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# Charter Township of Huron

(Wayne County, Michigan)

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**Financial Report**  
**with Supplemental Information**  
**December 31, 2018**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11-12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Proprietary Funds:	
Statement of Net Position	17
Statement of Revenue, Expenses, and Changes in Net Position	18
Statement of Cash Flows	19
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	20
Component Units:	
Statement of Net Position	21
Statement of Activities	22
Notes to Financial Statements	23-46
<b>Required Supplemental Information</b>	47
Budgetary Comparison Schedule - General Fund	48
Budgetary Comparison Schedule - Major Special Revenue Funds	49-50
Schedule of Changes in the Net Pension Liability and Related Ratios	51
Schedule of Pension Contributions	52
Schedule of Changes in the Net OPEB Liability and Related Ratios	53
Schedule of OPEB Contributions	54
Note to Required Supplemental Information	55
<b>Other Supplemental Information</b>	56
Nonmajor Governmental Funds:	
Combining Balance Sheet	57
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	58
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	59

## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Huron

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Huron as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise Charter Township of Huron's basic financial statements, as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charter Township of Huron as of December 31, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As described in Note 15 to the financial statements, during the year ended December 31, 2018, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

To the Board of Trustees  
Charter Township of Huron

**Other Matters**

**Required Supplemental Information**

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

**Other Information**

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

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

*Plante & Moran, PLLC*

May 15, 2019

## Charter Township of Huron, Michigan

# Management's Discussion and Analysis

Our discussion and analysis of Charter Township of Huron's (the "Township" or the "Charter Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2018. Generally, amounts used in this discussion are approximations or rounded figures. Please read this analysis in conjunction with the Township's basic financial statements.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter Township of Huron as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### The Township as a Whole

The Township as a whole consists of two major groups of activities, the governmental activities and the business-type activities. The net position for these activities is reflected in the table below for the current and prior years:

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current assets	\$ 16,091,952	\$ 16,660,262	\$ 11,254,079	\$ 11,943,468	\$ 27,346,031	\$ 28,603,730
Capital assets	6,862,687	7,048,618	31,860,092	31,412,921	38,722,779	38,461,539
Total assets	22,954,639	23,708,880	43,114,171	43,356,389	66,068,810	67,065,269
Deferred outflows of resources related to pensions	1,242,320	1,388,625	341,965	365,314	1,584,285	1,753,939
Current liabilities	398,375	387,263	431,831	347,097	830,206	734,360
Long-term liabilities	8,702,102	8,047,339	6,362,489	5,592,485	15,064,591	13,639,824
Total liabilities	9,100,477	8,434,602	6,794,320	5,939,582	15,894,797	14,374,184
Deferred inflows of resources	4,981,977	5,173,487	105,458	117,279	5,087,435	5,290,766
Net position:						
Net investment in capital assets	5,805,997	6,166,840	27,650,672	27,558,347	33,456,669	33,725,187
Restricted	4,211,740	4,230,963	3,122,339	3,162,451	7,334,079	7,393,414
Unrestricted	96,768	1,091,613	5,783,347	6,944,044	5,880,115	8,035,657
Total net position*	<b>\$ 10,114,505</b>	<b>\$ 11,489,416</b>	<b>\$ 36,556,358</b>	<b>\$ 37,664,842</b>	<b>\$ 46,670,863</b>	<b>\$ 49,154,258</b>

\* Note that the total net position includes the impact of implementing GASB No. 75. Due to this impact, the 2017 net position for the governmental and business-type activities increased by \$385,334 and increased by \$578,610, respectively.

The Township's combined net position in 2018 increased \$2.48 million to \$49.2 million, a 5 percent increase from one year ago. Separately, governmental activities net position increased \$1,375,000 and business-type activities increased \$1,108,000.

The unrestricted portion of the net position is available for daily operating activity. The governmental activities unrestricted net position increased \$995,000 over last year, from \$97,000 to \$1,091,000. The business-type activities unrestricted net position increased \$1,161,000 over last year, or 20 percent, to reach \$6.9 million.

## Charter Township of Huron, Michigan

# Management's Discussion and Analysis (Continued)

The following table shows the changes in the net position during the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3,123,181	\$ 3,745,864	\$ 5,474,641	\$ 5,274,182	\$ 8,597,822	\$ 9,020,046
Operating grants	180,464	269,585	-	-	180,464	269,585
Capital grants	743,532	178,373	418,830	347,956	1,162,362	526,329
General revenue:						
Property taxes	3,887,769	3,714,199	-	-	3,887,769	3,714,199
State-shared revenue	1,361,939	1,402,828	-	-	1,361,939	1,402,828
Unrestricted investment earnings	64,318	138,444	81,515	162,076	145,833	300,520
Franchise fees	275,045	277,103	-	-	275,045	277,103
Other revenue	103,405	31,248	-	-	103,405	31,248
Total revenue	9,739,653	9,757,644	5,974,986	5,784,214	15,714,639	15,541,858
<b>Program Expenses</b>						
General government	2,217,978	1,449,431	-	-	2,217,978	1,449,431
Public safety	5,367,553	5,610,814	-	-	5,367,553	5,610,814
Public works	862,969	935,922	-	-	862,969	935,922
Health and welfare	91,029	119,431	-	-	91,029	119,431
Community and economic development	100,968	137,555	-	-	100,968	137,555
Recreation and cultural	73,206	82,489	-	-	73,206	82,489
Interest on long-term debt	24,331	47,091	-	-	24,331	47,091
Water and sewer	-	-	5,117,244	4,675,730	5,117,244	4,675,730
Total expenses	8,738,034	8,382,733	5,117,244	4,675,730	13,855,278	13,058,463
<b>Change in Net Position</b>	<b>\$ 1,001,619</b>	<b>\$ 1,374,911</b>	<b>\$ 857,742</b>	<b>\$ 1,108,484</b>	<b>\$ 1,859,361</b>	<b>\$ 2,483,395</b>

## Charter Township of Huron, Michigan

# Management's Discussion and Analysis (Continued)

### Governmental Activities

Governmental activities for the Township involve providing a wide variety of services beginning with the administrative offices of the Township's elected officials and board of trustees, public safety services including police, fire, and construction code enforcement, health and welfare service, as well as culture and recreational programs.

The Township's total governmental revenue increased approximately \$18,000, an increase of 0.1 percent. The general revenue, including property tax revenue, state-shared revenue, franchise fees, and other revenue and transfers, decreased by \$129,000, while program revenue, including charges for services, operating grants, and capital grants, had an increase of \$147,000.

Total governmental expenses for the Township decreased by 4 percent, approximately \$355,000. Overall, governmental net position increased by \$1,375,000.

### Business-type Activities

The Township's business-type activity, through its Water and Sewer Fund, provides water and sewer services to the residents. This involves an infrastructure of water and sewer lines, the resources and equipment to maintain it, and providing customer services to the consumers. The water is provided to residents from the Great Lakes Water Authority (GLWA) and sewage treatment is handled through the South Huron Valley Utility Authority (SHVUA) sewage treatment plant.

The Township annually reviews the water and sewer rates and adjusts the rates on July 1<sup>st</sup> to ensure that any increase or decrease in the costs of operating and maintaining the infrastructure, purchasing water from the GLWA, and the cost for sharing in the operations of the SHVUA for sewer treatment are covered.

Water and Sewer Fund revenues decreased by 3 percent, or \$191,000, with decreased expenditures of 9 percent, or \$442,000, which increased the fund's net position by approximately \$1,108,000.

### Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to report operations in more detail than the government-wide financial statements by providing a short-term view of how the most significant funds' resources were spent during the year and how much is available to spend.

*Governmental funds.* As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$10,815,000. Approximately 11 percent of this total amount, \$1,137,200, is **unassigned fund balance**, which is available for new spending at the Township's discretion. \$5,192,000 is about 48 percent of the combined total fund balance that has been **assigned** for future use. About \$4.5 million is earmarked for economic development and infrastructure improvements and the remaining, about \$642,000, for subsequent year's budget for OPEB and/or pension liability contributions. The remaining 61% can be used only for the purpose it was collected or committed as follows:

\$ 2,683,000	restricted for public safety from local tax millage
\$ 312,700	restricted for solid waste funds
\$ 643,300	restricted for construction code activity
\$ 309,200	restricted for cable PEG funds
\$ 68,400	restricted for beautification from ordinance fines
\$ 86,000	restricted for drug law enforcement
\$ 97,700	restricted for debt service and special assessment (Belden Drain project)
\$ 169,000	non-spendable for prepaid expenses
\$ 78,000	committed for compensated absences
\$ 38,500	committed for capital improvement projects

## Charter Township of Huron, Michigan

# Management's Discussion and Analysis (Continued)

The Township's governmental funds contain three major operating funds and about eight non-major funds. Below is a breakdown of the combined ending fund balance of \$10,815,000 by fund:

<u>Fund</u>	<u>Amount</u>	<u>Percentage</u>
General	\$ 6,830,000	63%
Fire	671,000	6
Police	2,138,000	20
Nonmajor	<u>1,176,000</u>	<u>11</u>
Total	<u>\$10,815,000</u>	<u>100%</u>

The **General Fund** is the chief operating fund of the Township. Only about \$1.1 million of the general fund's fund balance is unassigned and available but this represents 37 percent of the total general fund expenditures. The fund balance of the Township's general fund increased by \$409,500 during the fiscal year. Key factors were that overall expenditures were 15 percent under budget while revenues were slightly over budget for state-shared revenue, grants and investment earnings.

Public safety is the function of the Township's next two major governmental operating funds. Property tax millage support both the Fire and Police Funds with 1.9934\* mills for fire operations and 4.971\* mills for police. (\* Rolled back per "Headlee" from 2.0051 for fire and 5.000 for police)

The **Police Fund** ended the 2018 fiscal year with \$2.1 million in fund balance which represents 47 percent of the police fund's operating expenditures. The fund balance increased by only about \$50,000 for the fiscal year. The police fund revenues have grown with the expenditures from an annual budget of about \$4.2 million in 2017 to \$4.5 million in 2018.

