated:				
Land	\$ 1,238,697	\$	\$	\$ 1,238,697
Capital assets being depreciated				
Buildings and building improvements	2,387,522	46,582		2,434,104
Vehicles	44,697			44,697
Equipment	278,512	33,989	(5,436)	307,065
Total capital assets	2,710,731	80,571	(5,436)	2,785,866
Less accumulated depreciation for:				
Buildings and building improvements	(798,987)	(82,990)		(881,977)
Vehicles	(21,018)	(6,913)		(27,931)
Equipment	(184,810)	(16,340)	5,436	(195,714)
Subtotal - depreciation	(1,004,815)	(106,243)	5,436	(1,105,622)
Net capital assets being depreciated	1,705,916	(25,672)		1,680,244
Net capital assets	\$ 2,944,613	\$ (25,672)	\$	\$ 2,918,941

Depreciation expense is allocated to the following activities:

Governmental Activities:	
General government	\$ 52,264
Police	6,478
Sidewalks	8,333
Recreation programs	24,220
Senior citizen services	14,948
	<u>\$ 106,243</u>

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - CAPITAL ASSETS (continued)

A summary of the asset activity for the Fire Department is as follows:

Fire Department	Balance 1/1/2014	Additions	Deletions	Re-class	Balance 12/31/2014
Capital assets not being depreciated:					
Land	\$ 1,857,202	\$	\$	\$	\$ 1,857,202
Work in progress	53,938	52,937		(106,875)	
Subtotal	1,911,140	52,937		(106,875)	1,857,202
Capital assets being depreciated:					
Buildings and land improvements	3,213,015				3,213,015
Vehicles	1,917,969		(14,235)	106,875	2,010,609
Equipment	458,855				458,855
Total capital assets	5,589,839		(14,235)	106,875	5,682,479
Less accumulated depreciation for:					
Buildings and land improvements	(1,347,782)	(67,161)			(1,414,943)
Vehicles	(1,336,880)	(130,173)	14,235		(1,452,818)
Equipment	(294,655)	(30,428)			(325,083)
Subtotal - depreciation	(2,979,317)	(227,762)	14,235		(3,192,844)
Net capital assets being depreciated	2,610,522	(227,762)		106,875	2,489,635
Net capital assets	\$ 4,521,662	\$ (174,825)	\$	\$	\$ 4,346,837

CHARTER TOWNSHIP OF BRANDON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 6 - CAPITAL ASSETS (continued)

A summary of the asset activity for the Library is as follows:

Library	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Non-depreciable items				
Land	\$ 171,000			\$ 171,000
Depreciable items				
Buildings and land improvements	3,796,414			3,796,414
Computer equipment	25,257		4,568	20,689
Equipment	54,666			54,666
Library materials	908,049	45,553	139,199	814,403
Furniture and fixtures	445,819			445,819
Total capital assets	5,230,205	45,553	143,767	5,131,991
Accumulated depreciation				
Buildings and land improvements	1,314,698	94,910		1,409,608
Computer equipment	21,083	744	2,559	19,268
Equipment	49,203	697		49,900
Library materials	551,641	75,775	139,199	488,217
Furniture and fixtures	445,819			445,819
Subtotal - depreciation	2,382,444	172,126	141,758	2,412,812
Net capital assets being depreciated	2,847,761	(126,573)	2,009	2,719,179
Net capital assets	\$ 3,018,761	\$ (126,573)	\$ 2,009	\$ 2,890,179

NOTE 7 - LONG-TERM OBLIGATIONS

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Capital leases and installment purchase agreements are also general obligations of the government.

Description	Amount
Governmental Activities	
General obligations:	
2010 Library Refunding LTGO bonds, issued in the amount of \$2,230,000 to finance library construction. The bond bears interest from 2% to 2.7%, and matures through 2018	<u>\$ 1,170,000</u>
Component Units Activities	
Installment purchase agreements:	
2006 installment purchase agreement, issued in the amount of \$1,369,500 to purchase land for a future fire station. The agreement bears interest at 4.069% and matures through 2016	<u>\$ 273,900</u>

CHARTER TOWNSHIP OF BRANDON

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of changes in long term obligations for the year.

	<u>Balance 1/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2014</u>	<u>Due within one year</u>
Governmental Activities					
General obligation bonds	\$ 1,445,000	\$	\$ 275,000	\$ 1,170,000	\$ 280,000
Accumulated compensated absences	5,111	9,032		14,143	
Total general obligations	<u>\$ 1,450,111</u>	<u>\$ 9,032</u>	<u>\$ 275,000</u>	<u>\$ 1,184,143</u>	<u>\$ 280,000</u>
Component Unit Activities - Fire					
Installment purchase obligations	\$ 410,850	\$	\$ 136,950	\$ 273,900	\$ 136,950
Accumulated compensated absences	4,757	1,935		6,692	
Total component unit - Fire	<u>\$ 415,607</u>	<u>\$ 1,935</u>	<u>\$ 136,950</u>	<u>\$ 280,592</u>	<u>\$ 136,950</u>

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

	<u>Governmental Activities</u>				<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 280,000	\$ 24,790	\$ 304,790	2015	\$ 136,950	\$ 11,145	\$ 148,095
2016	290,000	18,800	308,800	2016	136,950	5,573	142,523
2017	295,000	11,923	306,923	2017			
2018	305,000	4,118	309,118	2018			
Total	<u>\$ 1,170,000</u>	<u>\$ 59,631</u>	<u>\$ 1,229,631</u>	Total	<u>\$ 273,900</u>	<u>\$ 16,718</u>	<u>\$ 290,618</u>

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, (Public Act 20 of 1943, as amended) authorizes the Township to deposit and invest in the accounts of federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

As of December 31, 2014 cash, cash equivalents and investments consist of the following:

CASH AND INVESTMENTS - GOVERNMENTAL ACTIVITIES AND COMPONENT UNITS

Deposits	
Deposits with financial institutions	\$ 3,693,408
Investments	
Oakland County Investment Pool	<u>3,288,599</u>
Total deposits and investments	<u><u>\$ 6,982,007</u></u>

Deposits and investments are presented in the financial statements in the following areas:

Statement of Net Position	
Deposits and investments	\$ 4,037,003
Fiduciary Funds	
Deposits and investments	<u>2,448,372</u>
Total deposits and investments	<u><u>\$ 6,485,375</u></u>

The carrying amount of cash is stated at \$6,485,375 as of December 31, 2014. The difference between the carrying amounts and amounts mentioned above stem from petty cash and outstanding items.

The investments are held with Oakland County’s Local Government Investment Pool (LGIP). The LGIP is managed in accordance with the “2A-7 like pool” risk limiting requirements of GASB No. 31. The portfolio securities are valued by the amortized cost method and on a monthly basis the valuation is compared to current market to monitor any variance. At time of purchase, maturities must have a remaining maturity of 3 years or less. The weighted average maturity of the LGIP is approximately 1,000 days. The Township has the ability to withdraw its investments at any time without penalty.

DEPOSIT AND INVESTMENT RISK

The Government Accounting Standards Board Statement No. 3 risk disclosures for the Township’s deposits and investments are as follows:

INTEREST RATE RISK

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The Township’s investment policy does not have specific limits in excess of state law on investment maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

CREDIT RISK

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with maximum maturities and ratings when purchased, banker's acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The Township's investments were not rated as of December 31, 2014.

CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial risk. As of December 31, 2014 the custodial credit risk is as follows:

Insured by FDIC	\$ 728,513
Uninsured and uncollateralized	<u>2,964,895</u>
Total deposits	<u><u>\$ 3,693,408</u></u>

This includes the component units Fire and Library.

CUSTODIAL CREDIT RISK - INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk. The Township's investments at December 31, 2014 are not subject to custodial credit risk.

CASH AND INVESTMENTS - COMPONENT UNIT (FIRE)

Deposits	
Deposits with financial institutions	\$ 423,469
Investments	
Oakland County Investment Pool	<u>1,098,252</u>
Total deposits and investments	<u><u>\$ 1,521,721</u></u>

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position - Component Unit (Fire)	
Cash and investments	<u><u>\$ 1,521,821</u></u>

The carrying amount of cash is stated at \$1,521,821 as of December 31, 2014. The difference between the carrying amounts and amounts mentioned above stem from \$100 cash on hand.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

All other deposit and investment risk assessments are the same as previously mentioned under Governmental Activities and Component Units.

CASH AND INVESTMENTS - COMPONENT UNIT (LIBRARY)

Deposits	
Deposits with financial institutions	\$ 111,163
Investments	
Oakland County Investment Pool	129,389
Total deposits and investments	\$ 240,552

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position - Component Unit (Library)	
Cash and investments	\$ 246,956

The carrying amount of cash is stated at \$246,956 as of December 31, 2014. The difference between the carrying amount and amount mentioned above stem from outstanding items.

NOTE 9 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The Township has adopted GASB #65 "Items Previously Reported as Assets and Liabilities". Under this standard the Township will report two new sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called Deferred Outflows (previously called assets) and Deferred Inflows (previously called liabilities).

These separate financial statement elements which meet the definition of deferred outflows and inflows are no longer considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met. The Township did not have any deferred outflows as of December 31, 2014.

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met. The Township has two transaction types which consist of elements considered deferred inflows listed on the balance sheets of various funds and the Statement of Net Position.

CHARTER TOWNSHIP OF BRANDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (continued)

The first transaction type listed as a Deferred Inflow of Resources are property taxes received or reported as receivables before the period in which the levy was to apply. Thus, property taxes levied in December 2014 will not be recognized as revenue until the year 2015. This type of transaction is listed on both the Statement of Net Position as well as the Balance Sheets under Fund Accounting.

The second transaction type listed as a Deferred Inflow of Resources are special assessments levied over a period of years in which the future principle collections exceeding one year are unavailable for fund accounting purposes. Therefore, is only listed on the Balance Sheets under Fund Accounting.

NOTE 10 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of Township management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the Township's financial position, results of operations, or cash flows.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 441,633	\$ 441,633	\$ 443,272	\$ 1,639
Licenses and permits	100,750	100,750	129,336	28,586
Intergovernmental	1,052,122	1,052,122	1,106,474	54,352
Charges for services	6,150	6,150	17,183	11,033
Interest	5,000	5,000	16,334	11,334
Other revenues	93,185	93,185	85,577	(7,608)
Total revenues	1,698,840	1,698,840	1,798,176	99,336
EXPENDITURES				
Trustees	14,700	14,700	12,526	2,174
Supervisor	111,783	111,783	108,305	3,478
Elections	67,600	67,600	46,608	20,992
Assessor	73,550	73,550	69,201	4,349
Clerk	142,847	142,847	136,310	6,537
Board of review	3,250	3,250	1,755	1,495
Treasurer	129,892	129,892	106,986	22,906
Township Hall	52,750	52,750	43,678	9,072
Senior Activity Center	71,532	71,532	71,695	(163)
Senior Van	66,285	66,285	65,743	542
Community development - C.D.B.G.	36,550	36,550	51,773	(15,223)
Other costs	55,150	55,150	48,688	6,462
Building inspection	160,013	160,013	142,456	17,557
Ordinance enforcement	1,000	1,000	932	68
Metro Authority	11,000	11,000	11,000	
Street lighting	24,500	24,500	18,597	5,903
Roads	66,000	66,000	60,984	5,016
Recreation	52,300	52,300	52,139	161
Planning commission	11,390	11,390	10,661	729
Appeal Board	6,560	6,560	5,664	896
Equipment shared expenditures	28,500	28,500	22,801	5,699
Insurance and bonds	41,200	41,200	26,801	14,399
Other functions	554,458	554,458	514,522	39,936
Total expenditures	1,782,810	1,782,810	1,629,825	152,985
Excess (deficiency) of revenues over (under) expenditures	(83,970)	(83,970)	168,351	252,321
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	100	30	(70)
Transfers in	122,998	122,998	122,998	
Transfers (out)	(458,998)	(458,998)	(501,464)	(42,466)
Total other financing sources (uses)	(335,900)	(335,900)	(378,436)	(42,536)
Net change in fund balance	(419,870)	(419,870)	(210,085)	209,785
FUND BALANCE, JANUARY 1, 2014	818,789	818,789	818,789	
FUND BALANCE DECEMBER 31, 2014	\$ 398,919	\$ 398,919	\$ 608,704	\$ 209,785

CHARTER TOWNSHIP OF BRANDON

POLICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,529,608	\$ 1,529,608	\$ 1,516,603	\$ (13,005)
Licenses and permits	4,300	4,300	4,728	428
Interest	9,000	9,000	15,856	6,856
Other revenues	20,100	20,100	21,308	1,208
Reimbursement from schools	110,830	110,830	115,913	5,083
Total revenues	<u>1,673,838</u>	<u>1,673,838</u>	<u>1,674,408</u>	<u>570</u>
EXPENDITURES				
Public safety	<u>1,757,397</u>	<u>1,757,397</u>	<u>1,768,986</u>	<u>(11,589)</u>
Excess (deficiency) of revenues over (under) expenditures	(83,559)	(83,559)	(94,578)	(11,019)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>71,998</u>	<u>71,998</u>	<u>71,998</u>	
Net change in fund balance	(11,561)	(11,561)	(22,580)	(11,019)
FUND BALANCE, JANUARY 1, 2014	<u>43,578</u>	<u>43,578</u>	<u>43,578</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 32,017</u>	<u>\$ 32,017</u>	<u>\$ 20,998</u>	<u>\$ (11,019)</u>

CHARTER TOWNSHIP OF BRANDON

SCHEDULES OF OPEB FUNDING PROGRESS (UNAUDITED)
DECEMBER 31, 2014

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) is as follows:

Year Ended December 31,	Annual OPEB Cost	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2010	\$ 446,157	\$ 93,432	21%	\$ 352,725
2011	\$ 493,259	\$ 116,011	24%	\$ 377,248
2012	\$ 444,726	\$ 336,040	76%	\$ 108,686
2013	\$ 448,180	\$ 153,526	34%	\$ 294,654
2014	\$ 440,329	\$ 273,693	62%	\$ 166,636

CHARTER TOWNSHIP OF BRANDON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

NOTE - BUDGETARY INFORMATION

Budget Overruns

The following expenditures exceeded appropriations in the various funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
General Fund			
Senior Activity Center	\$ 71,532	\$ 71,695	\$ (163)
Community development	36,550	51,773	(15,223)
Police Fund	1,757,397	1,768,986	(11,589)
Zarieda Street Sewer Fund	5,621	9,819	(4,198)
Shelmer Lane Fund	<u>4,148</u>	<u>4,747</u>	<u>(599)</u>
	<u>\$ 1,875,248</u>	<u>\$ 1,907,020</u>	<u>\$ (31,772)</u>

The overruns were relatively immaterial and were the result of accruals made at year end that were not anticipated in the amended budget.

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL
STATEMENTS**

CHARTER TOWNSHIP OF BRANDON

COMBINING BALANCE SHEET
ALL FUNDS INCLUDED IN GASB 54 CONSOLIDATION - FIRE FUND
DECEMBER 31, 2014

	Fire Operating	Equipment and Housing	Ambulance	Public Contributions	Eliminations	Totals Restated Fire and Ambulance Fund
ASSETS						
Cash and investments	\$ 462,870	\$ 479,622	\$ 572,436	\$ 6,893	\$	\$ 1,521,821
Taxes receivable	1,136,554	176,597				1,313,151
Due from other funds	354,095	57,075	1,000		(2,523)	409,647
Prepaid expenses	34,249	147	1,339			35,735
Total assets	<u>\$ 1,987,768</u>	<u>\$ 713,441</u>	<u>\$ 574,775</u>	<u>\$ 6,893</u>	<u>\$ (2,523)</u>	<u>\$ 3,280,354</u>
LIABILITIES						
Accounts payable	\$ 34,608	\$ 3,676	\$ 6,011	\$ 25	\$	\$ 44,320
Accrued wages	29,827		1,986			31,813
Due to other funds	2,523				(2,523)	
Total liabilities	<u>66,958</u>	<u>3,676</u>	<u>7,997</u>	<u>25</u>	<u>(2,523)</u>	<u>76,133</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for the following year	1,608,502	249,927				1,858,429
FUND BALANCE						
Non-spendable - prepaid	34,249	147	1,339			35,735
Restricted - fire protection	99,593	206,322	373,689	6,868		686,472
Assigned for future budget deficit	178,466	253,369	191,750			623,585
Total fund balance	<u>312,308</u>	<u>459,838</u>	<u>566,778</u>	<u>6,868</u>		<u>1,345,792</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,987,768</u>	<u>\$ 713,441</u>	<u>\$ 574,775</u>	<u>\$ 6,893</u>	<u>\$ (2,523)</u>	<u>\$ 3,280,354</u>