The fund balance of the **Fire Fund** ended at \$671,000 for 2018 a decrease of \$214,000 from 2017. This was due to \$275,000 in capital outlay for building improvements and equipment purchases for which no new funding was available. The purchases included about \$69,000 for building additions and improvements, \$101,000 for computer equipment and firefighters' turn-out gear and a \$105,000 down payment on a fire engine. A balance of \$332,900 is due in 2019 when the fire engine is ready for delivery. With no new revenue, this will reduce the fire fund's fund balance by 50 percent to \$338,100 or less than 30 percent of annual expenditures. This is significant because the fire fund has consistently had an annual net loss each fiscal year since 2004. Averaging a net loss of about \$70,000 per year over the last 13 years, the fund balance went from \$1.8 million in 2004 to just less than half that at \$885,000 by 2017. With a \$214,000 loss for fiscal year 2018 ending the year with a \$671,000 fund balance and currently anticipating a \$330,000 loss in 2019 will leave only about \$340,000. At this rate the fund may have a deficit by year-end 2020. Current millage levied for fire protection is not sufficient to cover the cost of replacing and maintaining the specialized and expensive vehicles and equipment needed to properly outfit personnel for both firefighting and emergency medical services (EMS). Operating costs for personnel and to maintain three fire station continue to increase. New and updated mandates for training and equipment keep adding to the cost. A millage proposal to purchase, maintain and house public safety vehicles and equipment is under consideration.

*Proprietary funds.* The Township's proprietary fund statements provide the same type of information found in the business-type column of the government-wide financial statements, but in more detail.

The total net position of the Water and Sewer Fund at the end of the year amounted to \$37.7 million with 73 percent or \$27.5 million net investment in capital assets and 8 percent or \$3.2 million restricted for equipment replacement, debt service, capital construction and infrastructure replacement. The remaining 19 percent, \$7.0 million is unrestricted. Other factors concerning the finances of the fund have already been address in the discussion of the Township's business-type activities.



## Charter Township of Huron, Michigan

# Management's Discussion and Analysis (Continued)

### **Budgetary and Financial Highlights**

Huron Township's management has annually made great strides to maintain and improve revenue while continuing to control costs.

*General Fund.* The difference between the original budget for General Fund expenditures and the amended budget was \$184,200 for increases in appropriations for the purchase of land and land improvements, for elections and data processing activities and for cultural and community development programs. Budgeted revenue increases in state shared revenues, federal grants, and investment earnings offset these appropriations. At year end, the General Fund revenues exceeded expenditures by \$440,400 due to reduced spending in regards to staffing, community and economic development, public works, insurance and other functions.

*Fire Fund.* The original Fire Fund budget was amended and increased by \$589,650 for capital outlay to replace fire engines. Actual expenditures were under budget \$353,350 because these purchases could not be completed until after the 2018 fiscal year-ended. The Fire Fund expenditures exceeded revenues for the fiscal by \$141,900 with transfers out of \$73,640 and minor proceeds from the sale of capital assets which resulted in a net change to the fund balance of \$214,300, reducing the fund balance from \$885,500 to \$671,200.

*Police Fund.* The Police Fund's amended budget for expenditures was \$275,700 more than the original budget. The increase was allocated to capital outlay to replace patrol cars and update computer/video systems in all the patrol units. At year end Police Fund revenues and other financing sources exceeded expenditures and other financing uses by \$49,800 due to increases in revenues.

### **Capital Asset and Debt Administration**

*Capital Assets.* The Township's investment in capital assets for its governmental and business type activities as of December 31, 2018, amounts to about \$38.5 million (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, vehicles, office furnishings, senior park and facilities, and water and sewage distribution systems. The water and sewer systems (business-type activities) comprises 82 percent, \$31.4 million of the total capital assets and the governmental activities the remaining 18 percent, \$7.0 million. The current fiscal year included the following changes in capital assets:

2018 Capital Assets Activity		
	Governmental	Business-type
Beginning Balance	\$ 6,862,687	\$ 31,860,092
Additions	800,186	332,344
Less: Disposals	(284,610)	
Depreciation	(329,645)	(779,515)
Net change	\$ 185,931	\$ (447,171)
Ending Balance		
December 31, 2018	\$ 7,048,618	\$ 31,412,921

Capital asset additions during the current fiscal year included the following:

- \$ 55,600 for equipment and water meters for the water and sewer fund
- \$ 78,700 land and improvements,
- \$ 97,900 buildings and improvements,
- \$ 247,200 machinery and equipment for general government and public safety activities,
- \$ 215,600 public safety vehicles and accessory equipment,
- \$ 38,700 office furnishings improvements

Details of the Township's capital assets are found in Note 6 to the financial statements.

# Management's Discussion and Analysis (Continued)

*Long-term debt.* At the end of the 2018, the Township had total bonded and installment debt outstanding of \$4.8 million. Of this amount, 81 percent is debt related to the Township's water and sewer systems totaling \$3.9 million. The other 19 percent comprises debt under governmental activities as follows:

- \$ 836,900 Drains improvements bonds
- \$ 58,300 Police station land contract
- \$ 6,900 Build department vehicle and equipment leases

Additional information on the Township's long-term debt can be found in Note 7.

### **Economic Factors and Next Year's Budgets and Rates**

The Township's managers have been diligent in their efforts to make the best use of revenues/resources and reducing expenses were ever possible. The Township must continue to operate conservatively due to future uncertainties in the economy. The current budget will be periodically reviewed to ensure that resources anticipated are realized and that the expenditures budgeted are necessary.

Economic factors to be considered with next year's budget are as follows:

### ***Governmental Activities***

- *Property taxes.* The Township's millage rates were reduced by the Headlee Amendment in 2017, rollback for the first time in about twelve years. The general operating millage of .7781 was reduced to .7735, fire operating millage of 2.0051 was reduced to 1.9934, and the police operating millage from 5.0000 to 4.9710. Due to improved property values, no further reduction was required for the 2018 tax roll.
- *Taxable value on property.* The Township's property tax revenues are still feeling the effect of the Great Recession of 2008 that lead to a 24 percent decline in the Township's taxable value by 2014. There has been some improvement the last four years but only an average of 2 percent per year.
- *Millage renewals.* The police operating millage due to expire December 2020 was renewed at three (3) mills for 2021 through 2040 on August 7, 2018. The other police millage, for two (2) mills will expire December 2025. The fire operating millage will expire December 2022. With the bi-annual elections cycle, the fire millage renewal will need to be on the 2020 ballot.
- *State shared revenues.* The Township has continued to be a recipient of about \$42,000 in CVTRS program funds and about \$12,000 in supplemental funds to make up for the loss of statutory revenue sharing. Constitutional state shared revenue is determined by the Township's population. Any possible effect the 2020 census will have on this revenue must be considered when forecasting.
- *New development.* There is still great potential for new commercial and residential growth in the Township. Some of the projects that were previous abandoned or placed on hold due to economic issues are being revived.
- *Federal, state and local grants.* A number of three or four-year grants for various public safety program expired in 2018 and no renewals or new grants have been acquired to replace them.
- *Infrastructure needs and resources.* The County began rebuilding a local bridge in 2018 that has been closed for some time and should be completed about July 2019. Other infrastructure improvements to roads and utilities are also needed in the area. The Township, with a financial partnership with the County, hopes to begin this work when the bridge is complete.
- *Legacy costs.* The Township has made great strides to lowering legacy costs through the collective bargaining process and has been proactive in its funding for other postemployment benefits (OPEB). The OPEB plan's fiduciary net position represents 84.8 percent of the total OPEB liability and the defined benefit pension plan is at 69.2 percent. Current regulations require 40 percent for OPEB and 60 percent for the pension plan. It will be necessary to focus on the DB plan actuarial report due in 2019 and evaluate the effect of assumption changes already announce that will impact required contributions in 2021.

**Management's Discussion and Analysis (Continued)**

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- *New CBA's.* Four collective bargaining agreements for have been settled for 2018 to 2020 regarding directors, office employees, DPW workers, and firemen Three Police Department personnel contracts that expired at the end of 2018 are still in negotiations.

***Business-type Activities***

- The Township will remain proactive by continuing the annual study to keep water and sewer rates updated.
- The SAW Grant work to TV and study the Township's sewer system was completed in 2018. The required repairs to the system, as a result of the study, will begin in 2019 or 2020; pending the outcome of an SRF (State Revolving Fund) loan application submitted for funding.
- Regular assessments of the water and sewer systems infrastructure will continue to ensure regular attention is given to the need for repairs, replacement or improvements to the systems' lines.
- Plans will continue to update and expend the buildings used by public works for storing materials and equipment.

**Requests for Information**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact:

Huron Charter Township  
Attn: Township Clerk's Office  
22950 Huron River Drive  
New Boston, MI 48164

# Charter Township of Huron

## Statement of Net Position

December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 2)	\$ 12,707,413	\$ 7,095,177	\$ 19,802,590	\$ 1,867,358
Receivables: (Note 5)				
Property taxes receivable	2,097,850	-	2,097,850	-
Special assessments receivable	809,813	-	809,813	-
Customer receivables	40,464	1,015,324	1,055,788	-
Accrued interest receivable	6,666	26,529	33,195	3,048
Other receivables	103,650	-	103,650	-
Due from other governmental units	704,937	145,882	850,819	-
Inventory	-	103,016	103,016	-
Prepaid expenses and other assets	169,104	33,790	202,894	-
Restricted assets - Restricted cash and cash equivalents (Note 1)	20,365	3,162,450	3,182,815	-
Investment in joint ventures (Note 13)	-	361,300	361,300	-
Capital assets: (Note 6)				
Assets not subject to depreciation	1,615,696	276,685	1,892,381	947,988
Assets subject to depreciation - Net	5,432,922	31,136,236	36,569,158	156,038
Note receivable	-	-	-	58,260
<b>Total assets</b>	<b>23,708,880</b>	<b>43,356,389</b>	<b>67,065,269</b>	<b>3,032,692</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions (Note 11)	939,139	230,431	1,169,570	-
Deferred OPEB costs (Note 10)	449,486	134,883	584,369	-
<b>Liabilities</b>				
Accounts payable	199,585	130,761	330,346	6,381
Due to other governmental units	330	-	330	11,720
Accrued liabilities and other	187,348	216,336	403,684	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	247,095	17,418	264,513	-
Current portion of long-term debt (Note 7)	83,840	505,574	589,414	-
Due in more than one year:				
Compensated absences (Note 7)	145,119	10,230	155,349	-
Net pension liability (Note 11)	5,778,439	1,417,818	7,196,257	-
Net OPEB liability (Note 10)	974,543	292,445	1,266,988	-
Long-term debt (Note 7)	818,303	3,349,000	4,167,303	-
<b>Total liabilities</b>	<b>8,434,602</b>	<b>5,939,582</b>	<b>14,374,184</b>	<b>18,101</b>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for the following year	3,959,235	-	3,959,235	-
Special assessments for the following year	736,274	-	736,274	-
Deferred pension cost reductions	477,978	117,279	595,257	-
<b>Total deferred inflows of resources</b>	<b>5,173,487</b>	<b>117,279</b>	<b>5,290,766</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	6,166,840	27,558,347	33,725,187	1,104,026
Restricted:				
Belden Drain debt service	554,287	-	554,287	-
Police	2,169,156	-	2,169,156	-
Fire	681,995	-	681,995	-
Construction code activities	645,597	-	645,597	-
Solid waste	312,738	-	312,738	-
Cable PEG	309,150	-	309,150	-
Drug law enforcement	85,970	-	85,970	-
Beautification	68,426	-	68,426	-
Equipment replacement reserve	-	100,000	100,000	-
Debt service	-	414,596	414,596	-
Capital construction reserve	-	857,662	857,662	-
Replacement reserve	-	1,790,193	1,790,193	-
Unrestricted	495,257	6,944,044	7,439,301	1,910,565
<b>Total net position</b>	<b>\$ 11,489,416</b>	<b>\$ 37,664,842</b>	<b>\$ 49,154,258</b>	<b>\$ 3,014,591</b>