CHARTER TOWNSHIP OF BRANDON

NONMAJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	SPECIAL REVENUE FUNDS									
	Seymour Lake Cemetery Fund	Designated Cemetery Fund	Recreation Fund	Designated Parks	Cable Savings Fund	Presidio and Freedom Trail Fund	Zarieda Street Sewer Fund	Upper Bushman Fund	Lake Louise Fund	Legault Boulevard Fund
ASSETS										
Cash and investments	\$ 17,740	\$ 51,495	\$ 24,025	\$ 8,142	\$ 232,647	\$ 7,164	\$ 5,999	\$ 10,080	\$ 24,320	\$ 6,371
Accounts receivable			4,053		51,831					
Prepaid expenses			6,210		618					
Taxes receivable										
Special assessment receivable						33,750	5,376	3,695	29,366	5,845
Due from other funds						1,191	1,075	1,872	9,439	3,618
Total assets	<u>\$ 17,740</u>	<u>\$ 51,495</u>	<u>\$ 34,288</u>	<u>\$ 8,142</u>	<u>\$ 285,096</u>	<u>\$ 42,105</u>	<u>\$ 12,450</u>	<u>\$ 15,647</u>	<u>\$ 63,125</u>	<u>\$ 15,834</u>
LIABILITIES										
Accounts payable	\$	\$	\$ 3,403	\$	\$ 1,020	\$	\$	\$	\$ 1,750	\$
Unearned revenue			13,320				6,452	6,971	43,000	10,019
Accrued wages			680		241					
Total liabilities			<u>17,403</u>		<u>1,261</u>		<u>6,452</u>	<u>6,971</u>	<u>44,750</u>	<u>10,019</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenues						35,735				
Taxes levied for the following year										
Total deferred inflows of resources						<u>35,735</u>				
FUND BALANCES										
Nonspendable for:										
Prepays			6,210		618					
Restricted for:										
Fire protection										
Parks and recreation			10,675							
Library										
Public works						6,369	5,991	8,676	18,375	5,815
Debt service										
Committed for:										
Cable					266,472					
Recreation				8,142						
Cemetery	13,240	51,495								
Assigned for future budget deficit	4,500				16,745	1	7			
Total fund balances	<u>17,740</u>	<u>51,495</u>	<u>16,885</u>	<u>8,142</u>	<u>283,835</u>	<u>6,370</u>	<u>5,998</u>	<u>8,676</u>	<u>18,375</u>	<u>5,815</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,740</u>	<u>\$ 51,495</u>	<u>\$ 34,288</u>	<u>\$ 8,142</u>	<u>\$ 285,096</u>	<u>\$ 42,105</u>	<u>\$ 12,450</u>	<u>\$ 15,647</u>	<u>\$ 63,125</u>	<u>\$ 15,834</u>

CHARTER TOWNSHIP OF BRANDON

NONMAJOR FUNDS
COMBINING BALANCE SHEET (continued)
DECEMBER 31, 2014

	DEBT SERVICE FUND	
	Library DSF	Totals
ASSETS		
Cash and investments	\$ 58,698	\$ 446,681
Accounts receivable		55,884
Prepaid expenses		6,828
Taxes receivable	211,945	211,945
Special assessment receivable		78,032
Due from other funds	61,668	78,863
Total assets	\$ 332,311	\$ 878,233
LIABILITIES		
Accounts payable	\$ 249	\$ 6,422
Unearned revenue		79,762
Accrued wages		921
Total liabilities	249	87,105
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues		35,735
Taxes levied for the following year	294,755	294,755
Total deferred inflows of resources	294,755	330,490
FUND BALANCES		
Nonspendable for:		
Prepays		6,828
Restricted for:		
Fire protection		
Parks and recreation		10,675
Library		
Public works		45,226
Debt service	37,307	37,307
Committed for:		
Cable		266,472
Recreation		8,142
Cemetery		64,735
Assigned for future budget deficit		21,253
Total fund balances	37,307	460,638
Total liabilities, deferred inflows of resources and fund balances	\$ 332,311	\$ 878,233

CHARTER TOWNSHIP OF BRANDON

AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	<u>Tax Collection Fund</u>	<u>Delinquent Tax Fund</u>	<u>Payroll Fund</u>	<u>Escrow Fund</u>	<u>Health Reimbursement Fund</u>	<u>BCN Health Reimbursement Fund</u>	<u>Totals</u>
<u>ASSETS</u>							
ASSETS							
Cash and investments	\$ 1,945,509	\$ 136	\$ 19,923	\$ 476,445	\$ 104	\$ 6,255	\$ 2,448,372
Due from other funds						750	750
Total assets	<u>\$ 1,945,509</u>	<u>\$ 136</u>	<u>\$ 19,923</u>	<u>\$ 476,445</u>	<u>\$ 104</u>	<u>\$ 7,005</u>	<u>\$ 2,449,122</u>
<u>LIABILITIES</u>							
LIABILITIES							
Due to others	\$ 972,768	\$ 109	\$ 17,923	\$ 475,562	\$	\$ 5	\$ 1,466,367
Due to other funds	<u>972,741</u>	<u>27</u>	<u>2,000</u>	<u>883</u>	<u>104</u>	<u>7,000</u>	<u>982,755</u>
Total liabilities	<u>\$ 1,945,509</u>	<u>\$ 136</u>	<u>\$ 19,923</u>	<u>\$ 476,445</u>	<u>\$ 104</u>	<u>\$ 7,005</u>	<u>\$ 2,449,122</u>

CHARTER TOWNSHIP OF BRANDON

**ALL FUNDS INCLUDED IN GASB 54 FIRE AND AMBULANCE FUND CONSOLIDATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Fire Operating</u>	<u>Equipment and Housing</u>	<u>Ambulance</u>	<u>Designated Ambulance Fund</u>	<u>Public Contributions</u>	<u>Eliminations</u>	<u>Totals Restated Fire and Ambulance Fund</u>
Revenues							
Taxes	\$ 1,363,695	\$ 368,632	\$	\$	\$	\$	\$ 1,732,327
Charges for services			360,792				360,792
Interest	13,411	9,254	10,752				33,417
Miscellaneous	3,684	105	250				4,039
Public contributions					12,456		12,456
Total revenues	<u>1,380,790</u>	<u>377,991</u>	<u>371,794</u>		<u>12,456</u>		<u>2,143,031</u>
Expenditures							
Salaries	893,919		91,342				985,261
Pension	80,680		7,431				88,111
Insurance	400,206		18,064				418,270
Payroll taxes	68,556		5,385				73,941
OPEB	66,175		1,135				67,310
Fire and ambulance	146,205	72,670	128,562		13,359		360,796
Debt payment - principal		136,950					136,950
Debt payment - interest		16,717					16,717
Total expenditures	<u>1,655,741</u>	<u>226,337</u>	<u>251,919</u>		<u>13,359</u>		<u>2,147,356</u>
Excess (deficiency) of revenues over expenditures	<u>(274,951)</u>	<u>151,654</u>	<u>119,875</u>		<u>(903)</u>		<u>(4,325)</u>
OTHER FINANCING SOURCES							
Sale of assets		3,001					3,001
Transfer in	300,000		1,651			(301,651)	
Transfer (out)			(300,000)	(1,651)		301,651	
Total other financing sources	<u>300,000</u>	<u>3,001</u>	<u>(298,349)</u>	<u>(1,651)</u>			<u>3,001</u>
Net change in fund balance	25,049	154,655	(178,474)	(1,651)	(903)		(1,324)
FUND BALANCE, JANUARY 1, 2014	<u>287,259</u>	<u>305,183</u>	<u>745,252</u>	<u>1,651</u>	<u>7,771</u>		<u>1,347,116</u>
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 312,308</u>	<u>\$ 459,838</u>	<u>\$ 566,778</u>	<u>\$</u>	<u>\$ 6,868</u>	<u>\$</u>	<u>\$ 1,345,792</u>

CHARTER TOWNSHIP OF BRANDON

NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Seymour Lake Cemetery Fund	Designated Cemetery Fund	Recreation Fund	Designated Recreation Fund	Cable Savings Fund	Presidio and Freedom Trail Fund	Zarieda Street Sewer Fund	Upper Bushman Fund	Lake Louise Fund	Shelmer Lane Fund	Legault Boulevard Fund
REVENUES											
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest income		65	464	3	2,076		4	4	426	2	4
Charges for services	12,985		112,192		200,195						
Special assessments:											
Principal						8,934	6,452	6,923	43,000	863	9,823
Interest						2,233					
Miscellaneous revenue			157								
Total revenues	12,985	65	112,813	3	202,271	11,167	6,456	6,927	43,426	865	9,827
EXPENDITURES											
Cable					104,667						
Recreation			119,901								
Public works	19,201						9,819	5,613	33,819	4,747	8,056
Debt payment											
Principal											
Interest											
Library											
Total expenditures	19,201		119,901		104,667		9,819	5,613	33,819	4,747	8,056
Excess (deficiency) of revenues over expenditures	(6,216)	65	(7,088)	3	97,604	11,167	(3,363)	1,314	9,607	(3,882)	1,771
OTHER FINANCING SOURCES (USES)											
Transfers in	24,000	59,800	28,528	100							
Transfers (out)	(800)	(9,000)	(100)		(71,998)	(12,689)					
Total other financing sources (uses)	23,200	50,800	28,428	100	(71,998)	(12,689)					
Net change in fund balance	16,984	50,865	21,340	103	25,606	(1,522)	(3,363)	1,314	9,607	(3,882)	1,771
FUND BALANCE, (DEFICIT) JANUARY 1, 2014	756	630	(4,455)	8,039	258,229	7,892	9,361	7,362	8,768	3,882	4,044
FUND BALANCE, DECEMBER 31, 2014	\$ 17,740	\$ 51,495	\$ 16,885	\$ 8,142	\$ 283,835	\$ 6,370	\$ 5,998	\$ 8,676	\$ 18,375	\$	\$ 5,815

CHARTER TOWNSHIP OF BRANDON

NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Library DSF	Totals
REVENUES		
Taxes	\$ 301,563	\$ 301,563
Interest income	3,060	6,108
Charges for services		325,372
Special assessments:		
Principal		75,995
Interest		2,233
Miscellaneous revenue		157
Total revenues	<u>304,623</u>	<u>711,428</u>
EXPENDITURES		
Cable		104,667
Recreation		119,901
Public works		81,255
Debt payment		
Principal	275,000	275,000
Interest	30,340	30,340
Library	1,059	1,059
Total expenditures	<u>306,399</u>	<u>612,222</u>
Excess (deficiency) of revenues over expenditures	<u>(1,776)</u>	<u>99,206</u>
OTHER FINANCING SOURCES (USES)		
Transfers in		112,428
Transfers (out)		(94,587)
Total other financing sources (uses)		<u>17,841</u>
Net change in fund balance	(1,776)	117,047
FUND BALANCE, (DEFICIT) JANUARY 1, 2014	<u>39,083</u>	<u>343,591</u>
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 37,307</u>	<u>\$ 460,638</u>

INDIVIDUAL FUNDS

GENERAL FUND

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$	475,330
Taxes receivable		316,366
Due from other funds		103,032
Due from other governments		194,698
Prepaid expenses		<u>27,969</u>

Total assets

\$ 1,117,395

LIABILITIES

Accounts payable	\$	51,397
Accrued wages		16,569
Due to other funds		<u>750</u>

Total liabilities

\$ 68,716

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for the following year		439,975
--	--	---------

FUND BALANCE

608,704

**Total liabilities, deferred inflows of
resources and fund balance**

\$ 1,117,395

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 441,633	\$ 443,272	\$ 1,639
Licenses and permits	100,750	129,336	28,586
Intergovernmental	1,052,122	1,106,474	54,352
Charges for services	6,150	17,183	11,033
Other revenues	98,185	101,911	3,726
Total revenues	<u>1,698,840</u>	<u>1,798,176</u>	<u>99,336</u>
EXPENDITURES			
Trustees	14,700	12,526	2,174
Supervisor	111,783	108,305	3,478
Elections	67,600	46,608	20,992
Assessor	73,550	69,201	4,349
Clerk	142,847	136,310	6,537
Board of review	3,250	1,755	1,495
Treasurer	129,892	106,986	22,906
Township Hall	52,750	43,678	9,072
Senior Activity Center	71,532	71,695	(163)
Senior Van	66,285	65,743	542
Community development - C.D.B.G.	36,550	51,773	(15,223)
Other costs	55,150	48,688	6,462
Building inspection	160,013	142,456	17,557
Ordinance enforcement	1,000	932	68
Metro Authority	11,000	11,000	
Street lighting	24,500	18,597	5,903
Roads	66,000	60,984	5,016
Recreation	52,300	52,139	161
Planning commission	11,390	10,661	729
Appeal Board	6,560	5,664	896
Equipment shared expenditures	28,500	22,801	5,699
Insurance and bonds	41,200	26,801	14,399
Other functions	554,458	514,522	39,936
Total expenditures	<u>1,782,810</u>	<u>1,629,825</u>	<u>152,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,970)</u>	<u>168,351</u>	<u>252,321</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	100	30	(70)
Transfers in	122,998	122,998	
Transfers (out)	(458,998)	(501,464)	(42,466)
Total other financing sources (uses)	<u>(335,900)</u>	<u>(378,436)</u>	<u>(42,536)</u>
Net change in fund balance	<u>(419,870)</u>	<u>(210,085)</u>	<u>209,785</u>
FUND BALANCE, JANUARY 1, 2014	<u>818,789</u>	<u>818,789</u>	
FUND BALANCE DECEMBER 31, 2014	<u>\$ 398,919</u>	<u>\$ 608,704</u>	<u>\$ 209,785</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TAXES			
Current tax collections	\$	\$ 431,294	\$
Mobile home tax		5,257	
Penalties and collections		6,721	
Total taxes	<u>441,633</u>	<u>443,272</u>	<u>1,639</u>
BUSINESS LICENSES AND PERMITS	<u>100,750</u>	<u>129,336</u>	<u>28,586</u>
INTERGOVERNMENTAL			
State shared revenues		1,054,497	
State SMART grant		41,468	
Metro Authority		10,509	
Total intergovernmental	<u>1,052,122</u>	<u>1,106,474</u>	<u>54,352</u>
CHARGES FOR SERVICES			
Compliance and appeals fees		6,350	
Dog licenses fees		1,145	
Site planning fees		4,115	
SAD fees		5,573	
Total charges for services	<u>6,150</u>	<u>17,183</u>	<u>11,033</u>
OTHER			
Donations		5,355	
School collection fees		34,936	
Senior rental fee		1,500	
CDBG reimbursements		39,819	
Interest		16,334	
Miscellaneous		3,967	
Total other	<u>98,185</u>	<u>101,911</u>	<u>3,726</u>
Total revenues	<u>\$ 1,698,840</u>	<u>\$ 1,798,176</u>	<u>\$ 99,336</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TRUSTEES	\$ 14,700	\$ 12,526	\$ 2,174
SUPERVISOR			
Supervisor's salary		56,518	
Wages		46,806	
Office supplies		3,137	
Equipment		679	
Miscellaneous expense		1,165	
Total supervisor	<u>111,783</u>	<u>108,305</u>	<u>3,478</u>
ELECTIONS			
Salaries		35,976	
Office supplies		2,217	
Professional services		3,400	
Maintenance and repair		4,087	
Miscellaneous expense		928	
Total elections	<u>67,600</u>	<u>46,608</u>	<u>20,992</u>
ASSESSOR			
Contracted wages		67,258	
Office supplies		1,774	
Equipment		169	
Total assessor	<u>73,550</u>	<u>69,201</u>	<u>4,349</u>
CLERK			
Clerk's salary		49,577	
Wages		78,729	
Office supplies		3,515	
Minute indexing		500	
Mileage		707	
Publications		2,388	
Education		594	
Equipment		300	
Total clerk	<u>142,847</u>	<u>136,310</u>	<u>6,537</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Salaries		1,700	
Publications		55	
Total board of review	<u>3,250</u>	<u>1,755</u>	<u>1,495</u>
TREASURER			
Treasurer's salary		49,577	
Wages		50,769	
Office supplies		3,719	
Publications		203	
Equipment		564	
Mileage		562	
Education		987	
Miscellaneous		605	
Total treasurer	<u>129,892</u>	<u>106,986</u>	<u>22,906</u>
TOWNSHIP HALL			
Janitorial		3,734	
Supplies		1,112	
Utilities/telecommunications		22,370	
Repairs and maintenance		16,462	
Total township hall	<u>52,750</u>	<u>43,678</u>	<u>9,072</u>
SENIOR ACTIVITY CENTER			
Salaries		45,430	
Office supplies		2,689	
Utilities/telecommunications		11,088	
Repair and maintenance		11,773	
Miscellaneous		715	
Total senior activity center	<u>71,532</u>	<u>71,695</u>	<u>(163)</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
SENIOR VAN			
Salaries		47,500	
Supplies		13	
Gas/oil		12,533	
Utilities		951	
Repairs and maintenance		4,700	
Miscellaneous		46	
Total senior van	<u>66,285</u>	<u>65,743</u>	<u>542</u>
COMMUNITY DEVELOPMENT			
Public service		7,000	
Printing and publishing		2,265	
Senior center		42,508	
Total community development	<u>36,550</u>	<u>51,773</u>	<u>(15,223)</u>
OTHER COSTS			
Professional services		46,622	
Dues		691	
Storage rental		1,375	
Total other costs	<u>55,150</u>	<u>48,688</u>	<u>6,462</u>
BUILDING INSPECTION			
Salaries		113,122	
Office supplies		2,662	
Repair and maintenance		2,295	
Professional services		10,427	
Vehicle		1,272	
Equipment		11,430	
Dues		310	
Education		938	
Total building inspection	<u>160,013</u>	<u>142,456</u>	<u>17,557</u>