# Charter Township of Huron

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,449,431	\$ 225,843	\$ 4,798	\$ 29,093
Public safety	5,610,814	2,767,033	174,830	76,102
Public works	935,922	752,058	-	57,911
Health and welfare	119,431	-	9,635	-
Community and economic development	137,555	-	95,589	-
Recreation and culture	82,489	-	-	-
Interest on long-term debt	47,091	-	-	-
Total governmental activities	8,382,733	3,744,934	284,852	163,106
Business-type activities - Water and Sewer	4,675,730	5,274,182	-	347,956
Total primary government	<b>\$ 13,058,463</b>	<b>\$ 9,019,116</b>	<b>\$ 284,852</b>	<b>\$ 511,062</b>
Component units	<b>\$ 1,332,169</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:  
 Property taxes  
 State-shared revenue  
 Investment income  
 Cable franchise fees  
 (Loss) gain on sale of capital asset  
 Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year, as restated (Note 15)

**Net Position** - End of year

## Statement of Activities

**Year Ended December 31, 2018**

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (1,189,697)	\$ -	\$ (1,189,697)	\$ -	
(2,592,849)	-	(2,592,849)	-	
(125,953)	-	(125,953)	-	
(109,796)	-	(109,796)	-	
(41,966)	-	(41,966)	-	
(82,489)	-	(82,489)	-	
(47,091)	-	(47,091)	-	
(4,189,841)	-	(4,189,841)	-	
-	946,408	946,408	-	
(4,189,841)	946,408	(3,243,433)	-	
-	-	-	(1,332,169)	
3,714,199	-	3,714,199	410,042	
1,402,828	-	1,402,828	236,348	
138,444	162,076	300,520	25,514	
277,103	-	277,103	-	
(34,232)	-	(34,232)	449,700	
66,410	-	66,410	-	
5,564,752	162,076	5,726,828	1,121,604	
1,374,911	1,108,484	2,483,395	(210,565)	
10,114,505	36,556,358	46,670,863	3,225,156	
<b>\$ 11,489,416</b>	<b>\$ 37,664,842</b>	<b>\$ 49,154,258</b>	<b>\$ 3,014,591</b>	

# Charter Township of Huron

## Governmental Funds Balance Sheet

December 31, 2018

	General Fund	Fire Fund	Police Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 2)	\$ 7,255,956	\$ 1,160,155	\$ 3,151,061	\$ 1,140,241	\$ 12,707,413
Receivables (Note 5)	1,145,097	541,178	1,573,717	503,388	3,763,380
Prepaid expenses and other assets	40,849	18,041	107,929	2,285	169,104
Restricted assets	-	-	-	20,365	20,365
Total assets	<u>\$ 8,441,902</u>	<u>\$ 1,719,374</u>	<u>\$ 4,832,707</u>	<u>\$ 1,666,279</u>	<u>\$ 16,660,262</u>
<b>Liabilities</b>					
Accounts payable	\$ 126,964	\$ 8,010	\$ 60,748	\$ 3,863	\$ 199,585
Due to other governmental units	-	-	330	-	330
Accrued liabilities and other	34,669	29,911	110,046	8,547	183,173
Total liabilities	161,633	37,921	171,124	12,410	383,088
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	247,509	10,774	31,295	476,976	766,554
Property taxes levied for the following year	467,350	999,458	2,492,427	-	3,959,235
Special assessments for the following year	736,274	-	-	-	736,274
Total deferred inflows of resources	<u>1,451,133</u>	<u>1,010,232</u>	<u>2,523,722</u>	<u>476,976</u>	<u>5,462,063</u>
Total liabilities and deferred inflows of resources	1,612,766	1,048,153	2,694,846	489,386	5,845,151
<b>Fund Balances</b>					
Nonspendable - Prepays	40,849	18,041	107,929	2,285	169,104
Restricted:					
Police (Note 14)	-	-	2,029,932	-	2,029,932
Fire (Note 14)	-	653,180	-	-	653,180
Debt service	-	-	-	16,471	16,471
Capital projects (unspent bond proceeds)	-	-	-	81,205	81,205
Cable PEG	-	-	-	309,150	309,150
Drug law enforcement	-	-	-	85,970	85,970
Solid waste	312,738	-	-	-	312,738
Beautification	68,426	-	-	-	68,426
Construction code activity	-	-	-	643,312	643,312
Committed:					
Compensated absences	78,460	-	-	-	78,460
Capital projects	-	-	-	38,500	38,500
Assigned (Note 14)	5,191,480	-	-	-	5,191,480
Unassigned	1,137,183	-	-	-	1,137,183
Total fund balances	<u>6,829,136</u>	<u>671,221</u>	<u>2,137,861</u>	<u>1,176,893</u>	<u>10,815,111</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,441,902</u>	<u>\$ 1,719,374</u>	<u>\$ 4,832,707</u>	<u>\$ 1,666,279</u>	<u>\$ 16,660,262</u>

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

**December 31, 2018**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 10,815,111</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	7,048,618
Grants, special assessments, and other receivables that are not collected soon after year end are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds.	766,554
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(902,143)
Accrued interest is not due and payable in the current period and is not reported in the funds	(4,175)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(392,214)
Pension benefits	(5,317,278)
Net other postemployment benefit liability	(525,057)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 11,489,416</u></b>



# Charter Township of Huron

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended December 31, 2018**

	General Fund	Fire Fund	Police Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 573,961	\$ 899,044	\$ 2,241,194	\$ -	\$ 3,714,199
Special assessments	24,445	-	-	79,543	103,988
Intergovernmental:					
Federal grants	81,720	68,367	83,774	1,826	235,687
State-shared revenue and grants	1,421,212	-	122,848	-	1,544,060
Local grants and contributions	4,798	23,750	27,969	-	56,517
Charges for services	1,011,700	732	554,512	-	1,566,944
Fines and forfeitures	-	-	1,531,898	31,202	1,563,100
Licenses and permits	9,039	-	-	644,774	653,813
Interest	87,737	16,300	27,400	7,007	138,444
Other revenue:					
Cable franchise fees	230,919	-	-	46,184	277,103
Other miscellaneous income	62,662	3,318	430	-	66,410
Total revenue	3,508,193	1,011,511	4,590,025	810,536	9,920,265
<b>Expenditures</b>					
Current services:					
General government	1,828,188	-	-	16,050	1,844,238
Public safety	11,475	878,619	4,173,097	345,592	5,408,783
Public works	848,738	-	-	-	848,738
Health and welfare	92,541	-	-	-	92,541
Community and economic development	198,703	-	-	-	198,703
Recreation and culture	87,161	-	-	-	87,161
Capital outlay	-	274,774	364,388	55,033	694,195
Debt service	-	-	-	216,030	216,030
Total expenditures	3,066,806	1,153,393	4,537,485	632,705	9,390,389
<b>Excess of Revenue Over (Under) Expenditures</b>	441,387	(141,882)	52,540	177,831	529,876
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 4)	-	-	-	129,088	129,088
Transfers out (Note 4)	(32,860)	(73,640)	(15,177)	(7,411)	(129,088)
Sale of capital assets	1,000	1,245	12,435	-	14,680
Total other financing (uses) sources	(31,860)	(72,395)	(2,742)	121,677	14,680
<b>Net Change in Fund Balances</b>	409,527	(214,277)	49,798	299,508	544,556
<b>Fund Balances - Beginning of year</b>	6,419,609	885,498	2,088,063	877,385	10,270,555
<b>Fund Balances - End of year</b>	<b>\$ 6,829,136</b>	<b>\$ 671,221</b>	<b>\$ 2,137,861</b>	<b>\$ 1,176,893</b>	<b>\$ 10,815,111</b>

## Charter Township of Huron

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

Year Ended December 31, 2018

<b>Net Change in Fund Balance Reported in Governmental Funds</b>	\$ 544,556
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	800,186
Depreciation expense	(565,343)
Net book value of assets disposed of	(48,912)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(62,768)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	177,365
Interest expense is recognized in the government-wide statements as it accrues	984
Some employee costs (pension, OPEB, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	528,843
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,374,911</b>

# Charter Township of Huron

## Proprietary Funds Statement of Net Position

December 31, 2018

	Enterprise Fund - Water and Sewer Fund
<b>Assets</b>	
Current assets:	
Cash and investments (Note 2)	\$ 7,095,177
Receivables: (Note 5)	
Customer receivables	1,015,324
Accrued interest receivable	26,529
Due from other governmental units	145,882
Inventory	103,016
Prepaid expenses and other assets	33,790
Total current assets	<u>8,419,718</u>
Noncurrent assets:	
Restricted assets (Note 1)	3,162,450
Investment in joint ventures (Note 13)	361,300
Capital assets - Net (Note 6)	31,412,921
Total noncurrent assets	<u>34,936,671</u>
Total assets	<u>43,356,389</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions (Note 11)	230,431
Deferred OPEB costs (Note 10)	134,883
Total deferred outflows of resources	<u>365,314</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	130,761
Accrued liabilities and other	216,336
Compensated absences (Note 7)	17,418
Current portion of long-term debt (Note 7)	505,574
Total current liabilities	<u>870,089</u>
Noncurrent liabilities:	
Compensated absences (Note 7)	10,230
Net pension liability (Note 11)	1,417,818
Net OPEB liability (Note 10)	292,445
Long-term debt (Note 7)	3,349,000
Total noncurrent liabilities	<u>5,069,493</u>
Total liabilities	<u>5,939,582</u>
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions	<u>117,279</u>
<b>Net Position</b>	
Net investment in capital assets	27,558,347
Restricted:	
Equipment replacement reserve	100,000
Debt service	414,596
Capital construction reserve	857,662
Replacement reserve	1,790,193
Unrestricted	6,944,044
Total net position	<u><u>\$ 37,664,842</u></u>