CHARTER TOWNSHIP OF BRANDON

**GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ORDINANCE ENFORCEMENT			
Salaries		282	
Transportation		650	
Total ordinance enforcement	<u>1,000</u>	<u>932</u>	<u>68</u>
METRO AUTHORITY	<u>11,000</u>	<u>11,000</u>	
STREET LIGHTING	<u>24,500</u>	<u>18,597</u>	<u>5,903</u>
ROADS	<u>66,000</u>	<u>60,984</u>	<u>5,016</u>
RECREATION	<u>52,300</u>	<u>52,139</u>	<u>161</u>
PLANNING COMMISSION			
Salaries		5,473	
Office supplies		241	
Mileage		155	
Professional service		4,150	
Publications		642	
Total planning commission	<u>11,390</u>	<u>10,661</u>	<u>729</u>
APPEAL BOARD			
Salaries		4,880	
Mileage		81	
Publications		703	
Total appeal board	<u>6,560</u>	<u>5,664</u>	<u>896</u>
EQUIPMENT SHARED EXPENDITURES	<u>28,500</u>	<u>22,801</u>	<u>5,699</u>
INSURANCE AND BONDS	<u>41,200</u>	<u>26,801</u>	<u>14,399</u>

CHARTER TOWNSHIP OF BRANDON

GENERAL FUND
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FUNCTIONS			
Contracted payroll services		3,024	
Payroll taxes		48,994	
Medical and dental benefits		168,862	
Longevity		14,451	
Life insurance		3,071	
Retirement		82,434	
OPEB		145,618	
Public relations		1,332	
Computer expenditures		14,969	
Tax refunds/chargebacks		22,451	
Bank charges		1,858	
Youth assistance		1,000	
Clean up days		6,078	
Miscellaneous		380	
	<hr/>	<hr/>	<hr/>
Total other functions	554,458	514,522	39,936
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 1,782,810</u>	<u>\$ 1,629,825</u>	<u>\$ 152,985</u>

DESIGNATED GENERAL FUND

CHARTER TOWNSHIP OF BRANDON

DESIGNATED GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments \$ 924,305

FUND BALANCE -DESIGNATED FOR:

Municipal improvement	\$ 3,457
Tower/park development	276,615
Metro funds	26,579
Tri-party project	40,058
Passports	686
Trees	10,222
General carryforward	<u>566,688</u>

Total fund balance \$ 924,305

CHARTER TOWNSHIP OF BRANDON

DESIGNATED GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES

Interest	\$ 8,864
Cell tower rent	<u>100,126</u>

Total revenues	<u>108,990</u>
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EXPENDITURES

Excess (deficiency) of revenues over (under) expenditures	<u>108,990</u>
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OTHER FINANCING SOURCES (USES)

Transfers in	368,155
Transfers (out)	<u>(79,528)</u>

Total other financing sources (uses)	<u>288,627</u>
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Net change in fund balance	397,617
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FUND BALANCE, JANUARY 1, 2014	<u>526,688</u>
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FUND BALANCE DECEMBER 31, 2014	<u><u>\$ 924,305</u></u>
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POLICE FUND

CHARTER TOWNSHIP OF BRANDON

POLICE FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$	421,910
Taxes receivable		1,344,539
Due from other funds		391,213
Due from others		48,815
Prepaid expenditures		59

Total assets

\$ 2,206,536

LIABILITIES

Accounts payable	\$	315,360
Accrued wages		307

Total liabilities

\$ 315,667

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for the following year		1,869,871
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FUND BALANCE

20,998

**Total liabilities, deferred inflows of resources
and fund balance**

\$ 2,206,536

CHARTER TOWNSHIP OF BRANDON

POLICE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 1,529,608	\$ 1,516,603	\$ (13,005)
Licenses and permits	4,300	4,728	428
Interest	9,000	15,856	6,856
Other revenues	20,100	21,308	1,208
Reimbursement from schools	110,830	115,913	5,083
	<u>1,673,838</u>	<u>1,674,408</u>	<u>570</u>
Total revenues			
EXPENDITURES			
Police protection	1,659,814	1,679,089	(19,275)
Salaries	8,500	4,544	3,956
Payroll taxes	683	372	311
Insurance		2,806	(2,806)
Supplies	1,400	531	869
Professional services	50,000	54,359	(4,359)
Utilities	8,500	8,063	437
Repairs and maintenance	17,000	16,653	347
Tax tribunal	9,000	1,753	7,247
Miscellaneous expense	2,500	816	1,684
	<u>1,757,397</u>	<u>1,768,986</u>	<u>(11,589)</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(83,559)	(94,578)	(11,019)
OTHER FINANCING SOURCES (USES)			
Transfers in	71,998	71,998	
	<u>71,998</u>	<u>71,998</u>	
Net change in fund balance	(11,561)	(22,580)	(11,019)
FUND BALANCE, JANUARY 1, 2014	<u>43,578</u>	<u>43,578</u>	
FUND BALANCE DECEMBER 31, 2014	<u><u>\$ 32,017</u></u>	<u><u>\$ 20,998</u></u>	<u><u>\$ (11,019)</u></u>

SEYMOUR LAKE CEMETERY FUND

CHARTER TOWNSHIP OF BRANDON

**SEYMOUR LAKE CEMETERY FUND
BALANCE SHEET
DECEMBER 31, 2014**

ASSETS

Cash and investments

\$ 17,740

FUND BALANCE

\$ 17,740

CHARTER TOWNSHIP OF BRANDON

SEYMOUR LAKE CEMETERY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Sale of lots	\$ 1,000	\$ 12,985	\$ 11,985
EXPENDITURES	<u>24,956</u>	<u>19,201</u>	<u>5,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,956)</u>	<u>(6,216)</u>	<u>17,740</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	23,200	24,000	800
Transfers (out)	<u> </u>	<u>(800)</u>	<u>(800)</u>
Total other financing sources (uses)	<u>23,200</u>	<u>23,200</u>	<u> </u>
Net change in fund balance	(756)	16,984	17,740
FUND BALANCE, JANUARY 1, 2014	<u>756</u>	<u>756</u>	<u> </u>
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$</u></u>	<u><u>\$ 17,740</u></u>	<u><u>\$ 17,740</u></u>

DESIGNATED CEMETERY FUND

CHARTER TOWNSHIP OF BRANDON

DESIGNATED CEMETERY FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments

\$ 51,495

FUND BALANCE

\$ 51,495

This supplementary information shows the Designated Cemetery Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

DESIGNATED CEMETERY FUND (PRE GASB 54 RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES	
Interest	\$ 65
EXPENDITURES	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	<u> 65</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	59,800
Transfers (out)	<u>(9,000)</u>
Total other financing sources (uses)	<u> 50,800</u>
Net change in fund balance	50,865
FUND BALANCE, JANUARY 1, 2014	<u> 630</u>
FUND BALANCE DECEMBER 31, 2014	<u><u> \$ 51,495</u></u>

This supplementary information shows the Designated Cemetery Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

RECREATION FUND

CHARTER TOWNSHIP OF BRANDON

RECREATION FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments		\$	24,025
Accounts receivable			4,053
Prepays			<u>6,210</u>
Total assets		\$	<u><u>34,288</u></u>

LIABILITIES

Accounts payable	\$	3,403	
Accrued wages		680	
Unearned revenue		<u>13,320</u>	
Total liabilities	\$		17,403

FUND BALANCE

			<u>16,885</u>
Total liabilities and fund balance	\$		<u><u>34,288</u></u>

This supplementary information shows the Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$ 112,476	\$ 112,192	\$ (284)
Interest	20	464	444
Other revenues		157	157
Total revenues	<u>112,496</u>	<u>112,813</u>	<u>317</u>
EXPENDITURES	<u>136,569</u>	<u>119,901</u>	<u>16,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,073)</u>	<u>(7,088)</u>	<u>16,985</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	28,528	28,528	
Transfers (out)		(100)	(100)
Total other financing sources (uses)	<u>28,528</u>	<u>28,428</u>	<u>(100)</u>
Net change in fund balance	4,455	21,340	16,885
FUND BALANCE (DEFICIT), JANUARY 1, 2014	<u>(4,455)</u>	<u>(4,455)</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$</u>	<u>\$ 16,885</u>	<u>\$ 16,885</u>

This supplementary information shows the Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

DESIGNATED RECREATION FUND

CHARTER TOWNSHIP OF BRANDON

DESIGNATED RECREATION FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments

\$ 8,142

FUND BALANCE

\$ 8,142

This supplementary information shows the Designated Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

DESIGNATED RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (PRE GASB 54 - RESTATEMENT)
FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES	
Interest	\$ 3
EXPENDITURES	<hr/>
Excess (deficiency) of revenues over (under) expenditures	3
OTHER FINANCING SOURCES (USES)	
Transfers in	<hr/> 100
Net change in fund balance	103
FUND BALANCE, JANUARY 1, 2014	<hr/> 8,039
FUND BALANCE DECEMBER 31, 2014	<hr/> <hr/> \$ 8,142

This supplementary information shows the Designated Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CABLE SAVINGS FUND

CHARTER TOWNSHIP OF BRANDON

CABLE SAVINGS FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments		\$	232,647
Prepaid expenses			618
Accounts receivable			<u>51,831</u>

Total assets		\$	<u><u>285,096</u></u>
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LIABILITIES

Accounts payable	\$	1,020	
Accrued wages		<u>241</u>	
Total liabilities			\$ 1,261

FUND BALANCE

			<u>283,835</u>
Total liabilities and fund balance		\$	<u><u>285,096</u></u>

CHARTER TOWNSHIP OF BRANDON

CABLE SAVINGS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 1,269	\$ 2,076	\$ 807
Charges for services	<u>179,221</u>	<u>200,195</u>	<u>20,974</u>
Total revenues	<u>180,490</u>	<u>202,271</u>	<u>21,781</u>
EXPENDITURES			
Public works	<u>123,522</u>	<u>104,667</u>	<u>18,855</u>
Excess (deficiency) of revenues over (under) expenditures	56,968	97,604	40,636
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(71,998)</u>	<u>(71,998)</u>	<u></u>
Net change in fund balance	(15,030)	25,606	40,636
FUND BALANCE, JANUARY 1, 2014	<u>258,229</u>	<u>258,229</u>	<u></u>
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 243,199</u></u>	<u><u>\$ 283,835</u></u>	<u><u>\$ 40,636</u></u>

PRESIDIO AND FREEDOM TRAIL FUND

CHARTER TOWNSHIP OF BRANDON
PRESIDIO AND FREEDOM TRAIL FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$ 7,164
Special assessment receivable	33,750
Due from other funds	<u>1,191</u>

Total assets \$ 42,105

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	\$ 35,735
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FUND BALANCE

6,370

Total deferred inflows of resources and fund balance \$ 42,105

CHARTER TOWNSHIP OF BRANDON

PRESIDIO AND FREEDOM TRAIL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - principal	\$ 8,934	\$ 8,934	\$
Special assessments - interest	<u>2,233</u>	<u>2,233</u>	
Total revenues	11,167	11,167	
EXPENDITURES			
Excess (deficiency) of revenues over (under) expenditures	11,167	11,167	
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(12,689)</u>	<u>(12,689)</u>	
Net change in fund balance	(1,522)	(1,522)	
FUND BALANCE, JANUARY 1, 2014	<u>7,892</u>	<u>7,892</u>	
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 6,370</u></u>	<u><u>\$ 6,370</u></u>	<u><u>\$</u></u>

ZARIEDA STREET FUND

CHARTER TOWNSHIP OF BRANDON

ZARIEDA STREET SEWER FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$	5,999
Special assessment receivable		5,376
Due from other funds		<u>1,075</u>

Total assets \$ 12,450

LIABILITIES

Unearned revenue	\$	6,452
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FUND BALANCE

5,998

Total liabilities and fund balance \$ 12,450

CHARTER TOWNSHIP OF BRANDON

ZARIEDA STREET SEWER FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 25	\$ 4	\$ (21)
Special assessments	<u>6,452</u>	<u>6,452</u>	
Total revenues	6,477	6,456	(21)
EXPENDITURES			
Public works	<u>5,621</u>	<u>9,819</u>	<u>(4,198)</u>
Net change in fund balance	856	(3,363)	(4,219)
FUND BALANCE, JANUARY 1, 2014	<u>9,361</u>	<u>9,361</u>	
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 10,217</u></u>	<u><u>\$ 5,998</u></u>	<u><u>\$ (4,219)</u></u>

UPPER BUSHMAN FUND

CHARTER TOWNSHIP OF BRANDON

UPPER BUSHMAN FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$	10,080
Special assessment receivable		3,695
Due from other funds		<u>1,872</u>

Total assets \$ 15,647

LIABILITIES

Unearned revenues	\$	6,971
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FUND BALANCE

8,676

Total liabilities and fund balance \$ 15,647

CHARTER TOWNSHIP OF BRANDON

UPPER BUSHMAN FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 20	\$ 4	\$ (16)
Special assessments	<u>6,923</u>	<u>6,923</u>	<u> </u>
Total revenue	6,943	6,927	(16)
EXPENDITURES			
Public works	<u>7,122</u>	<u>5,613</u>	<u>1,509</u>
Net change in fund balance	(179)	1,314	1,493
FUND BALANCE, JANUARY 1, 2014	<u>7,362</u>	<u>7,362</u>	<u> </u>
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 7,183</u></u>	<u><u>\$ 8,676</u></u>	<u><u>\$ 1,493</u></u>

LAKE LOUISE FUND

CHARTER TOWNSHIP OF BRANDON

LAKE LOUISE FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$ 24,320
Special assessment receivable	29,366
Due from other funds	<u>9,439</u>

Total assets \$ 63,125

LIABILITIES

Accounts payable	\$ 1,750
Unearned revenue	<u>43,000</u>

Total liabilities 44,750

FUND BALANCE

18,375

Total liabilities and fund balance \$ 63,125

CHARTER TOWNSHIP OF BRANDON

LAKE LOUISE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$ 43,000	\$ 43,000	\$
Interest		426	426
	<hr/>	<hr/>	<hr/>
Total revenues	43,000	43,426	426
 EXPENDITURES			
Public works	39,800	33,819	5,981
	<hr/>	<hr/>	<hr/>
Net change in fund balance	3,200	9,607	6,407
 FUND BALANCE, JANUARY 1, 2014	<hr/> 8,768	<hr/> 8,768	<hr/>
 FUND BALANCE, DECEMBER 31, 2014	<u>\$ 11,968</u>	<u>\$ 18,375</u>	<u>\$ 6,407</u>

SHELMER LANE FUND

CHARTER TOWNSHIP OF BRANDON

SHELMER LANE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 4	\$ 2	\$ (2)
Special assessments	<u>5,198</u>	<u>863</u>	<u>(4,335)</u>
Total revenues	5,202	865	(4,337)
EXPENDITURES			
Public works	<u>4,148</u>	<u>4,747</u>	<u>(599)</u>
Net change in fund balance	1,054	(3,882)	(4,936)
FUND BALANCE, JANUARY 1, 2014	<u>3,882</u>	<u>3,882</u>	
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 4,936</u></u>	<u><u>\$</u></u>	<u><u>\$ (4,936)</u></u>