# Charter Township of Huron

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

Year Ended December 31, 2018

	Enterprise Fund - Water and Sewer Fund
<b>Operating Revenue</b>	
Sale of water	\$ 2,573,450
Sewage disposal charges	2,434,804
Other sales to customers	39,006
Interest and penalty charges	83,447
Installation fees	143,475
	<hr/>
Total operating revenue	5,274,182
<b>Operating Expenses</b>	
Cost of water	1,445,870
Cost of sewage treatment	926,769
Other operating and maintenance costs	1,257,296
Billing and administrative costs	170,389
Depreciation	779,515
	<hr/>
Total operating expenses	4,579,839
<b>Operating Income</b>	694,343
<b>Nonoperating Revenue (Expense)</b>	
Investment income	162,076
Interest expense	(95,891)
	<hr/>
Total nonoperating revenue	66,185
<b>Income - Before capital contributions</b>	760,528
<b>Capital Contributions</b>	
Capital grants	210,756
Reserve revenue	137,200
	<hr/>
Total capital contributions	347,956
<b>Change in Net Position</b>	1,108,484
<b>Net Position - Beginning of year, as restated (Note 15)</b>	36,556,358
	<hr/>
<b>Net Position - End of year</b>	<b>\$ 37,664,842</b>

# Charter Township of Huron

## Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2018

	Enterprise Fund - Water and Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 5,415,415
Payments to suppliers	(3,146,572)
Payments to employees and fringes	(1,149,493)
Distribution to joint venture	(108,008)
	<u>1,011,342</u>
Net cash and cash equivalents provided by operating activities	1,011,342
<b>Cash Flows from Capital and Related Financing Activities</b>	
Issuance of bonds	137,285
Receipt of capital grants and reserve revenue	347,956
Purchase of capital assets	(332,344)
Principal and interest paid on capital debt	(590,014)
	<u>(437,117)</u>
Net cash and cash equivalents used in capital and related financing activities	(437,117)
<b>Cash Flows from Investing Activities</b>	
Interest received on investments	162,524
Proceeds from sale and maturities of investment securities	(84,753)
	<u>77,771</u>
Net cash and cash equivalents provided by investing activities	77,771
<b>Net Increase in Cash and Cash Equivalents</b>	651,996
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>5,327,192</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><b>\$ 5,979,188</b></u>
<b>Classification of Cash and Cash Equivalents</b>	
Cash and investments	\$ 7,095,177
Restricted cash	3,162,450
Less amounts classified as investments	(4,278,439)
	<u>\$ 5,979,188</u>
Total cash and cash equivalents	<u><b>\$ 5,979,188</b></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 694,343
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	779,515
Changes in assets and liabilities:	
Receivables	141,233
Inventories	9,246
Investments in joint ventures	(108,008)
Prepaid and other assets	4,441
Accounts payable	(80,050)
Net pension and OPEB liability	(412,321)
Deferrals related to pension and OPEB	(11,528)
Accrued and other liabilities	(5,529)
	<u>316,999</u>
Total adjustments	316,999
Net cash and cash equivalents provided by operating activities	<u><b>\$ 1,011,342</b></u>

See notes to financial statements.

# Charter Township of Huron

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## Fiduciary Funds Statement of Fiduciary Assets and Liabilities

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December 31, 2018

	<u>Agency Funds</u>
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 3,184,048</u></b>
<b>Liabilities</b>	
Due to other governmental units	\$ 1,828,783
Refundable deposits, bonds, etc.	<u>1,355,265</u>
Total liabilities	<b><u>\$ 3,184,048</u></b>

# Charter Township of Huron

## Component Units Statement of Net Position

December 31, 2018

	Local Development Finance Authority	Local Development Finance Authority - Pinnacle	Downtown Development Authority	Total
<b>Assets</b>				
Cash and investments (Note 2)	\$ 1,653,382	\$ 192,061	\$ 21,915	\$ 1,867,358
Receivables	3,048	-	-	3,048
Capital assets (Note 6)	1,104,026	-	-	1,104,026
Note receivable	58,260	-	-	58,260
Total assets	2,818,716	192,061	21,915	3,032,692
<b>Liabilities</b>				
Accounts payable	5,117	1,264	-	6,381
Due to other governmental units	-	11,720	-	11,720
Total liabilities	5,117	12,984	-	18,101
<b>Net Position</b>				
Net investment in capital assets	1,104,026	-	-	1,104,026
Unrestricted	1,709,573	179,077	21,915	1,910,565
Total net position	<u>\$ 2,813,599</u>	<u>\$ 179,077</u>	<u>\$ 21,915</u>	<u>\$ 3,014,591</u>

# Charter Township of Huron

## Component Units Statement of Activities

Year Ended December 31, 2018

	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Local Development Finance Authority	Local Development Finance Authority - Pinnacle	Downtown Development Authority	Total
<b>Functions/Programs</b>								
Local Development Finance Authority	\$ 1,282,075	\$ -	\$ -	\$ -	\$ (1,282,075)	\$ -	\$ -	\$ (1,282,075)
Local Development Finance Authority - Pinnacle	49,837	-	-	-	-	(49,837)	-	(49,837)
Downtown Development Authority	257	-	-	-	-	-	(257)	(257)
<b>Total component units</b>	<b>\$ 1,332,169</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,282,075)</b>	<b>(49,837)</b>	<b>(257)</b>	<b>(1,332,169)</b>
General revenue:								
Property taxes					392,007	17,499	536	410,042
State-shared revenue					236,348	-	-	236,348
Investment income					23,933	1,440	141	25,514
Gain on sale of capital asset					449,700	-	-	449,700
<b>Total general revenue</b>					<b>1,101,988</b>	<b>18,939</b>	<b>677</b>	<b>1,121,604</b>
<b>Change in Net Position</b>					<b>(180,087)</b>	<b>(30,898)</b>	<b>420</b>	<b>(210,565)</b>
<b>Net Position - Beginning of year</b>					<b>2,993,686</b>	<b>209,975</b>	<b>21,495</b>	<b>3,225,156</b>
<b>Net Position - End of year</b>					<b>\$ 2,813,599</b>	<b>\$ 179,077</b>	<b>\$ 21,915</b>	<b>\$ 3,014,591</b>



**Note 1 - Significant Accounting Policies**

***Reporting Entity***

Charter Township of Huron (the "Township" or the "Charter Township") is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Aggregate discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Charter Township (see discussion below for description). Separate financial statements are not issued.

***Discretely Presented Component Units***

The Local Development Finance Authority (LDFA), Local Development Finance Authority - Pinnacle (LDFA - Pinnacle), and the Downtown Development Authority (DDA) component units are reported within the component unit column in the financial statements.

The authorities were created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Charter Township so as to provide needed services and facilities of such enterprises to the residents of the Charter Township.

LDFA's governing body consists of 11 individuals. The school district board appoints two members. The Wayne County Community College board and the County of Wayne, Michigan each appoint one member, and the Charter Township board appoints seven members. LDFA - Pinnacle's governing body consists of 11 individuals. The Charter Township board appoints seven members. The Wayne County Community College board and the Wayne County Board of Commissioners each appoint one member, and the school district board appoints two members. DDA's governing body consists of seven individuals appointed by the Charter Township's board.

***Accounting and Reporting Principles***

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Township:

***Fund Accounting***

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used.

The various funds are aggregated into three broad fund types:

***Governmental Funds***

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The Township reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Fire Fund is used to account for the proceeds of property taxes and other earmarked revenue or financing activities provided for the services and activities of the fire department.
- The Police Fund is used to account for the proceeds of property taxes and other earmarked revenue or financing activities provided for the services and activities of the police department.

December 31, 2018

### Note 1 - Significant Accounting Policies (Continued)

#### ***Proprietary Funds***

Proprietary funds include the enterprise fund (which provides goods or services to users in exchange for charges or fees). The Township reports the following fund as a "major" enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

#### ***Fiduciary Funds***

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

- Agency funds, which account for assets held by the Township as an agent for individuals, organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

#### ***Interfund Activity***

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

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

#### ***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1 - Significant Accounting Policies (Continued)**

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

***Specific Balances and Transactions***

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Inventories and Prepaid Items**

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

**Restricted Assets**

In 1979, the Township's board adopted an ordinance that provides for a water and sewer reserve account that is funded by water and sewer tap fees. These fees are reserved for major system repairs, extensions, or expansions of the system; matching monies for grants; and debt retirement.

Restricted cash and investments in the water and sewer fund and business-type activities at December 31, 2018 consist of the following amounts, which also result in net position restrictions:

- The sewer system reserve in the amount of \$1,790,193 is restricted for future repairs, expansions, and extensions of the sewer system.
- The water capital construction reserve in the amount of \$857,662 is restricted for future capital construction of the water system.

**December 31, 2018**

**Note 1 - Significant Accounting Policies (Continued)**

- The debt service reserve of \$414,596 is restricted by ordinance to be used for the debt service related to the South Huron Valley Utility Authority bonds. These assets were derived through a specific charge on the sewer bills.
- The equipment replacement reserve of \$100,000 is restricted for the replacement of tools and equipment, as required by the EPA.
- The Township collects a capital charge for a future water main projects. The amounts spent on capital have exceeded the amounts collected to date. As a result, there is no reserve, as it would result in a negative balance.

The Water and Sewer Fund reserves mentioned above total \$3,162,451 as of December 31, 2018.

**Capital Assets**

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

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

	Depreciable Life - Years
Buildings and building improvements	50
Land improvements	25
Utility system - Water and sewage distribution systems	60-80
Utility system - Connections	60-80
Machinery and equipment	10
Office furnishings	5-10
Vehicles	5-10

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has deferred outflows of resources related to pension expense, as noted in Note 11, and related to OPEB expense, as noted in Note 10.

**Note 1 - Significant Accounting Policies (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting. Accordingly, it is reported only in the governmental funds balance sheet. The governmental funds and government-wide statements report unearned revenue from property taxes and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Township also has deferred inflows of resources related to pensions, as noted in Note 11.

***Net Position***

Net position of the Township is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

***Net Position Flow Assumption***

Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumptions***

Sometimes, the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last. For the police and fire funds, it is the government's policy to consider unrestricted balances to be spent first. Therefore, the entire balance of these funds, other than nonspendable, is restricted due to a dedicated police and fire millage.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**Note 1 - Significant Accounting Policies (Continued)**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Township has by resolution authorized the finance director to assign fund balance. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment

***Property Tax Revenue***

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

The Township's 2017 property tax revenue was levied and collectible on December 1, 2017 and is recognized as revenue in the year ended December 31, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the Township totaled \$490 million (a portion of which is abated and a portion of which is captured by the LDFAs and DDA), on which taxes levied consisted of 0.7735 mills for operating purposes, 4.9710 mills for police protection, and 1.9934 mills for fire protection. After LDFA capture and other adjustments, this resulted in approximately \$359,000 for general operations, \$925,000 for fire operations, and \$2,306,000 for police operations. The Charter Township also received approximately \$207,000 in property tax administration fees. These amounts are recognized in the respective General, Fire, and Police funds financial statements as tax revenue.

***Pension***

The Township offers a defined benefit pension plan to its employees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 1 - Significant Accounting Policies (Continued)**

***Other Postemployment Benefit Costs***

The Township offers retiree healthcare benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the Charter Township of Huron OPEB Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported in the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Compensated Absences (Vacation and Sick Leave)***

It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Compensated absences attributable to the governmental activities will be liquidated primarily by the General, Fire, and Police funds.

***Proprietary Funds Operating Classification***

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

***Use of Estimates***

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

***Upcoming Accounting Pronouncements***

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

December 31, 2018

**Note 1 - Significant Accounting Policies (Continued)**

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2020.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Township's financial statements for the December 31, 2020 fiscal year.

**Note 2 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated one bank and two investment companies for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, repurchase agreements, bankers' acceptance of United States banks, commercial paper rated within the three highest classifications established by no fewer than two standard rating services, and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Township's deposits and investment policies are in accordance with statutory authority.



December 31, 2018

**Note 2 - Deposits and Investments (Continued)**

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy for custodial credit risk includes provisions that require financial dealers and institutions to provide the Charter Township with audited financial statements, a certification that they have read the Charter Township's investment policy, and proof of licensure. The policy further states that the treasurer is required to perform an annual review of the financial condition and registrations of all institutions used as a depository for the Charter Township's funds. At year end, the Charter Township had \$19,178,501 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Charter Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Charter Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the component units had no bank deposits that were uninsured and uncollateralized.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Carrying Value	Weighted- average Maturity
Municipal bonds	\$ 4,517,771	606 days
U.S. government agency securities	3,005,680	510 days
Certificates of deposit	1,191,134	225 days
U.S. Treasury notes	299,203	486 days
Commercial paper	299,633	20 days

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
U.S. agencies - Federal Home Loan Bank, Federal Home Loan Mortgage Association, and Federal Farm Credit	\$ 3,005,680	AA+	Standard & Poor's
Municipal bonds	74,738	AAA	Standard & Poor's
Municipal bonds	283,854	AA+	Standard & Poor's
Municipal bonds	366,405	AA	Standard & Poor's
Municipal bonds	2,626,854	AA-	Standard & Poor's
Municipal bonds	334,473	Aa2	Moody's
Municipal bonds	751,438	Aa1	Moody's
Municipal bonds	80,009	MIG1	Moody's

December 31, 2018

**Note 3 - Fair Value Measurements**

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

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

The Township has the following recurring fair value measurements as of December 31, 2018:

	Balance at December 31, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury notes	\$ 299,203	\$ 299,203	\$ -	\$ -
Federal agency securities	1,755,927	1,755,927	-	-
Commercial paper	299,633	-	299,633	-
Mortgage-backed securities	1,249,753	-	1,249,753	-
Municipal bonds	4,517,771	-	4,517,771	-
Certificates of deposit	1,191,134	-	1,191,134	-
Total investments by fair value	<u>\$ 9,313,421</u>	<u>\$ 2,055,130</u>	<u>\$ 7,258,291</u>	<u>\$ -</u>

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

The fair value of commercial paper, mortgage-backed securities, municipal bonds, and certificates of deposit at December 31, 2018 was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

**Note 4 - Interfund Transfers**

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Debt Service Fund	\$ 32,860
Fire Fund	Debt Service Fund	73,640
Police Fund	Debt Service Fund	15,177
Buildings Code Enforcement	Debt Service Fund	7,411
	Total	<u>\$ 129,088</u>

The transfers to the Debt Service Fund are for the debt service on financed vehicles and equipment.

**December 31, 2018**

**Note 5 - Receivables**

Receivables as of December 31, 2018 for the Township's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Fire Fund	Police Fund	Nonmajor Funds	Total Governmental Activities	Enterprise Funds	Total	Component Units
Receivables:								
Property taxes receivable	\$ 253,849	\$ 527,727	\$,316,274	\$ -	\$,097,850	\$ -	\$,097,850	\$ -
Special assessments receivable	318,166	-	-	491,647	809,813	-	809,813	-
Customer receivables	-	-	28,723	11,741	40,464	1,015,324	1,055,788	-
Accrued interest receivable	3,372	2,677	617	-	6,666	26,529	33,195	3,048
Other receivables	60,594	-	43,056	-	103,650	-	103,650	-
Due from other governmental units	509,116	10,774	185,047	-	704,937	145,882	850,819	-
Net receivables	<u>\$,145,097</u>	<u>\$ 541,178</u>	<u>\$,573,717</u>	<u>\$ 503,388</u>	<u>\$,763,380</u>	<u>\$,187,735</u>	<u>\$,951,115</u>	<u>\$ 3,048</u>

The Charter Township considers all receivables to be collectible and has not recorded an allowance for doubtful accounts.

**December 31, 2018**

**Note 6 - Capital Assets**

Capital asset activity of the Township's governmental and business-type activities was as follows:

**Governmental Activities**

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated:					
Land	\$ 1,434,142	\$ -	\$ 78,692	\$ (2,138)	\$ 1,510,696
Construction in progress	10,254	(12,504)	107,250	-	105,000
Subtotal	1,444,396	(12,504)	185,942	(2,138)	1,615,696
Capital assets being depreciated:					
Buildings and improvements	4,215,244	-	97,934	-	4,313,178
Machinery and equipment	1,153,548	-	247,243	(42,643)	1,358,148
Vehicles	2,259,983	-	215,609	(238,929)	2,236,663
Office furnishings	599,513	-	38,695	(900)	637,308
Land improvements	1,325,300	12,504	14,763	-	1,352,567
Subtotal	9,553,588	12,504	614,244	(282,472)	9,897,864
Accumulated depreciation:					
Buildings and improvements	1,274,581	-	89,974	-	1,364,555
Machinery and equipment	746,864	-	138,303	(36,144)	849,023
Vehicles	1,171,611	-	225,170	(198,654)	1,198,127
Office furnishings	489,845	-	52,616	(900)	541,561
Land improvements	452,396	-	59,280	-	511,676
Subtotal	4,135,297	-	565,343	(235,698)	4,464,942
Net capital assets being depreciated	5,418,291	12,504	48,901	(46,774)	5,432,922
Net governmental activities capital assets	<u>\$ 6,862,687</u>	<u>\$ -</u>	<u>\$ 234,843</u>	<u>\$ (48,912)</u>	<u>\$ 7,048,618</u>

December 31, 2018

**Note 6 - Capital Assets (Continued)**

*Business-type Activities*

	Balance January 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated - Construction in progress	\$ -	\$ -	\$ 276,685	\$ -	\$ 276,685
Capital assets being depreciated:					
Water and sewage distribution systems	47,794,175	-	-	-	47,794,175
Connections	702,781	-	-	-	702,781
Buildings and building improvements	93,966	-	-	-	93,966
Vehicles	385,530	-	-	-	385,530
Machinery and equipment	1,637,657	-	55,659	-	1,693,316
Office furnishings	2,658	-	-	-	2,658
Subtotal	50,616,767	-	55,659	-	50,672,426
Accumulated depreciation:					
Water and sewage distribution systems	17,237,699	-	678,211	-	17,915,910
Connections	280,542	-	11,451	-	291,993
Buildings and building improvements	86,710	-	519	-	87,229
Vehicles	232,915	-	22,812	-	255,727
Machinery and equipment	916,151	-	66,522	-	982,673
Office furnishings	2,658	-	-	-	2,658
Subtotal	18,756,675	-	779,515	-	19,536,190
Net capital assets being depreciated	31,860,092	-	(723,856)	-	31,136,236
Net business-type activity capital assets	\$ 31,860,092	\$ -	\$ (447,171)	\$ -	\$ 31,412,921

**December 31, 2018**

**Note 6 - Capital Assets (Continued)**

*Component Unit*

	Balance January 1, 2018	Additions	Disposals and Adjustments	Balance December 31, 2018
Capital assets not being depreciated - Land	\$ 983,888	\$ -	\$ (35,900)	\$ 947,988
Capital assets being depreciated:				
Sewer mains	86,026	-	-	86,026
Land improvements	171,372	-	-	171,372
Subtotal	257,398	-	-	257,398
Accumulated depreciation:				
Sewer mains	2,151	1,075	-	3,226
Land improvements	86,712	11,422	-	98,134
Subtotal	88,863	12,497	-	101,360
Net capital assets being depreciated	168,535	(12,497)	-	156,038
Net capital assets	<u>\$ 1,152,423</u>	<u>\$ (12,497)</u>	<u>\$ (35,900)</u>	<u>\$ 1,104,026</u>

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

Governmental activities:	
General government	\$ 130,648
Public safety	400,414
Public works	7,641
Economic development	26,640
Total governmental activities	<u>\$ 565,343</u>
Business-type activities - Water and sewer	\$ 779,515

December 31, 2018

**Note 7 - Long-term Debt**

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. Installment purchase agreements are also general obligations of the government. Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
State revenue-sharing bonds						
- Series 1998A - Original issue - \$255,000 maturing through 2018	4.70%-5.20%	\$ 20,000	\$ -	\$ (20,000)	\$ -	\$ -
Fire equipment bonds - Series 1998A - Original issue - \$920,000 maturing through 2018	4.70%-5.20%	70,000	-	(70,000)	-	-
Contractual obligations for drain construction:						
Cook and Gladding Drain - Original issue - \$75,031 maturing through 2029	4.58%	51,337	-	(3,949)	47,388	3,949
S. Adams Drain - Original issue - \$17,000 maturing through 2022	8.00%	10,200	-	(1,700)	8,500	1,700
N. Adams Drain - Original issue - \$170,000 maturing through 2022	8.00%	102,000	-	(17,000)	85,000	17,000
Note payable to LDFA - Original issue - \$170,000 maturing through 2023	3.00%	71,474	-	(13,214)	58,260	13,616
Installment purchase agreements:						
One building dept truck - Original issue - \$32,828 maturing through 2019	6.45%	13,502	-	(6,540)	6,962	6,962
Two copiers - Original issue - \$26,040 maturing through 2018	5.00%	4,349	-	(4,349)	-	-
Capital Improvement Bond - Belden Drain:						
Original issue - \$725,000 maturing through 2036	2.00%-4.00%	725,000	-	(40,000)	685,000	40,000
Unamortized premium		11,646	-	(613)	11,033	613
Subtotal		1,079,508	-	(177,365)	902,143	83,840
Compensated absences		398,439	244,792	(251,017)	392,214	247,095
Total governmental activities		\$ 1,477,947	\$ 244,792	\$ (428,382)	\$ 1,294,357	\$ 330,935

**December 31, 2018**

**Note 7 - Long-term Debt (Continued)**

***Business-type Activities***

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds - South Huron Valley Utility Authority Bonds:						
2004 Sewer System Plant Expansion Bonds - Original issue - \$2,227,183 maturing through 2026	2.00%	\$ 1,119,628	\$ -	\$ (113,533)	\$ 1,006,095	\$ 115,949
Sewer System Plant Expansion Bonds - Original issue - \$3,995,710 maturing through 2020	2.25%	709,685	-	(231,200)	478,485	236,455
2011 Sewer System Improvement Bonds - Original issue - \$502,453 Maturing through 2031	2.50%	376,560	-	(22,398)	354,162	23,170
Michigan Municipal Bond Authority SRF Bonds - Original issue - \$221,606 maturing through 2029	2.50%	143,606	-	(10,000)	133,606	10,000
2014 Will Carleton Water Main Bonds - Original issue - \$2,735,000 maturing through 2034	2.50%	1,859,941	137,285	(115,000)	1,882,226	120,000
Subtotal		4,209,420	137,285	(492,131)	3,854,574	505,574
Compensated absences		30,485	16,369	(19,206)	27,648	17,418
Total business-type activities		<u>\$ 4,239,905</u>	<u>\$ 153,654</u>	<u>\$ (511,337)</u>	<u>\$ 3,882,222</u>	<u>\$ 522,992</u>

***Debt Service Requirements to Maturity***

Total interest incurred related to governmental activities for the year was approximately \$43,000. Total interest incurred related to business-type activities for the year approximated \$96,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 83,840	\$ 35,812	\$ 119,652	\$ 505,574	\$ 88,374	\$ 593,948
2020	77,292	32,921	110,213	515,545	76,712	592,257
2021	77,719	29,723	107,442	281,703	64,779	346,482
2022	78,158	26,201	104,359	284,891	57,434	342,325
2023	64,523	22,846	87,369	292,307	51,415	343,722
2024-2028	222,810	80,701	303,511	1,311,389	155,134	1,466,523
2029-2033	190,963	39,144	230,107	570,941	25,568	596,509
2034-2037	106,838	6,300	113,138	92,224	1,153	93,377
Total	<u>\$ 902,143</u>	<u>\$ 273,648</u>	<u>\$ 1,175,791</u>	<u>\$ 3,854,574</u>	<u>\$ 520,569</u>	<u>\$ 4,375,143</u>



**Note 7 - Long-term Debt (Continued)**

Component Unit - Local Development Finance Authority (LDFA) - Developer Commitment - LDFA entered into a reimbursement agreement with a developer. The agreement requires LDFA to reimburse the developer to the extent of annual captured tax increments generated by the Township and county-eligible captures on the specific property that was developed. A total payment of approximately \$284,000 was made during the year. The remaining outstanding balance under the agreement, including interest, is approximately \$1,606,000 at December 31, 2018.

**Note 8 - Contingent Liabilities**

The Township is subject to various legal proceedings and claims that arise in the ordinary course of its business. The Township believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

**Note 9 - Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for workers' compensation and medical claims and participates in the Michigan Municipal Risk Management Authority (the "Authority") state risk pool for general and property claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

**Note 10 - Other Postemployment Benefit Plan**

***Plan Description***

The Township provides retiree healthcare benefits to eligible employees and their spouses. This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements. The Township's policy requires the Township to pay 100 percent of covered healthcare benefits for eligible retirees.

***Benefits Provided***

Charter Township of Huron OPEB Plan provides healthcare and vision benefits for retirees and their spouses.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	<u>OPEB Plan</u>
Date of member count	January 1, 2018
Inactive plan members or beneficiaries currently receiving benefits	39
Active plan members	<u>35</u>
Total plan members	<u><u>74</u></u>

December 31, 2018

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Contributions**

Retiree healthcare costs are paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2018, the Township made payments for postemployment health benefit premiums of \$244,505.

**Net OPEB Liability**

The Township has chosen to use December 31, 2018 as its measurement date for the net OPEB liability. The December 31, 2018 total OPEB liability was determined by an actuarial valuation performed as of January 1, 2018, which used update procedures to roll forward the estimated liability to December 31, 2018.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at December 31, 2017</b>	\$ 7,936,349	\$ 6,053,114	\$ 1,883,235
Changes for the year:			
Service cost	119,726	-	119,726
Interest	503,933	-	503,933
Contributions - Employer	-	1,557,505	(1,557,505)
Net investment loss	-	(301,559)	301,559
Benefit payments, including refunds	(244,505)	(244,505)	-
Administrative expenses	-	(16,040)	16,040
<b>Net changes</b>	<b>379,154</b>	<b>995,401</b>	<b>(616,247)</b>
<b>Balance at December 31, 2018</b>	<b>\$ 8,315,503</b>	<b>\$ 7,048,515</b>	<b>\$ 1,266,988</b>

The plan's fiduciary net position represents 84.8 percent of the total OPEB liability.

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

For the year ended December 31, 2018, the Township recognized OPEB expense of \$356,889.

At December 31, 2018, the Township reported deferred outflows of resources related to OPEB from the following sources:

Net difference between projected and actual earnings on OPEB plan investments	\$ 584,369
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Amount
2019	\$ 146,092
2020	146,092
2021	146,092
2022	146,093

December 31, 2018

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 2.5 percent; an investment rate of return (net of investment expenses) of 6.4 percent; a healthcare cost trend rate of 9.0 percent for 2018, decreasing to 4.5 percent in year 10; and using the RP-2014 mortality tables with a 10 percent margin for future mortality improvements, relative to the actual mortality experience seen in the 2000-2013 experience study. These assumptions were applied to all periods included in the measurement.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.40 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2018 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Inflation	Real Rate of Return	Long-term Expected Real Rate of Return
Diversified bond	20.00 %	2.50 %	0.50 %	3.00 %
Established market	40.00	2.50	4.20	6.70
Total market	40.00	2.50	5.25	7.75

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

The following presents the net OPEB liability of the Township, calculated using the discount rate of 6.40 percent, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (5.4%)	Current Discount Rate (6.4%)	1 Percent Increase (7.4%)
Net OPEB liability of the Charter Township of Huron OPEB Plan	\$ 3,243,037	\$ 1,266,988	\$ 796,903

December 31, 2018

**Note 10 - Other Postemployment Benefit Plan (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate of 9.0 percent, as well as what the Township's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.0%)	Current Healthcare Cost Trend Rate (9.0%)	1 Percent Increase (10.0%)
Net OPEB liability of the Charter Township of Huron OPEB Plan	\$ 785,026	\$ 1,266,988	\$ 3,255,199

**Note 11 - Defined Benefit Pension Plan**

***Plan Description***

The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers all eligible employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

***Benefits Provided***

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers eligible full-time union employees. Retirement benefits for police and fire employees are calculated at 2.80 percent of the employee's five-year average salary times the employee's years of service. Normal retirement is 60 with early retirement with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms provide for an annual 2.5 percent, noncompounding cost of living adjustment to retirees.

Retirement benefits for general employees are calculated at 2.50 percent of the employee's five-year average salary times the employee's years of service. Normal retirement is 60 with early retirement with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is eight years. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms provide for an annual 2.5 percent, noncompounding cost of living adjustment to retirees.

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

December 31, 2018

**Note 11 - Defined Benefit Pension Plan (Continued)**

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	December 31, 2017
Date of member count	
Inactive plan members or beneficiaries currently receiving benefits	28
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>45</u>
Total employees covered by the plan	<u><u>88</u></u>

**Contributions**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the valuation date year ended December 31, 2017, the average active employee contribution rate was 6.96 percent for general employees, 15.0 percent for police employees, and 0 percent for fire employees of annual pay, and the Charter Township's annual required contribution was \$570,379.

**Net Pension Liability**

The Township has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The December 31, 2018 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2017 measurement date. The December 31, 2017 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2016</b>	\$ 21,802,812	\$ 14,339,308	\$ 7,463,504
Changes for the year:			
Service cost	457,791	-	457,791
Interest	1,723,825	-	1,723,825
Differences between expected and actual experience	360,362	-	360,362
Contributions - Employer	-	570,379	(570,379)
Contributions - Employee	-	359,566	(359,566)
Net investment income	-	1,909,473	(1,909,473)
Benefit payments, including refunds	(967,806)	(967,806)	-
Administrative expenses	-	(30,193)	30,193
Net changes	<u>1,574,172</u>	<u>1,841,419</u>	<u>(267,247)</u>
<b>Balance at December 31, 2017</b>	<u><u>\$ 23,376,984</u></u>	<u><u>\$ 16,180,727</u></u>	<u><u>\$ 7,196,257</u></u>

The plan's fiduciary net position represents 69.2 percent of the total pension liability.

December 31, 2018

**Note 11 - Defined Benefit Pension Plan (Continued)**

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

For the year ended December 31, 2018, the Township recognized pension expense of \$894,928. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 270,272	\$ (268,859)
Changes in assumptions	258,519	-
Net difference between projected and actual earnings on pension plan investments	-	(326,398)
Employer contributions to the plan subsequent to the measurement date	<u>640,779</u>	<u>-</u>
Total	<u>\$ 1,169,570</u>	<u>\$ (595,257)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, \$640,779, which will impact the net pension liability in fiscal year 2018, rather than pension expense:

Years Ending December 31	Amount
2019	\$ 187,107
2020	52,819
2021	(153,382)
2022	(153,010)

***Actuarial Assumptions***

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases of 3.75 percent (with merit increases totaling up to 11 percent, for a total of 3.75 percent to 14.75 percent); and an investment rate of return (net of investment expenses, including inflation) of 7.75 percent.

Mortality rates were based on the 2014 Healthy Annuitant, Employee, and Juvenile Mortality Tables. For disabled retirees, the 50 percent male - 50 percent female blend of the RP-2014 Disabled Retiree Mortality Table was used

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

***Discount Rate***

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

**Note 11 - Defined Benefit Pension Plan (Continued)**

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Township, calculated using the discount rate of 8.0 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the Township	\$ 10,217,988	\$ 7,196,257	\$ 4,697,410

**Pension Plan Fiduciary Net Position**

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

**Note 12 - Defined Contribution Pension Plan**

The Township provides pension benefits to all elected officials and certain other employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by state statute, the Township contributes 10 percent of employees' gross earnings, and employees contribute 5 percent of earnings. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately.

In accordance with these requirements, the Charter Township contributed \$20,261 and employees contributed \$10,130.

**Note 13 - Joint Ventures**

The Township is a member of the 34th District Court (the "Court"), which provides services to the member communities. The Court receives its operating revenue mainly from fines and fees, in addition to annual funding provided by member communities. The Township received net revenue of \$1,535,598 from the Court, after the Court deducted operating costs and amounts required to be distributed to other agencies.

December 31, 2018

**Note 13 - Joint Ventures (Continued)**

Complete financial statements for the Court can be obtained from the administrative offices at 11131 South Wayne Road, Romulus, Michigan 48174. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The Township is a member of the South Huron Valley Utility Authority (the "Utility Authority"). The Utility Authority is a joint venture of the Charter Townships of Brownstown, Huron, and Van Buren; the cities of Flat Rock, Gibraltar, Romulus, and Woodhaven, Michigan; and the Village of South Rockwood, Michigan. The Utility Authority was founded in order to acquire and operate a sewage and wastewater treatment system, formerly operated by Wayne County, Michigan. During the year, the Township contributed \$926,769 toward the operation of the system. In addition, debt payments of \$414,819, including principal and interest, were made to the Utility Authority. The Township's equity in the Utility Authority at December 31, 2018 is \$361,300. Complete financial statements for the Utility Authority can be obtained from the administrative offices at 46425 Tyler Road, Van Buren Twp., Michigan 48111. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

**Note 14 - Assigned Fund Balance**

The Township has assigned fund balance of the General Fund for the following purposes:

Economic development	\$ 2,250,000
Roads and transportation	2,300,000
OPEB and/or pension liability contributions	326,500
Subsequent year's budget	<u>314,980</u>
Total assigned fund balance	<u>\$ 5,191,480</u>

The Township has also internally earmarked additional amounts from the Police and Fire funds. The Township allocated \$403,886 and \$60,000 in the Fire Fund for capital purchases and OPEB and/or pension liability contributions, respectively. The Township allocated \$506,530 and \$600,000 in the Police Fund for the subsequent year's budget and OPEB and/or pension liability contributions, respectively.

**Note 15 - Change in Accounting Principle**

During the current year, the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded portion of the Township's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details (see Note 10). This change does not impact the General Fund or any other governmental funds.

As a result of implementing this statement, the beginning net position of the governmental activities and business-type activities have been restated as follows:

	Net Position		
	As Previously Reported	As Restated	Effect of Change
Governmental activities	\$ 9,729,171	\$ 10,114,505	\$ 385,334
Business-type activities	35,977,748	36,556,358	578,610



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## Required Supplemental Information

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# Charter Township of Huron

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Current property taxes and related penalties and administration fees	\$ 552,000	\$ 563,000	\$ 573,961	\$ 10,961
Special assessments	24,500	24,500	24,445	(55)
Intergovernmental:				
Federal grants	-	81,305	81,720	415
State-shared revenue and grants	1,338,330	1,377,230	1,421,212	43,982
Local grants and contributions	1,500	4,500	4,798	298
Charges for services	1,065,000	1,007,200	1,011,700	4,500
Licenses and permits	5,000	5,000	9,039	4,039
Interest - Investment earnings	32,000	68,000	86,745	18,745
Other revenue:				
Cable franchise fees	223,000	223,000	230,919	7,919
Other miscellaneous income	14,000	60,100	62,662	2,562
<b>Total revenue</b>	<b>3,255,330</b>	<b>3,413,835</b>	<b>3,507,201</b>	<b>93,366</b>
<b>Expenditures</b>				
Current services:				
General government:				
Charter Township board	71,000	71,000	58,197	12,803
Supervisor	121,130	121,130	115,911	5,219
Finance and accounting	325,850	316,850	274,999	41,851
Data processing and computer development	46,500	61,730	54,668	7,062
Treasurer	328,450	327,450	275,061	52,389
Assessing	159,400	159,400	76,062	83,338
Board of review	7,500	7,500	4,911	2,589
Clerk	234,910	251,110	213,341	37,769
Buildings and grounds	124,500	214,500	189,969	24,531
Attorney	60,000	69,000	39,032	29,968
Elections	80,000	102,000	83,584	18,416
Insurance and other functions	69,700	69,700	57,704	11,996
Retirement health care	412,500	412,500	384,749	27,751
Public safety	12,500	17,500	11,475	6,025
Public works	915,550	915,550	848,738	66,812
Health and welfare	116,000	124,700	92,541	32,159
Community and economic development	230,150	258,225	198,703	59,522
Recreation and culture	102,700	102,700	87,161	15,539
<b>Total expenditures</b>	<b>3,418,340</b>	<b>3,602,545</b>	<b>3,066,806</b>	<b>535,739</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(163,010)</b>	<b>(188,710)</b>	<b>440,395</b>	<b>629,105</b>
<b>Other Financing (Uses) Sources</b>				
Transfers out	(35,000)	(35,000)	(32,860)	2,140
Sale of capital assets	-	1,000	1,000	-
<b>Total other financing (uses) sources</b>	<b>(35,000)</b>	<b>(34,000)</b>	<b>(31,860)</b>	<b>2,140</b>
<b>Net Change in Fund Balance</b>	<b>(198,010)</b>	<b>(222,710)</b>	<b>408,535</b>	<b>631,245</b>
<b>Fund Balance - Beginning of year</b>	<b>6,342,141</b>	<b>6,342,141</b>	<b>6,342,141</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 6,144,131</b>	<b>\$ 6,119,431</b>	<b>\$ 6,750,676</b>	<b>\$ 631,245</b>

## Charter Township of Huron

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund

**Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 875,000	\$ 894,000	\$ 899,044	\$ 5,044
Intergovernmental	32,000	98,150	92,117	(6,033)
Charges for services	-	-	732	732
Interest	7,000	9,000	16,300	7,300
Other revenue	-	3,300	3,318	18
Total revenue	914,000	1,004,450	1,011,511	7,061
<b>Expenditures</b>				
Current services -				
Public safety:				
Administrative	100,000	100,000	100,000	-
Operating costs	202,700	228,050	206,164	21,886
Personnel costs	560,940	567,990	572,455	(4,465)
Capital outlay	46,400	603,650	274,774	328,876
Total expenditures	910,040	1,499,690	1,153,393	346,297
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	3,960	(495,240)	(141,882)	353,358
<b>Other Financing (Uses) Sources</b>				
Transfers out	(73,640)	(73,640)	(73,640)	-
Sale of capital assets	-	1,200	1,245	45
Total other financing uses	(73,640)	(72,440)	(72,395)	45
<b>Net Change in Fund Balance</b>	(69,680)	(567,680)	(214,277)	353,403
<b>Fund Balance - Beginning of year</b>	885,498	885,498	885,498	-
<b>Fund Balance - End of year</b>	<u>\$ 815,818</u>	<u>\$ 317,818</u>	<u>\$ 671,221</u>	<u>\$ 353,403</u>

## Charter Township of Huron

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Police Fund

**Year Ended December 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,205,680	\$ 2,236,680	\$ 2,241,194	\$ 4,514
Intergovernmental	100,400	113,750	149,039	35,289
Charges for services	431,520	493,320	554,512	61,192
Fines and forfeitures	1,205,000	1,389,000	1,531,898	142,898
Interest	6,000	24,300	27,400	3,100
Other revenue	-	-	430	430
Total revenue	3,948,600	4,257,050	4,504,473	247,423
<b>Expenditures</b>				
Current services -				
Public safety:				
Police personnel costs	3,225,780	3,202,630	3,086,198	116,432
Police administrative costs	35,000	35,000	35,000	-
Public safety communications personnel costs	505,550	480,350	449,908	30,442
Police operating costs	514,350	578,650	558,823	19,827
Public safety communications operating costs	29,100	23,100	19,555	3,545
Jail operating costs	20,000	20,000	23,613	(3,613)
Capital outlay	113,200	379,000	364,388	14,612
Total expenditures	4,442,980	4,718,730	4,537,485	181,245
<b>Excess of Expenditures Over Revenue</b>	(494,380)	(461,680)	(33,012)	428,668
<b>Other Financing Sources (Uses)</b>				
Transfers in	80,000	80,000	85,552	5,552
Transfers out	(15,200)	(15,200)	(15,177)	23
Sale of capital assets	-	12,400	12,435	35
Total other financing sources	64,800	77,200	82,810	5,610
<b>Net Change in Fund Balance</b>	(429,580)	(384,480)	49,798	434,278
<b>Fund Balance - Beginning of year</b>	2,088,063	2,088,063	2,088,063	-
<b>Fund Balance - End of year</b>	<b>\$ 1,658,483</b>	<b>\$ 1,703,583</b>	<b>\$ 2,137,861</b>	<b>\$ 434,278</b>

## Charter Township of Huron

### Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Four Plan Years			
	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 457,791	\$ 535,317	\$ 458,426	\$ 470,835
Interest	1,723,825	1,644,352	1,565,986	1,462,887
Changes in benefit terms	-	(18,528)	(47,585)	-
Differences between expected and actual experience	360,362	(196,568)	(682,300)	-
Changes in assumptions	-	-	1,034,076	-
Benefit payments, including refunds	(967,806)	(883,106)	(705,499)	(650,150)
Miscellaneous other	-	(6,952)	-	-
<b>Net Change in Total Pension Liability</b>	1,574,172	1,074,515	1,623,104	1,283,572
<b>Total Pension Liability - Beginning of year</b>	21,802,812	20,728,297	19,105,193	17,821,621
<b>Total Pension Liability - End of year</b>	<b>\$ 23,376,984</b>	<b>\$ 21,802,812</b>	<b>\$ 20,728,297</b>	<b>\$ 19,105,193</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 570,379	\$ 519,402	\$ 500,433	\$ 432,238
Contributions - Employee	359,566	335,698	363,992	277,257
Net investment income (loss)	1,909,473	1,483,096	(200,202)	774,273
Administrative expenses	(30,193)	(29,240)	(28,834)	(28,537)
Benefit payments, including refunds	(967,806)	(883,106)	(705,499)	(650,150)
<b>Net Change in Plan Fiduciary Net Position</b>	1,841,419	1,425,850	(70,110)	805,081
<b>Plan Fiduciary Net Position - Beginning of year</b>	14,339,308	12,913,458	12,983,568	12,178,487
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 16,180,727</b>	<b>\$ 14,339,308</b>	<b>\$ 12,913,458</b>	<b>\$ 12,983,568</b>
<b>Township's Net Pension Liability - Ending</b>	<b>\$ 7,196,257</b>	<b>\$ 7,463,504</b>	<b>\$ 7,814,839</b>	<b>\$ 6,121,625</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	69.22 %	65.77 %	62.30 %	67.96 %
<b>Covered Employee Payroll</b>	\$ 2,766,764	\$ 2,600,841	\$ 2,382,301	\$ 2,489,922
<b>Township's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	260.10 %	286.97 %	328.04 %	245.86 %

The above required supplemental information is intended to show data for 10 years; additional years will be presented as information becomes available.

## Charter Township of Huron

## Required Supplemental Information Schedule of Pension Contributions

### Last Ten Fiscal Years Years Ended December 31

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 570,379	\$ 519,402	\$ 500,433	\$ 510,718	\$ 432,238	\$ 428,014	\$ 537,560	\$ 448,197	\$ 486,364	\$ 416,816
Contributions in relation to the actuarially determined contribution	570,379	519,402	500,433	510,718	432,238	428,014	537,560	448,197	486,364	416,816
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 2,766,764</b>	<b>\$ 2,600,841</b>	<b>\$ 2,382,301</b>	<b>\$ 2,489,922</b>	<b>\$ 2,574,770</b>	<b>\$ 3,024,851</b>	<b>\$ 3,102,949</b>	<b>\$ 3,032,504</b>	<b>\$ 3,429,973</b>	<b>\$ 3,478,676</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>20.62 %</b>	<b>19.97 %</b>	<b>21.01 %</b>	<b>20.51 %</b>	<b>16.79 %</b>	<b>14.15 %</b>	<b>17.32 %</b>	<b>14.78 %</b>	<b>14.18 %</b>	<b>11.98 %</b>

#### Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Asset valuation method	Five-year smoothed
Inflation	2.5 percent
Salary increase	3.75 to 14.75 percent
Investment rate of return	8.0 percent
Retirement age	60 years of age
Mortality	50 percent female/50 percent male 2014 Group Annuity Mortality Table
Other information	None

## Charter Township of Huron

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

	Last One Fiscal Year
	<u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 119,726
Interest	503,933
Benefit payments, including refunds	<u>(244,505)</u>
<b>Net Change in Total OPEB Liability</b>	379,154
<b>Total OPEB Liability - Beginning of year</b>	<u>7,936,349</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 8,315,503</u></b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,557,505
Net investment loss	(301,559)
Administrative expenses	(16,040)
Benefit payments, including refunds	<u>(244,505)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	995,401
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>6,053,114</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 7,048,515</u></b>
<b>Net OPEB Liability - Ending</b>	<b><u>\$ 1,266,988</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	84.76 %
<b>Covered Payroll</b>	\$ 2,488,633
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	50.91 %

The above required supplemental information is intended to show data for 10 years; additional years will be presented as information becomes available.





**December 31, 2018**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds.

The annual budget is prepared by the Township supervisor and adopted by the Township board; subsequent amendments are approved by the Township's board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2018 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of the actual results of operations to the budgeted amounts (at the level of control adopted by the Township's board) for the General Fund, Fire Fund, and Police Fund is presented as required supplemental information. The adoption of budgets resulting in fund deficits is a violation of Michigan law. Information comparing other special revenue fund activity to the respective budgets can be obtained at the Township Hall.

A reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

General Fund	Total Revenue	Total Expenditures	Other Financing Uses
Amounts per operating statement	\$ 3,508,193	\$ 3,066,806	\$ (31,860)
Compensated Absence Fund	(992)	-	-
Amounts per budget statement	<u>\$ 3,507,201</u>	<u>\$ 3,066,806</u>	<u>\$ (31,860)</u>

  

Police Fund	Total Revenue	Total Expenditures	Other Financing (Uses) Sources
Amounts per operating statement	\$ 4,590,025	\$ 4,537,485	\$ (2,742)
911 Service Fund	(85,552)	-	85,552
Amounts per budget statement	<u>\$ 4,504,473</u>	<u>\$ 4,537,485</u>	<u>\$ 82,810</u>

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

	Budget	Actual	Variance
Fire Fund - Personnel costs	\$ 567,990	\$ 572,455	\$ (4,465)
Police fund - Jail operating costs	20,000	23,613	(3,613)

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## Other Supplemental Information

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# Charter Township of Huron

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

**December 31, 2018**

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds		Nonmajor Capital Project Fund	Total	
	Cable PEG	Drug Law Enforcement	Road Improvement Fund	Building Department	Belden Drain Construction Fund	Debt Service Fund	Belden Drain Debt Service		Capital Improvement Fund
<b>Assets</b>									
Cash and investments	\$ 297,409	\$ 85,970	\$ -	\$ 655,722	\$ -	\$ -	\$ 62,640	\$ 38,500	\$ 1,140,241
Receivables:									
Special assessments receivable	-	-	-	-	-	-	491,647	-	491,647
Customer receivables	11,741	-	-	-	-	-	-	-	11,741
Prepaid expenses and other assets	-	-	-	2,285	-	-	-	-	2,285
Restricted assets	-	-	-	-	20,365	-	-	-	20,365
<b>Total assets</b>	<b>\$ 309,150</b>	<b>\$ 85,970</b>	<b>\$ -</b>	<b>\$ 658,007</b>	<b>\$ 20,365</b>	<b>\$ -</b>	<b>\$ 554,287</b>	<b>\$ 38,500</b>	<b>\$ 1,666,279</b>
<b>Liabilities</b>									
Accounts payable	-	-	-	3,863	-	-	-	-	3,863
Accrued liabilities and other	-	-	-	8,547	-	-	-	-	8,547
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,410</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476,976</b>	<b>-</b>	<b>476,976</b>
<b>Fund Balances</b>									
Nonspendable	-	-	-	2,285	-	-	-	-	2,285
Restricted:									
Debt service	-	-	-	-	-	-	16,471	-	16,471
Capital projects (unspent bond proceeds)	-	-	-	-	20,365	-	60,840	-	81,205
Cable PEG	309,150	-	-	-	-	-	-	-	309,150
Drug law enforcement	-	85,970	-	-	-	-	-	-	85,970
Construction code activity	-	-	-	643,312	-	-	-	-	643,312
Committed - Capital projects	-	-	-	-	-	-	-	38,500	38,500
<b>Total fund balances</b>	<b>309,150</b>	<b>85,970</b>	<b>-</b>	<b>645,597</b>	<b>20,365</b>	<b>-</b>	<b>77,311</b>	<b>38,500</b>	<b>1,176,893</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 309,150</b>	<b>\$ 85,970</b>	<b>\$ -</b>	<b>\$ 658,007</b>	<b>\$ 20,365</b>	<b>\$ -</b>	<b>\$ 554,287</b>	<b>\$ 38,500</b>	<b>\$ 1,666,279</b>

# Charter Township of Huron

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

**Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds					Nonmajor Debt Service Funds		Nonmajor Capital Project Fund	Total
	Cable PEG	Drug Law Enforcement	Road Improvement Fund	Building Department	Belden Drain Construction Fund	Debt Service Fund	Belden Drain Debt Service	Capital Improvement Fund	
<b>Revenue</b>									
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,543	\$ -	\$ 79,543
Intergovernmental - Federal grants	-	-	-	1,826	-	-	-	-	1,826
Fines and forfeitures	-	31,202	-	-	-	-	-	-	31,202
Licenses and permits	-	-	-	644,774	-	-	-	-	644,774
Interest	1,950	543	(9)	3,874	134	-	267	248	7,007
Other revenue	46,184	-	-	-	-	-	-	-	46,184
<b>Total revenue</b>	<b>48,134</b>	<b>31,745</b>	<b>(9)</b>	<b>650,474</b>	<b>134</b>	<b>-</b>	<b>79,810</b>	<b>248</b>	<b>810,536</b>
<b>Expenditures</b>									
Current services:									
General government	15,507	-	-	-	509	-	17	17	16,050
Public safety	-	7,714	-	337,878	-	-	-	-	345,592
Capital outlay	44,521	10,512	-	-	-	-	-	-	55,033
Debt service:									
Principal	-	-	20,000	502	-	112,403	40,000	-	172,905
Interest on long-term debt	-	-	1,040	-	2,078	16,685	23,322	-	43,125
<b>Total expenditures</b>	<b>60,028</b>	<b>18,226</b>	<b>21,040</b>	<b>338,380</b>	<b>2,587</b>	<b>129,088</b>	<b>63,339</b>	<b>17</b>	<b>632,705</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(11,894)</b>	<b>13,519</b>	<b>(21,049)</b>	<b>312,094</b>	<b>(2,453)</b>	<b>(129,088)</b>	<b>16,471</b>	<b>231</b>	<b>177,831</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	-	-	129,088	-	-	129,088
Transfers out	-	-	-	(7,411)	-	-	-	-	(7,411)
<b>Total other financing (uses) sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,411)</b>	<b>-</b>	<b>129,088</b>	<b>-</b>	<b>-</b>	<b>121,677</b>
<b>Net Change in Fund Balances</b>	<b>(11,894)</b>	<b>13,519</b>	<b>(21,049)</b>	<b>304,683</b>	<b>(2,453)</b>	<b>-</b>	<b>16,471</b>	<b>231</b>	<b>299,508</b>
<b>Fund Balances - Beginning of year</b>	<b>321,044</b>	<b>72,451</b>	<b>21,049</b>	<b>340,914</b>	<b>22,818</b>	<b>-</b>	<b>60,840</b>	<b>38,269</b>	<b>877,385</b>
<b>Fund Balances - End of year</b>	<b>\$ 309,150</b>	<b>\$ 85,970</b>	<b>\$ -</b>	<b>\$ 645,597</b>	<b>\$ 20,365</b>	<b>\$ -</b>	<b>\$ 77,311</b>	<b>\$ 38,500</b>	<b>\$ 1,176,893</b>

**Charter Township of Huron**

**Other Supplemental Information  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds**

**December 31, 2018**

	Agency Funds		Total Agency Funds
	Trust and Agency	Current Tax	
<b>Assets - Cash and cash equivalents</b>	<b>\$ 1,371,248</b>	<b>\$ 1,812,800</b>	<b>\$ 3,184,048</b>
<b>Liabilities</b>			
Due to other governmental units	\$ 15,983	\$ 1,812,800	\$ 1,828,783
Refundable deposits, bonds, etc.	1,355,265	-	1,355,265
Total liabilities	<b>\$ 1,371,248</b>	<b>\$ 1,812,800</b>	<b>\$ 3,184,048</b>