LEGAULT BOULEVARD FUND

CHARTER TOWNSHIP OF BRANDON

LEGAULT BOULEVARD FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$	6,371
Special assessment receivable		5,845
Due from other funds		<u>3,618</u>

Total assets \$ 15,834

LIABILITIES

Unearned revenue	\$	10,019
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FUND BALANCE

5,815

Total liabilities and fund balance \$ 15,834

CHARTER TOWNSHIP OF BRANDON

LEGAULT BOULEVARD FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 5	\$ 4	\$ (1)
Special assessments	<u>9,823</u>	<u>9,823</u>	
Total revenues	9,828	9,827	(1)
EXPENDITURES			
Public works	<u>9,652</u>	<u>8,056</u>	<u>1,596</u>
Net change in fund balance	176	1,771	1,595
FUND BALANCE, JANUARY 1, 2014	<u>4,044</u>	<u>4,044</u>	
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 4,220</u></u>	<u><u>\$ 5,815</u></u>	<u><u>\$ 1,595</u></u>

FIRE OPERATING FUND

CHARTER TOWNSHIP OF BRANDON

FIRE OPERATING FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$ 462,870
Taxes receivable	1,136,554
Due from other funds	354,095
Prepaid expenses	<u>34,249</u>
Total assets	<u><u>\$ 1,987,768</u></u>

LIABILITIES

Accounts payable	\$ 34,608
Accrued wages	29,827
Due to other funds	<u>2,523</u>
Total liabilities	66,958

DEFERRED INFLOWS OF RESOURCES

Taxes levied for the following year	1,608,502
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FUND BALANCE

312,308

Total liabilities, deferred inflows of resources and fund balance **\$ 1,987,768**

This supplementary information shows the Fire Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

FIRE OPERATING FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 1,365,403	\$ 1,363,695	\$ (1,708)
Interest	10,000	13,411	3,411
Miscellaneous	<u> </u>	<u>3,684</u>	<u>3,684</u>
Total revenues	<u>1,375,403</u>	<u>1,380,790</u>	<u>5,387</u>
EXPENDITURES			
Full time wages/benefits	836,065	820,143	15,922
Full time benefits	591,770	475,320	116,450
Paid on-call wage/benefits	167,000	151,022	15,978
Paid on-call benefits	29,000	30,262	(1,262)
Utilities	42,500	44,745	(2,245)
Insurance	45,000	32,788	12,212
Fuel and gasoline	35,000	32,450	2,550
Dispatch fees	25,753	24,753	1,000
MTT refunds and chargebacks	1,000	2,509	(1,509)
Training	14,500	9,942	4,558
Computers/maintenance	12,350	7,386	4,964
Physicals	2,500	127	2,373
Office supplies	5,500	5,675	(175)
Uniforms purchase	7,500	7,297	203
Miscellaneous expense	5,700	3,483	2,217
Contracted services	9,800	6,411	3,389
Fire prevention	4,000	1,428	2,572
Fire Board	<u>500</u>	<u> </u>	<u>500</u>
Total expenditures	<u>1,835,438</u>	<u>1,655,741</u>	<u>179,697</u>
Excess (deficiency) of revenues, over (under) expenditures	(460,035)	(274,951)	185,084
OTHER FINANCING SOURCES			
Transfers in	<u>300,000</u>	<u>300,000</u>	<u> </u>
Net change in fund balance	(160,035)	25,049	185,084
FUND BALANCE, JANUARY 1, 2014	<u>287,259</u>	<u>287,259</u>	<u> </u>
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 127,224</u>	<u>\$ 312,308</u>	<u>\$ 185,084</u>

This supplementary information shows the Fire Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

FIRE EQUIPMENT AND HOUSING FUND

CHARTER TOWNSHIP OF BRANDON

FIRE EQUIPMENT AND HOUSING FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

ASSETS

Cash and investments	\$ 479,622
Taxes receivable	176,597
Due from other funds	57,075
Prepaid expenses	<u>147</u>
Total assets	<u>\$ 713,441</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 3,676
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DEFERRED INFLOWS OF RESOURCES

Taxes levied for the following year	249,927
-------------------------------------	---------

FUND BALANCE

459,838

Total liabilities, deferred inflows of resources and fund balance

\$ 713,441

This supplementary information shows the Fire Equipment and Housing Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

FIRE EQUIPMENT AND HOUSING FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 369,345	\$ 368,632	\$ (713)
Interest	4,500	9,254	4,754
Miscellaneous		105	105
Total revenues	<u>373,845</u>	<u>377,991</u>	<u>4,146</u>
EXPENDITURES			
Fire protection	210,600	72,670	137,930
Debt payment - principal	136,950	136,950	
Debt payment - interest	16,720	16,717	3
Total expenditures	<u>364,270</u>	<u>226,337</u>	<u>137,933</u>
Excess (deficiency) of revenues over (under) expenditures	9,575	151,654	142,079
OTHER FINANCING SOURCES (USES)			
Sale of assets		3,001	3,001
Net change in fund balance	<u>9,575</u>	<u>154,655</u>	<u>145,080</u>
FUND BALANCE, JANUARY 1, 2014	<u>305,183</u>	<u>305,183</u>	
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 314,758</u></u>	<u><u>\$ 459,838</u></u>	<u><u>\$ 145,080</u></u>

This supplementary information shows the Fire Equipment and Housing Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

FIRE AMBULANCE FUND

CHARTER TOWNSHIP OF BRANDON
FIRE AMBULANCE FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$ 572,436
Due from other funds	1,000
Prepaid expenses	1,339
	1,339

Total assets	\$ 574,775
	574,775

LIABILITIES

Accounts payable	\$ 6,011
Accrued wages	1,986
	1,986

Total liabilities	7,997
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FUND BALANCE

	566,778
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Total liabilities and fund balance	\$ 574,775
	574,775

This supplementary information shows the Fire Ambulance Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

FIRE AMBULANCE FUND (PRE GASB 54 - RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Fees and charges	\$ 240,000	\$ 360,792	\$ 120,792
Interest	6,000	10,752	4,752
Miscellaneous	1,000	250	(750)
Total revenues	<u>247,000</u>	<u>371,794</u>	<u>124,794</u>
EXPENDITURES			
Ambulance fees/expenditures	106,750	79,280	27,470
Equipment	95,000	70,812	24,188
Ambulance benefits	108,417	101,687	6,730
Professional services	150	93	57
Miscellaneous	100	47	53
Total expenditures	<u>310,417</u>	<u>251,919</u>	<u>58,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,417)</u>	<u>119,875</u>	<u>183,292</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		1,651	1,651
Transfers (out)	(300,000)	(300,000)	
Total other financing sources (uses)	<u>(300,000)</u>	<u>(298,349)</u>	<u>1,651</u>
Net change in fund balance	(363,417)	(178,474)	184,943
FUND BALANCE, JANUARY 1, 2014	<u>745,252</u>	<u>745,252</u>	
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 381,835</u></u>	<u><u>\$ 566,778</u></u>	<u><u>\$ 184,943</u></u>

This supplementary information shows the Fire Ambulance Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

DESIGNATED AMBULANCE FUND

CHARTER TOWNSHIP OF BRANDON

DESIGNATED AMBULANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (PRE GASB 54 - RESTATEMENT)
FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES	
Interest	\$
EXPENDITURES	<hr/>
Net change in fund balance	
OTHER FINANCING SOURCES (USES)	
Transfers (out)	(1,651)
FUND BALANCE, JANUARY 1, 2014	<hr/> 1,651
FUND BALANCE DECEMBER 31, 2014	<hr/> <hr/> \$

This supplementary information shows the Designated Ambulance Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PUBLIC CONTRIBUTIONS FUND

CHARTER TOWNSHIP OF BRANDON

PUBLIC CONTRIBUTIONS FUND (PRE GASB 54 - RESTATEMENT)
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$ 6,893
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LIABILITIES

Due to others	\$ 25
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FUND BALANCE

6,868

Total liabilities and fund balance	\$ 6,893
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This supplementary information shows the Public Contributions Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRANDON

PUBLIC CONTRIBUTIONS (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

ADDITIONS	
Public contributions	\$ 12,456
DEDUCTIONS	
Public safety	<u>13,359</u>
Net change in fund balance	(903)
FUND BALANCE, JANUARY 1, 2014	<u>7,771</u>
FUND BALANCE, DECEMBER 31, 2014	<u><u>\$ 6,868</u></u>

This supplementary information shows the Public Contributions Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

LIBRARY - GENERAL FUND

CHARTER TOWNSHIP OF BRANDON

LIBRARY - GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2014

CURRENT ASSETS

Cash and investments	\$ 246,956
Accounts receivable	
Taxes	822,726
Due from other governments	2,310
Prepaid expenses	<u>5,280</u>
Total assets	<u><u>\$ 1,077,272</u></u>

LIABILITIES

Accounts payable	\$ 7,336
Accrued wages	<u>12,855</u>
Total liabilities	20,191

DEFERRED INFLOWS OF RESOURCES

Taxes levied for the following year	885,738
-------------------------------------	---------

FUND BALANCE

	<u>171,343</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 1,077,272</u></u>

CHARTER TOWNSHIP OF BRANDON

LIBRARY - GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$ 790,000	\$ 859,318	\$ 69,318
Charges for services	5,100	9,094	3,994
Penal fines	19,500	22,802	3,302
State aid	7,524	8,944	1,420
Library fines and fees	13,300	14,447	1,147
Interest income	265	7,197	6,932
Other income	8,200	40,506	32,306
	<u>843,889</u>	<u>962,308</u>	<u>118,419</u>
Total revenues			
	843,889	962,308	118,419
EXPENDITURES			
Staff wages	409,785	399,008	10,777
Fringe benefits	112,455	113,068	(613)
Supplies	14,150	14,391	(241)
Cooperative expenditures	33,655	35,445	(1,790)
Professional and contractual services	33,000	34,817	(1,817)
Professional development	500	705	(205)
Property and liability insurance	29,412	36,740	(7,328)
Community relations	15,030	13,516	1,514
Public utilities	35,680	29,327	6,353
Repairs and maintenance	31,745	21,905	9,840
Equipment rental	250	193	57
Administrative expenses	2,900	24,367	(21,467)
Library collection materials	55,963	45,553	10,410
	<u>774,525</u>	<u>769,035</u>	<u>5,490</u>
Total expenditures			
	774,525	769,035	5,490
Net change in fund balance	69,364	193,273	123,909
FUND BALANCE (DEFICIT), JANUARY 1, 2014	<u>(21,930)</u>	<u>(21,930)</u>	
FUND BALANCE, DECEMBER 31, 2014	<u>\$ 47,434</u>	<u>\$ 171,343</u>	<u>\$ 123,909</u>

LIBRARY DEBT SERVICE FUND

CHARTER TOWNSHIP OF BRANDON

LIBRARY DEBT SERVICE FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$ 58,698
Taxes receivable	211,945
Due from other funds	<u>61,668</u>

Total assets \$ 332,311

LIABILITIES

Accounts payable	\$ 249
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DEFERRED INFLOWS OF RESOURCES

Property taxes levied for the following year	294,755
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FUND BALANCE

Reserved for debt service	<u>37,307</u>
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Total liabilities and fund balance \$ 332,311

CHARTER TOWNSHIP OF BRANDON

LIBRARY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

REVENUES

Taxes	\$ 301,563
Interest	3,060
Total revenues	<u>304,623</u>

EXPENDITURES

Debt service	
Principal retirement	275,000
Interest and fiscal charges	30,340
Miscellaneous	1,059
Total expenditures	<u>306,399</u>

Net change in fund balance (1,776)

FUND BALANCE, JANUARY 1, 2014 39,083

FUND BALANCE, DECEMBER 31, 2014 \$ 37,307

TAX COLLECTION FUND

CHARTER TOWNSHIP OF BRANDON

TAX COLLECTION FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments \$ 1,945,509

LIABILITIES

Due to others \$ 972,768

Due to other funds 972,741

Total liabilities \$ 1,945,509

DELINQUENT TAX FUND

CHARTER TOWNSHIP OF BRANDON

DELINQUENT TAX FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash

\$ 136

LIABILITIES

Due to other funds

\$ 27

Due to others

109

Total liabilities

\$ 136

PAYROLL FUND

CHARTER TOWNSHIP OF BRANDON

PAYROLL FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments

\$ 19,923

LIABILITIES

Accounts payable

\$ 17,923

Due to other funds

2,000

Total liabilities

\$ 19,923

ESCROW FUND

CHARTER TOWNSHIP OF BRANDON

ESCROW FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments

\$ 476,445

LIABILITIES

Due to others

\$ 475,562

Due to other funds

883

Total liabilities

\$ 476,445

HEALTH REIMBURSEMENT FUND

CHARTER TOWNSHIP OF BRANDON

HEALTH REIMBURSEMENT FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments

\$ 104

LIABILITIES

Due to other funds

\$ 104

BCN HEALTH REIMBURSEMENT FUND

CHARTER TOWNSHIP OF BRANDON

BCN HEALTH REIMBURSEMENT FUND
BALANCE SHEET
DECEMBER 31, 2014

ASSETS

Cash and investments	\$	6,255
Due from other funds		<u>750</u>
Total assets	\$	<u><u>7,005</u></u>

LIABILITIES

Due to other funds	\$	7,000
Due to others		<u>5</u>
Total liabilities	\$	<u><u>7,005</u></u>



PFEFFER ▪ HANNIFORD ▪ PALKA
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May 15, 2015

Charter Township of Brandon
Honorable Board of Trustees
395 Mill Street
Ortonville, Michigan 48462

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component unit - Fire Department, each major fund, and the aggregate remaining fund information of the Charter Township of Brandon as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Brandon's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Brandon's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Brandon's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Charter Township of Brandon's internal control to be material weaknesses:

1. **Establish Control Over the Financial Reporting Process** - Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the Company. Management is as responsible for outsourced functions performed by a service provider as it would be if your personnel performed such functions. Specifically, management is responsible for management decisions and functions for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not have the accounting expertise to perform a detailed review of the financial statements. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Township's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Response by Management - Management believes the benefit of hiring additional personnel with the qualified experience to draft the financial statements does not outweigh the costs. Management has decided to maintain the current practice of requesting the auditing firm to draft the financial statements.

2. **Cash Receipting and Segregation of Duties** - Monies are being receipted by personnel at other locations besides the Treasurer's staff at the treasurer's office located at the Township Hall. This policy often allows the same person to update internal accounting records and receive cash (two (2) duties which should be segregated and done by two (2) different individuals). The absence of this control procedure is considered a material weakness because the potential exists for a misappropriation of assets which would not be prevented or detected by management.

Response by Management - Management believes due to the size of the Township and the additional effort which would be imposed on the residents if cash collections and posting of records were separated as two distinct duties by two (2) separate individuals cannot be done without significant additional costs. Therefore, management has decided to maintain the current practice.

The following are other comments and recommendations we would like to discuss with you, which we do not consider to be material weaknesses:

1. ACCOUNTING SOFTWARE

The current accounting software (general ledger) being used by the Township is very complex in the way transactions are processed. It is very difficult to track postings of cash allocations between funds which make the reconciling process between the cash and investment accounts in the general ledger with the Treasurer's office registers very cumbersome. Reconciling of accounts payable transactions between the general ledger and the accounts payable subsystem is also difficult to achieve.

We suggest the Township board consider different accounting software which would work in conjunction with the other financial software packages used throughout the township offices.

2. TRUST & AGENCY FUND

We noted several balances in the Trust & Agency Fund (general ledger) did not reconcile with the schedules maintained by the building department. Reconciliations should be done on a quarterly basis to resolve any differences.

3. REIMBURSEMENTS FOR NOT TAKING HEALTH INSURANCE

We noted there are some individuals who receive regular accounts payable checks as compensation for not taking the health insurance under the Township plans. These payments should be run through payroll and are considered taxable.

4. IMPROVED OVERSIGHT – SENIOR CENTER

Since the Senior Center Auxiliary Board is responsible to the Township Board we suggest the Township Clerk review on a monthly basis copies of the bank statements (which include copies of cancelled checks) from the Auxiliary Board for improved oversight.

5. SUGGESTED ADDITIONAL PAYROLL CONTROL

Payroll and related expenses are some of the Township's largest expenses. We suggest another procedure be added to the payroll process for improved controls. The procedure would be to request the Township's outside payroll processor to notify the Township's officials through email anytime there is a new employee added.

We would like to thank the Township officials and employees that assisted us during the audit process for their assistance and cooperation.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of the Charter Township of Brandon and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants