

*Charter Township of Oshtemo  
Kalamazoo County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended December 31, 2021*

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# SEBER TANS, PLC

## CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

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

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Oshtemo (the Township) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Correction of an Error

As discussed in Note 20 to the financial statements, certain errors resulting in overstatement of the water fund's payables, receivables, and deferred inflows as of December 31, 2020, were discovered by the Township during the current year. Accordingly, the Township's beginning balances for governmental activities net position and the water fund's fund balance have been restated in the financial statements now presented to correct the error. Our opinion is not modified with respect to that matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used

to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Seber Tans, PLC  
Kalamazoo, Michigan  
[DATE]

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Our discussion and analysis of the Charter Township of Oshtemo's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the Township's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The Township's total net position increased by \$3,060,541 (approximately 9 percent) as a result of this year's activities.
- Of the \$37,562,382 total net position reported, \$10,798,671 (29 percent) is available to be used to meet future operating and capital improvement needs, without constraints established by debt covenants, enabling legislation, or other legal requirements (please refer to the Township's CIP plan for the intended uses of unrestricted net position).
- The General Fund's unassigned fund balance at the end of the fiscal year was \$3,114,019, which represents 91 percent of the actual total General Fund expenditures for the current fiscal year.

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

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

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

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

A comparative analysis of the government-wide financial statements for 2021 and 2020 is also presented.

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

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

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

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

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

- *Governmental activities* - Most of the Township's basic services are included here, such as police, fire, and general government activities. Property taxes, assessments, and state grants finance most of these activities.
- *Component units* - The Township includes two other entities in its report - the Downtown Development Authority and the South Drake Road Corridor Improvement Authority. Although legally separate, these "component units" are important because the Township is financially accountable for both Authorities.

#### Fund financial statements

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

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

The Township has two types of funds:

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



FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$37,562,382. Of this total, \$23,983,396 is invested in capital assets, \$2,737,258 is restricted for public safety, \$43,057 is restricted for public works and \$10,798,671 is unrestricted.

Condensed financial information  
Net position

	<i>Governmental activities</i>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 22,644,192	\$ 17,233,062
Capital assets	<u>23,983,396</u>	<u>24,112,702</u>
Total assets	<u>46,627,588</u>	<u>41,345,764</u>
Current and other liabilities	<u>2,330,198</u>	<u>1,386,868</u>
Deferred inflows of resources	<u>6,735,008</u>	<u>5,457,055</u>
Net position:		
Net investment in capital assets	<u>23,983,396</u>	24,112,702
Restricted	<u>2,780,315</u>	2,230,091
Unrestricted	<u>10,798,671</u>	<u>8,159,048</u>
Total net position	<u>\$ 37,562,382</u>	<u>\$ 34,501,841</u>

As described in Note 20, the Township recorded a prior period adjustment to correct errors related to overstated payables (\$305,000) and overstated receivables (\$95,090). The Township recorded a payable in 2018 that was paid in 2020 but the liability was not relieved, a special assessment was recognized in 2020 in error, which increased net position by \$209,910.

**Changes in net position**

The Township's total revenues were \$10,517,142. For 2021, charges for services were 62 percent of the Township's revenues, 24 percent comes from state grants, and 8 percent comes from property taxes.

The total cost of the Township's programs and services was \$7,456,601. Approximately 47 percent of the Township's costs are related to public safety activities, general government is 28 percent, and public works is 17 percent of expenses.

*Condensed financial information*

*Changes in net position*

	<i>Governmental activities</i>	
	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	\$ 6,567,386	\$ 6,480,778
Operating grants	376,898	579,032
General revenues:		
Property taxes	850,128	814,926
State grants	2,549,135	1,985,243
Franchise fees	160,243	168,385
Investment income	<u>13,352</u>	<u>41,370</u>
Total revenues	<u>10,517,142</u>	<u>10,069,734</u>
Expenses:		
General government	2,088,356	2,175,029
Public safety	3,474,268	3,712,053
Public works	1,293,212	1,204,152
Community and economic development	217,529	191,460
Culture and recreation	<u>383,236</u>	<u>320,857</u>
Total expenses	<u>7,456,601</u>	<u>7,603,551</u>
Changes in net position	<u>\$ 3,060,541</u>	<u>\$ 2,466,183</u>
Net position, end of year	<u>\$ 37,562,382</u>	<u>\$ 34,501,841</u>

As described in Note 20, the Township recorded a prior period adjustment to correct errors related to overstated payables (\$305,000) and overstated receivables (\$95,090). The adjustment reduced operating contributions by \$95,090 and decreased the public works expense by \$305,000. Combined these adjustments increased beginning net position by \$209,910.

**Governmental activities**

The net position increased \$3,060,541 for 2021 compared to a \$2,466,183 increase in the prior year. The increase can be attributed primarily to an increase in state grant revenue of \$563,892 as state shared revenues increased during the year.

The total cost of governmental activities this year was \$7,456,601. After subtracting the direct charges to those who directly benefited from the programs (\$6,567,386) and operating grants (\$376,898), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$512,317.

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

**Governmental funds**

As of the end of the current year, the Township's governmental funds reported combined ending fund balances of \$12,223,187, an increase of \$2,701,588 from last year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$36,599 during the year, as revenues of \$3,963,504 were lower than current expenditures of \$3,426,905 and transfers to other funds of \$500,000. The fund balance was \$3,403,738 at the end of the year.

The Road Fund, a new fund in 2021, started collecting taxes in 2021 which will be recognized as revenue in 2022, therefore the fund experienced no change in fund balance during the year and ending fund balance is zero.

The Fire Fund experienced an increase in fund balance of \$762,935 for 2021, as revenues of \$3,211,302 were more than current expenditures of \$2,448,367 including \$214,308 in capital outlay. The ending fund balance was \$2,477,319.

The Police Fund experienced a \$753,640 increase in fund balance, which reflects police service expenditures of \$797,237 that were less than revenues of \$1,550,877. The fund balance at the end of the year was \$1,853,952.

The General Sewer Fund experienced a \$859,138 increase in fund balance for 2021, as revenues of \$891,907 and transfers in of \$250,000 were more than current year's expenditures of \$282,769. The fund balance at the end of the year was \$2,136,565.

The General Water Fund experienced a \$219,866 increase in fund balance for 2021, as revenues of \$256,598, were more than current year's expenditures of \$36,732. The fund balance at the end of the year was \$2,062,644.

**General Fund budgetary highlights**

The Township amended the General Fund expenditures budget for anticipated decreases in expenditures. Total revenues were \$587,786 more than anticipated, primarily due to state grant revenues that were higher than anticipated by \$473,261. Total expenditures were \$1,229,081 less than the amounts appropriated, primarily due to capital outlay, public works and general government costs which were \$930,075, \$66,616 and \$168,103 respectively, less than projected due to planned projects not occurring and cost reductions in the current year.

These variances resulted in a positive budget variance of \$1,816,867, with a \$36,599 increase in fund balance compared to a budget that anticipated a decrease of \$1,780,268 in the current year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

The Township's investment in capital assets as of December 31, 2021, was \$23,983,396 (net of accumulated depreciation). This investment includes buildings and improvements, equipment and vehicles, sewer, and water infrastructure. The \$129,306 decrease in the Township's investment in capital assets for the current fiscal year includes \$912,972 in capital asset additions, less \$1,042,278 in depreciation expense for the year.

Major capital asset additions during the current fiscal year include:

- \$252,998 for sewer infrastructure costs
- \$2,008,426 for a non-motorized path and trail projects
- \$107,345 for the refurbishment of fire vehicle
- \$61,628 for fire equipment

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

**Debt**

The Township's long-term obligation consists of \$63,650 in accrued compensated absences.

More detailed information about the Township's long-term obligation is presented in Note 8 of the notes to the basic financial statements.

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

The Township expects to be able to use current revenues to provide essential services that will allow current fund balances to be maintained. The Township plans to maintain all ongoing programs for 2022. The ongoing costs of providing essential services for the citizens of the Township will need to be closely monitored in order to maintain the financial condition and operational capabilities of the Township.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

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

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

Phone: (269) 375-4260

**BASIC FINANCIAL STATEMENTS**

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**STATEMENT OF NET POSITION**

December 31, 2021

	<u>Primary government</u>	<u>Component units</u>	
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>	<u>South Drake Road Corridor Improvement Authority</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 12,707,221	\$ 549,698	\$ 113,889
Investments	3,765,812	-	-
Receivables, net	<u>4,980,052</u>	<u>74,722</u>	<u>41,339</u>
Total current assets	<u>21,453,085</u>	<u>624,420</u>	<u>155,228</u>
Noncurrent assets:			
Receivables, net	817,929	-	-
Beneficial interest in assets held by foundation	29,739	-	-
Net OPEB assets	343,439	-	-
Capital assets not being depreciated	2,956,854	887,417	-
Capital assets, net of accumulated depreciation	<u>21,026,542</u>	<u>286,316</u>	<u>-</u>
Total noncurrent assets	<u>25,174,503</u>	<u>1,173,733</u>	<u>-</u>
Total assets	<u>46,627,588</u>	<u>1,798,153</u>	<u>155,228</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	876,907	57,263	-
Unearned federal grant revenue	1,213,632	-	-
Unearned operating assessment revenues	<u>176,009</u>	<u>-</u>	<u>-</u>
Total current liabilities	2,266,548	57,263	-
Noncurrent liabilities - compensated absences	<u>63,650</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,330,198</u>	<u>57,263</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax revenues levied for the subsequent year	1,856,390	166,823	44,483
Special assessment levied for the subsequent year	4,847,104	-	-
OPEB	<u>31,514</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>6,735,008</u>	<u>166,823</u>	<u>44,483</u>
<b>NET POSITION</b>			
Investment in capital assets	23,983,396	1,173,733	-
Restricted for public safety	2,737,258	-	-
Restricted for public works	43,057	-	-
Unrestricted	<u>10,798,671</u>	<u>400,334</u>	<u>110,745</u>
Total net position	<u>\$ 37,562,382</u>	<u>\$ 1,574,067</u>	<u>\$ 110,745</u>

See notes to financial statements

Charter Township of Oshtemo  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2020

Functions/Programs	Net (expenses) revenues and changes in net position					
	Program revenues			Component units		
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Downtown Development Authority	South Drake Road Corridor Improvement Authority
Governmental activities:						
General government	\$ 2,088,356	\$ 537,285	\$ -	\$ (1,551,071)		
Public safety	3,474,268	4,762,178	-	1,287,910		
Public works	1,293,212	1,181,630	315,537	203,955		
Community and economic development	217,529	36,705	-	(180,824)		
Culture and recreation	383,236	49,588	61,361	(272,287)		
Total governmental activities	<u>7,456,601</u>	<u>6,567,386</u>	<u>376,898</u>	<u>(512,317)</u>		
Component units:						
Downtown Development Authority	\$ 55,382	\$ -	\$ -	\$ (55,382)	\$ -	
South Drake Road Corridor Improvement Authority	2,530	-	-	-	-	(2,530)
Total component units	<u>\$ 57,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,382)</u>	<u>\$ (2,530)</u>	
General revenues:						
Taxes				850,128	217,268	46,124
State grants				2,549,135	-	-
Franchise fees				160,243	-	-
Investment income				13,352	853	27
Total general revenues				<u>3,572,858</u>	<u>218,121</u>	<u>46,151</u>
Changes in net position				3,060,541	162,739	43,621
Net position - beginning				<u>34,501,841</u>	<u>1,411,328</u>	<u>67,124</u>
Net position - ending				<u>\$ 37,562,382</u>	<u>\$ 1,574,067</u>	<u>\$ 110,745</u>

See notes to financial statements  
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Charter Township of Oshtemo  
**BALANCE SHEET - governmental funds**  
 December 31, 2021

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Police</u>	<u>General Sewer</u>	<u>General Water</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>								
Cash	\$ 1,981,667	\$ 416,959	\$ 4,076,439	\$ 2,570,781	\$ 2,038,364	\$ 1,258,521	\$ 364,490	\$ 12,707,221
Investments	3,001,578	-	-	-	-	764,234	-	3,765,812
Receivables	1,196,572	568,105	1,901,558	1,014,813	876,108	139,983	100,842	5,797,981
Beneficial interest in assets held by foundation	-	-	-	-	-	-	29,739	29,739
<b>Total assets</b>	<b>\$ 6,179,817</b>	<b>\$ 985,064</b>	<b>\$ 5,977,997</b>	<b>\$ 3,585,594</b>	<b>\$ 2,914,472</b>	<b>\$ 2,162,738</b>	<b>\$ 495,071</b>	<b>\$ 22,300,753</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Payables	\$ 451,626	\$ -	\$ 137,910	\$ 247,306	\$ 9,191	\$ 781	\$ 30,093	\$ 876,907
Unearned federal grant revenue	1,213,632	-	-	-	-	-	-	1,213,632
Unearned special assessment operating revenues	-	-	-	-	-	-	176,009	176,009
<b>Total liabilities</b>	<b>1,665,258</b>	<b>-</b>	<b>137,910</b>	<b>247,306</b>	<b>9,191</b>	<b>781</b>	<b>206,102</b>	<b>2,266,548</b>
Deferred inflows of resources:								
Property tax revenues levied for the subsequent year	871,326	985,064	-	-	-	-	-	1,856,390
Special assessment levied for the subsequent year	-	-	3,362,768	1,484,336	-	-	-	4,847,104
Unavailable state grants	239,495	-	-	-	-	-	-	239,495
Unavailable special assessment revenues	-	-	-	-	768,716	99,313	-	868,029
<b>Total deferred inflows of resources</b>	<b>1,110,821</b>	<b>985,064</b>	<b>3,362,768</b>	<b>1,484,336</b>	<b>768,716</b>	<b>99,313</b>	<b>-</b>	<b>7,811,018</b>
Fund balances:								
Restricted for:								
Public safety	259,939	-	2,477,319	-	-	-	-	2,737,258
Public works	-	-	-	-	-	-	43,057	43,057
Assigned for:								
Public safety	-	-	-	1,853,952	-	-	-	1,853,952
Public works	-	-	-	-	2,136,565	2,062,644	-	4,199,209
Culture and recreation	-	-	-	-	-	-	245,912	245,912
Subsequent year expenditures	29,780	-	-	-	-	-	-	29,780
Unassigned	3,114,019	-	-	-	-	-	-	3,114,019
<b>Total fund balances</b>	<b>3,403,738</b>	<b>-</b>	<b>2,477,319</b>	<b>1,853,952</b>	<b>2,136,565</b>	<b>2,062,644</b>	<b>288,969</b>	<b>12,223,187</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,179,817</b>	<b>\$ 985,064</b>	<b>\$ 5,977,997</b>	<b>\$ 3,585,594</b>	<b>\$ 2,914,472</b>	<b>\$ 2,162,738</b>	<b>\$ 495,071</b>	<b>\$ 22,300,753</b>
Reconciliation of the balance sheet to the statement of net position:								
Total fund balance - total governmental funds								\$ 12,223,187
Amounts reported for <i>governmental activities</i> in the statement of net position (page 11) are different because:								
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.								
								23,983,396
Net OPEB assets								
								343,439
Deferred inflows of resources, related to the OPEB plan, relate to future years and, therefore, are not reported in the funds.								
								(31,514)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds - compensated absences.								
								(63,650)
Special assessments receivable and unavailable grant revenue are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.								
								1,107,524
<b>Net position of <i>governmental activities</i></b>								<b>\$ 37,562,382</b>



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

Year ended December 31, 2021

	General	Roads	Fire	Police	General Sewer	General Water	Nonmajor fund	Total governmental funds
<b>REVENUES</b>								
Taxes	\$ 850,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,128
Licenses and permits	196,948	-	-	-	-	-	-	196,948
State grants	2,326,261	-	-	-	-	-	41,295	2,367,556
Charges for services	500,457	-	-	28,375	537,932	175,747	-	1,242,511
Fines and forfeitures	-	-	49,014	71,015	-	-	-	120,029
Interest and rentals	26,737	-	2,995	2,154	34,082	7,402	48,102	121,472
Other	62,973	-	3,159,293	1,449,333	319,893	73,449	188,459	5,253,400
Total revenues	3,963,504	-	3,211,302	1,550,877	891,907	256,598	277,856	10,152,044
<b>EXPENDITURES</b>								
Current:								
General government	2,091,881	-	-	-	-	-	-	2,091,881
Public safety	49,224	-	2,234,059	797,237	-	-	-	3,080,520
Public works	460,387	-	-	-	282,769	36,732	144,441	924,329
Community and economic development	217,429	-	-	-	-	-	-	217,429
Culture and recreation	-	-	-	-	-	-	217,844	217,844
Capital outlay	607,984	-	214,308	-	-	-	96,161	918,453
Total expenditures	3,426,905	-	2,448,367	797,237	282,769	36,732	458,446	7,450,456
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>536,599</b>	<b>-</b>	<b>762,935</b>	<b>753,640</b>	<b>609,138</b>	<b>219,866</b>	<b>(180,590)</b>	<b>2,701,588</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	250,000	-	250,000	500,000
Transfers out	(500,000)	-	-	-	-	-	-	(500,000)
Net other financing sources (uses)	(500,000)	-	-	-	250,000	-	250,000	-
<b>NET CHANGES IN FUND BALANCES</b>	<b>36,599</b>	<b>-</b>	<b>762,935</b>	<b>753,640</b>	<b>859,138</b>	<b>219,866</b>	<b>69,410</b>	<b>2,701,588</b>
<b>FUND BALANCES - BEGINNING</b>	<b>3,367,139</b>	<b>-</b>	<b>1,714,384</b>	<b>1,100,312</b>	<b>1,277,427</b>	<b>1,842,778</b>	<b>219,559</b>	<b>9,521,599</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 3,403,738</b>	<b>\$ -</b>	<b>\$ 2,477,319</b>	<b>\$ 1,853,952</b>	<b>\$ 2,136,565</b>	<b>\$ 2,062,644</b>	<b>\$ 288,969</b>	<b>\$ 12,223,187</b>

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

Net change in fund balance - total governmental funds (page 14)	\$ 2,701,588
Amounts reported for <i>governmental activities</i> in the statement of activities (page 12) are different because:	
Capital assets:	
Assets acquired	912,972
Provision for depreciation	(1,042,278)
Long-term obligations:	
Net change in liability for compensated absences	(5,700)
Net increase in OPEB assets	103,270
Changes in deferred inflows and outflow of resources:	
Net decrease in deferred inflows of resources	<u>390,689</u>
Change in net position of <i>governmental activities</i>	<u>\$ 3,060,541</u>

DRAFT

**STATEMENT OF FIDUCIARY NET POSITION - *custodial funds***

December 31, 2021

	<u>Retiree Medical Trust</u>	<u>Tax</u>	<u>Custodial</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 11,030,677	\$ 204,476
Investments	<u>448,828</u>	<u>-</u>	<u>-</u>
Total assets	448,828	11,030,677	204,476
<b>LIABILITIES</b>			
Due to others	<u>-</u>	<u>11,030,677</u>	<u>191,359</u>
<b>NET POSITION</b>			
Deposits held for others	\$ -	\$ -	\$ 13,117
Held in trust for retirees' health benefits	<u>448,828</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 448,828</u>	<u>\$ -</u>	<u>\$ 13,117</u>

DRAFT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSTION - custodial funds**

December 31, 2021

	<i>Retiree Medical Trust</i>	<i>Tax</i>	<i>Custodial</i>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ -	\$ 38,402,053	\$ 98,399
Collection of PILT	-	-	165,958
Collection of county fees	-	-	33,960
Collection of other deposits	-	-	13,117
Investment income	49,288	-	-
Contributions	5,582	-	-
Premiums paid by others	7,541	-	-
Total additions	<u>62,411</u>	<u>38,402,053</u>	<u>311,434</u>
<b>DEDUCTIONS</b>			
Insurance premiums	5,582	-	-
Property taxes distributed to other governments	-	38,402,053	98,399
Payment of county collections	-	-	33,960
Distributions of PILT	-	-	165,958
Administration fees	767	-	-
Total deductions	<u>6,349</u>	<u>38,402,053</u>	<u>298,317</u>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	56,062	-	13,117
<b>NET POSITION - BEGINNING</b>	<u>392,766</u>	<u>-</u>	<u>-</u>
<b>NET POSTION - ENDING</b>	<u>\$ 448,828</u>	<u>\$ -</u>	<u>\$ 13,117</u>

See notes to financial statements

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

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

*Reporting entity:*

As required by generally accepted accounting principles, these financial statements present the Township (the primary government, located in Kalamazoo County) and its component units described below, for which the Township is financially accountable. Active discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government.

*Discretely presented component units:*

*Downtown Development Authority* - The Authority was established pursuant to Public Act 197 of 1975, as amended, to correct and prevent deterioration and promote economic growth within the downtown district.

*South Drake Road Corridor Improvement Authority* - The Authority was established pursuant to Public Act 280 of 2005, as amended, to correct and prevent deterioration and promote economic growth within the corridor business district.

*Government-wide and fund financial statements:*

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

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

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

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

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

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

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

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

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

The Township reports the following major governmental funds:

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

The Road Fund accounts for financial resources used for road and public works projects. Revenues are primarily derived from property taxes.

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

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

The General Sewer Fund accounts for financial resources used for sewer facilities capital improvements and maintenance. Revenues are primarily derived from connection fees and special assessments.

The General Water Fund accounts for financial resources used for water facilities capital improvements and maintenance. Revenues are primarily derived from connection fees and special assessments.

The Township reports the following nonmajor governmental funds:

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

The Street Lighting Fund accounts for financial resources used for street lighting and improvements. Revenues are primarily derived from assessments.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports the following fiduciary fund types:

The Custodial Funds (tax and general custodial) account for the collection and disbursement of taxes and other monies due to other units of government and individuals. Custodial funds are custodial in nature (assets equal liabilities).

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

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

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

*Assets, liabilities, deferred inflows of resources, and equity:*

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

*Investments* - Investments are reported at fair value.

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

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

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of greater than \$2,000 (\$10,000 for infrastructure assets) 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 acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

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

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

*Unearned revenue* - Unearned revenue represents resources related to operating assessments and federal grant which have not yet been earned, due to performance of service.

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

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

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

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

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

*Postemployment benefits other than pensions* - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oshtemo Charter Township OPEB plan for Non-union employees and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the 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.

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

*Property tax revenue recognition* - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township's 2021 ad valorem taxes were levied and collectible on December 1, 2021, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

*Use of estimates* - The preparation of financial statements in conformity with generally accepted accounting principles 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. Accordingly, actual results could differ from those estimates.

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

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. At the end of the fiscal year there were no reportable budget variances.



**NOTE 3 - CASH AND INVESTMENTS**

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

	<u>Primary government</u>			
	<u>Governmental activities</u>	<u>Component units</u>	<u>Fiduciary activities</u>	<u>Totals</u>
Cash	\$ 12,707,221	\$ 663,587	\$ 11,235,153	\$ 24,605,961
Investments	<u>3,765,812</u>	<u>-</u>	<u>448,828</u>	<u>4,214,640</u>
	<u>\$ 16,473,033</u>	<u>\$ 663,587</u>	<u>\$ 11,683,981</u>	<u>\$ 28,820,601</u>

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

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township’s investment policy does not specifically address custodial credit risk for deposits. At December 31, 2021, \$17,654,194 of the Township’s bank balances of \$19,979,361 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investments, primary government and component unit* - State statutes and the Township’s investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds composed of otherwise legal investments; and f) investment pools organized under the local government investment pool act.

<u>Investment</u>	<u>Fair value</u>	<u>Maturity</u>	<u>Rating</u>	<u>Source</u>
U.S. government securities:				
United States Agencies	\$ 481,259	2021 - 2023	AAA	S&P
United States Treasury	282,975	2021 - 2022	AAA	S&P
MBIA CLASS Fund	<u>3,001,578</u>	Various	AAAm	S&P
	<u>\$ 3,765,812</u>			

*Fair value measurement* - The Township categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The U.S. government securities were valued using observable fair values of similar assets (Level 2). The MBIA CLASS Fund was measured at net asset value (or its equivalent) as a practical expedient, and, accordingly, has not been classified in the fair value hierarchy.

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

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

The Michigan Public Employees Retirement Systems’ Investment Act, Public Act 314 of 1965, as amended, authorizes the other postemployment benefit trust to invest in stocks, governmental and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitation. The Township Board has the responsibility and authority to oversee the investment portfolio. The Township has contracted the Municipal Employees’ Retirement System of Michigan (MERS) to assist in managing the OPEB trust fund’s assets. The investments are held by MERS, within its Retiree Health Funding Vehicle (RHFV), an employer savings trust that allows employers to advance fund their retiree healthcare liability. As a governmental plan, MERS is exempted by state and federal law from registration with the SEC. The funds held consist of portfolios of assets, in separate accounts, in a collective trust. Specific fund holdings at December 31, 2021, consisted of the following:

<u>Investment type</u>	<u>Fair value</u>
MERS Total Market Portfolio	\$ 224,414
MERS Est Market Portfolio	<u>224,414</u>
	<u>\$ 448,828</u>

The Townships investments are subject to several types of risk, which are discussed below:

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

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

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

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

*Fair value measurement* - 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. The Township has the following recurring fair value measurements as of December 31, 2021:

- Municipal Employees’ Retirement System of Michigan - RHFV, with a balance of \$448,828 at December 31, 2021, which is valued using observable fair values of similar assets (Level 2).

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2021, for the Township’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Accounts</u>	<u>Special assessments</u>	<u>Inter-governmental</u>	<u>Totals</u>
<i>Primary government:</i>					
<i>Governmental:</i>					
General	\$ 501,204	\$ 59,662	\$ -	\$ 635,706	\$ 1,196,572
Roads	568,105	-	-	-	568,105
Fire	-	5,550	1,896,008	-	1,901,558
Police	-	-	1,014,813	-	1,014,813
General Sewer	-	-	796,259	79,849	876,108
General Water	-	-	106,411	33,572	139,983
Nonmajor	-	-	100,842	-	100,842
Total governmental	<u>\$ 1,069,309</u>	<u>\$ 65,212</u>	<u>\$ 3,914,333</u>	<u>\$ 749,127</u>	<u>\$ 5,797,981</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,929</u>	<u>\$ -</u>	<u>\$ 817,929</u>
<i>Component units:</i>					
Downtown Development Authority	\$ 74,722	\$ -	\$ -	\$ -	\$ 74,722
South Drake Road Corridor Improvement Authority	41,339	-	-	-	41,339
Total component units	<u>\$ 116,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,061</u>

All receivables are considered fully collectible.

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

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

The Foundation also holds monies, placed by donors for the benefit of the Township’s parks and recreation activities, to generate investment return that, based on the Foundation’s spending guidelines, can be made available to the Township. Such monies are not considered assets of the Township. At December 31, 2021, the Foundation held \$646,296 in this account.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 587,728	\$ -	\$ -	\$ 587,728
Construction in progress	<u>1,912,335</u>	<u>2,080,748</u>	<u>(1,623,957)</u>	<u>2,369,126</u>
Subtotal	<u>2,500,063</u>	<u>2,080,748</u>	<u>(1,623,957)</u>	<u>2,956,854</u>
Capital assets being depreciated:				
Buildings and improvements	9,108,363	-	-	9,108,363
Equipment	1,756,275	74,403	(4,635)	1,826,043
Vehicles	3,696,129	107,345	(85,126)	3,718,348
Infrastructure	<u>16,850,062</u>	<u>274,433</u>	<u>-</u>	<u>17,124,495</u>
Subtotal	<u>31,410,829</u>	<u>456,181</u>	<u>(89,761)</u>	<u>31,777,249</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,786,579)	(97,703)	-	(3,884,282)
Equipment	(1,352,248)	(115,142)	4,635	(1,462,755)
Vehicles	(1,198,779)	(205,794)	85,126	(1,319,447)
Infrastructure	<u>(3,460,584)</u>	<u>(623,639)</u>	<u>-</u>	<u>(4,084,223)</u>
Subtotal	<u>(9,798,190)</u>	<u>(1,042,278)</u>	<u>89,761</u>	<u>(10,750,707)</u>
Total capital assets being depreciated, net	<u>21,612,639</u>	<u>(586,097)</u>	<u>-</u>	<u>21,026,542</u>
Governmental activities capital assets, net	<u>\$ 24,112,702</u>	<u>\$ 1,494,651</u>	<u>\$ (1,623,957)</u>	<u>\$ 23,983,396</u>
Component unit - DDA:				
Capital assets not being depreciated:				
Land	\$ 293,595	\$ -	\$ -	\$ 293,595
Construction in progress	<u>89,166</u>	<u>504,656</u>	<u>-</u>	<u>593,822</u>
Subtotal	<u>382,761</u>	<u>504,656</u>	<u>-</u>	<u>887,417</u>
Capital assets being depreciated:				
Buildings and improvements	351,933	-	-	351,933
Less accumulated depreciation for:				
Buildings and improvements	<u>(43,855)</u>	<u>(21,762)</u>	<u>-</u>	<u>(65,617)</u>
Total capital assets being depreciated, net	<u>308,078</u>	<u>(21,762)</u>	<u>-</u>	<u>286,316</u>
Component unit capital assets, net	<u>\$ 690,839</u>	<u>\$ 482,894</u>	<u>\$ -</u>	<u>\$ 1,173,733</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental activities functions, as follows:

General government	\$ 88,065
Public safety	350,868
Public works	435,601
Culture and recreation	<u>167,744</u>
Total	<u>\$ 1,042,278</u>

**NOTE 7 - PAYABLES**

Payables as of December 31, 2021, for the Township’s individual major funds and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Accrued liabilities</u>	<u>Inter-governmental</u>	<u>Deposits</u>	<u>Totals</u>
Primary government:					
Governmental:					
General	\$ 169,776	\$ 27,735	\$ -	\$ 254,115	\$ 451,626
Fire	106,902	31,008	-	-	137,910
Police	-	1,584	245,722	-	247,306
General Sewer	9,191	-	-	-	9,191
General Water	781	-	-	-	781
Nonmajor	<u>28,870</u>	<u>1,223</u>	<u>-</u>	<u>-</u>	<u>30,093</u>
Total governmental	<u>\$ 315,520</u>	<u>\$ 61,550</u>	<u>\$ 245,722</u>	<u>\$ 254,115</u>	<u>\$ 876,907</u>
Component unit:					
Downtown Development Authority	<u>\$ 57,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,263</u>

**NOTE 8 - LONG-TERM OBLIGATION**

Long-term obligation activity (excluding postemployment benefits other than pensions) for the year ended December 31, 2021, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Primary government:				
Governmental activities:				
Compensated absences	<u>57,950</u>	<u>215,545</u>	<u>(209,845)</u>	<u>63,650</u>

**NOTE 9 - PROPERTY TAXES**

The 2020 taxable valuation of the Township approximated \$908,956,000, on which ad valorem taxes levied, consisted of 0.9600 mills for operating purposes, raising approximately \$839,000. This amount is recognized in the General Fund financial statements as property tax revenue.

The 2021 taxable valuation of the Township approximated \$938,196,000, on which ad valorem taxes levied, consisted of 0.9600 mills for operating purposes and 1.0800 for road improvements, raising approximately \$901,000 for operating and \$1,013,000 for road improvements. These amounts are recognized in the General Fund and Road Fund financial statements as deferred inflows, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

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

The Township and its employees contribute to the Township of Oshtemo Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers three classes of employees, as allowed under Internal Revenue Code Section 401(a). The first class of employees includes paid on-call firefighters, the second class of employees includes all full-time or part-time employees, and the third class of employees includes elected officials.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 10% of covered payroll to the first class of qualifying employees. The Township contributes 4% of covered payroll to the second and third classes of qualifying employees. Employees are permitted to make contributions to the Plan, up to applicable Internal Revenue Code limits, and the Township also matches voluntary contributions made by officials, full-time employees, and permanent part-time employees, up to a limit of 4%. For the year ended December 31, 2021, the Township made the required and matching contribution of \$234,706 and eligible employees made contributions of \$89,323. At December 31, 2021, the Township reported a \$89,323 accrued liability as part of the contributions to the plan.

The Township's contributions for each paid on-call firefighter (and investment earnings allocated to the employee's account) are fully vested immediately, while contributions for participating full-time or part-time employees and officials are fully vested after two years of continuous service.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

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

*Plan description:*

Oshtemo Charter Township OPEB Plan is a single employer plan established and administered by Oshtemo Charter Township and can be amended at its discretion.

*Benefits provided:*

Benefit eligibility - Participation limited to four current retirees

Benefit - Reimbursement of premiums for retiree and spouse, for the life of the retiree, up to an annual reimbursement cap, determined annually. \$4,500 for 2021 and 2020.

Retiree contributions - Balance of premium in excess of the employer contribution

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

*Balance of premium in excess of the employer contribution:*

As of December 31, 2021, Plan membership consisted of the following:

Inactive participants receiving benefits	3
Active participants	<u>-</u>
Total participants	<u><u>3</u></u>

*Contributions:*

The Oshtemo Charter Township OPEB Plan was established and is being funded under the authority of the Township. The plan's funding policy is that the employer will not make future contributions. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

*Actuarial Assumptions:*

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Investment rate of return	7.35% (including inflation)
20-year Aa Municipal bond rate	2.25%
Mortality	2010 Public General Employees and Healthy Retirees, headcount weighted with MP-2021 improvement

The long-term expected rate of return on 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 Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	60.00%	4.95%
Global fixed income	20.00%	2.40%
Private assets	20.00%	7.00%

The sum of each target allocation times its long-term expected real rate is 7.35%.

*Discount rate:*

The discount rate used to measure the total OPEB liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that no further contributions will be made. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate used for December 31, 2020, was 7.03%.

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

Changes in the net OPEB liability:

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability (a)</i>	<i>Plan fiduciary net position (b)</i>	<i>Net OPEB liability (asset) (a) - (b)</i>
Balances at December 31, 2020	\$ 144,825	\$ 392,766	\$ (247,941)
Changes for the year:			
Interest	9,985	-	9,985
Experience (Gains)/Losses	(13,959)	-	(13,959)
Change in plan terms	(27,054)	-	(27,054)
Change in assumptions	(2,826)	-	(2,826)
Contributions to OPEB trust	-	7,541	(7,541)
Contributions - from operating fund	-	5,582	(5,582)
Net investment income	-	49,288	(49,288)
Benefit payments			
Benefit payments; including refunds of Employee Contributions	(5,582)	(5,582)	-
Administrative expenses	-	(767)	767
Net changes	<u>(39,436)</u>	<u>56,062</u>	<u>(95,498)</u>
Balances at December 31, 2021	<u>\$ 105,389</u>	<u>\$ 448,828</u>	<u>\$ (343,439)</u>

*Sensitivity of the net OPEB liability to changes in the discount rate:*

The following schedule presents the net OPEB liability of the Township, calculated using the discount rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability (asset)	\$ (336,891)	\$ (343,439)	\$ (349,310)

*Sensitivity of the net OPEB liability to changes in the trend rate:*

The following schedule presents the net OPEB liability of the Township, calculated using healthcare cost trend rates 1% higher and lower than the current rate:

	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
Net OPEB liability (asset)	\$ (349,489)	\$ (343,439)	\$ (336,803)



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

*OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB Plan:*

Components of Township’s OPEB Expense for the Fiscal Year Ending December 31, 2021

Below are the components of the Total OPEB Expense:

	<i>Fiscal Year</i> <u>Ending 12/31/2021</u>
Interest on Total OPEB Liability	\$ 9,985
Experience (Gains)/Losses	(13,959)
Change in plan terms	(27,054)
Change in assumptions	(2,826)
Contributions - employer	
Projected earnings on OPEB plan investments	(27,849)
Investments earnings (gains)/losses	(5,677)
Administrative expenses	<u>767</u>
	<u>\$ (66,613)</u>

*OPEB Plan Fiduciary Net Position:*

The OPEB Plan Fiduciary Net Position as of December 31, 2021 is \$439,757.

*Deferred Inflows and Outflows of Resources Related to OPEB Plan:*

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Investment earnings (gains)/losses	<u>\$ -</u>	<u>\$ 31,514</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u> <u>Recognized</u>
2022	(5,675)
2023	(13,458)
2024	(8,094)
2025	<u>(4,287)</u>
	<u>\$ (31,514)</u>

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

Reconciliation of Net OPEB Liability (Asset):

	<u>Net OPEB Liability (Asset)</u>
Net OPEB Liability December 31, 2020	\$ (247,941)
Total OPEB expense	(66,613)
Contributions	(13,123)
Change in deferred inflows of resources	<u>(15,762)</u>
 Net OPEB Liability (Asset) December 31, 2021	 <u>\$ (343,439)</u>

Net OPEB liability by participant status:

	<u>Total OPEB Liability</u>
Inactive participants receiving benefits	\$ <u>105,389</u>

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

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

The Township contributed \$136,800 to the plan to fund the current year’s contribution for employees in 2021. All of the Township's contributions for participating full-time employees and officials (and interest allocated to the participants' accounts) are fully vested immediately.

**NOTE 13 - INTERFUND BALANCES AND TRANSFERS**

A summary of interfund transfers for the year ended December 31, 2021, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Nonmajor	\$ 250,000		
General Sewer	<u>250,000</u>		
 Total	 <u>\$ 500,000</u>	General	<u>\$ 500,000</u>

The transfers from the General Fund to the General Sewer and nonmajor fund represents transfers to cover project costs and improvements.

**NOTE 14 - JOINT VENTURE**

The Township is a member of the Southwest Michigan Building Authority (the Authority), which is a joint venture of the Charter Townships of Oshtemo, and Cooper. The administrative board of the Authority consists of members appointed by each participating unit and a member at-large. The Authority was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. The Township does not expect to receive residual equity from the joint venture. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future. Audited financial statements for the Authority are available at the Oshtemo Township Municipal Building.

In 2021, the Township began leasing office facilities to the Authority, under a three-year operating lease. The total receipts associated with this lease were \$21,000 during the fiscal year ended December 31, 2021. The future minimum lease receipts for this lease amount to \$44,000, \$22,000 in each 2022 and 2023.

**NOTE 15 - RISK MANAGEMENT**

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

**NOTE 16 - CONTINGENCIES**

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

The Township has indicated there is potential to continue expansion of water service to additional township residents due to the previously closed KL Landfill. The Landfill has been capped and per prior judgments, outside entities have been named to be responsible for any clean-up related to the Landfill. However, the Township could have continued expenses in the future to install water service to its residents that are not already connected to the Township water lines. As of the date of the audit, expansion discussions are ongoing and likely, and actual costs cannot be estimated but could significantly impact the Township.

**NOTE 17 - CONSTRUCTION COMMITMENT**

The Township's DDA, a component unit, has authorized a contract for sidewalk improvements totaling \$526,320. The DDA expended \$375,174 on the project through December 31, 2021, leaving a commitment in the amount of \$151,146. The DDA is funding the project with available resources.

**NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT**

In June 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning January 1, 2022.

**NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT (Continued)**

In May 2020, the GASB issued Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

**NOTE 19 - AMERICAN RESCUE PLAN ACT or 2021**

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included \$362 billion in funds to be awarded as economic assistance to state and local units to prepare for and respond to COVID-19. Under the American Rescue Plan Act, the Township, was awarded approximately \$2,427,000 in federal Coronavirus Local Fiscal Recovery Funds ("ARPA Funds"). The Township received \$1,213,632 of the ARPA Funds in September 2021, with the second half anticipated in 2022. The Township is subject to rules issued by the U.S. Treasury Department regarding the use of ARPA Funds and has identified the following allowable uses: support public health expenditures, address negative economic impacts caused by the COVID-19 public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure. The Township expects to spend the awarded funds under the applicable federal guidelines

**NOTE 20 - CORRECTION OF AN ERROR**

A prior period adjustment has been recorded in fiscal year 2021 to correct errors related to overstating of payables and overstating of assessment receivable and deferred inflows related to the assessment receivables that resulted in a restatement of opening fund balance of the general water fund and net position of governmental activities. Net position and fund balance, as of December 31, 2020, included in the financial statements, represents restated balances, as presented below.

	<u>General Water fund</u>	<u>Governmental activities</u>
Net position, beginning of year, as previously reported	\$ 9,216,599	\$ 34,291,931
Overstated payables	305,000	305,000
Overstated receivable	(95,090)	(95,090)
Overstated deferred inflows	<u>95,090</u>	<u>-</u>
Net position, beginning of year, after effect of the accounting change	<u>\$ 9,521,599</u>	<u>\$ 34,501,841</u>

**NOTE 21 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June xx, 2021, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Taxes	\$ 807,374	\$ 791,918	\$ 850,128	\$ 58,210
Licenses and permits	195,200	195,200	196,948	1,748
State grants	1,853,000	1,853,000	2,326,261	473,261
Intergovernmental	55,000	55,000	-	(55,000)
Charges for services	409,600	409,600	500,457	90,857
Interest and rentals	35,000	35,000	26,737	(8,263)
Other	36,000	36,000	62,973	26,973
Total revenues	<u>3,391,174</u>	<u>3,375,718</u>	<u>3,963,504</u>	<u>587,786</u>
<b>EXPENDITURES</b>				
General government:				
Legislative	38,880	38,880	26,837	12,043
Supervisor	236,873	236,873	241,340	(4,467)
Elections	16,700	47,450	34,601	12,849
Assessor	256,940	322,140	305,062	17,078
Clerk	137,025	137,025	133,422	3,603
Treasurer	111,416	119,716	121,514	(1,798)
Professional services	295,504	295,504	294,457	1,047
Cemetery, buildings, and grounds	107,400	114,100	86,969	27,131
General operations	812,122	948,296	847,679	100,617
Total general government	<u>2,012,860</u>	<u>2,259,984</u>	<u>2,091,881</u>	<u>168,103</u>
Public safety - code enforcement	<u>49,578</u>	<u>51,678</u>	<u>49,224</u>	<u>2,454</u>
Public works:				
Highways and streets	257,000	332,800	278,162	54,638
Other	96,302	123,203	113,830	9,373
Waste collection	68,000	71,000	68,395	2,605
Total public works	<u>421,302</u>	<u>527,003</u>	<u>460,387</u>	<u>66,616</u>
Community and economic development - planning and zoning	<u>270,262</u>	<u>279,262</u>	<u>217,429</u>	<u>61,833</u>

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

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>EXPENDITURES (Continued)</b>				
Capital outlay	\$ 1,636,750	\$ 1,538,059	\$ 607,984	\$ 930,075
Total expenditures	<u>4,390,752</u>	<u>4,655,986</u>	<u>3,426,905</u>	<u>1,229,081</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(999,578)</u>	<u>(1,280,268)</u>	<u>536,599</u>	<u>1,816,867</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(1,499,578)</u>	<u>(1,780,268)</u>	<u>36,599</u>	<u>1,816,867</u>
<b>FUND BALANCES - BEGINNING</b>	<u>3,367,139</u>	<u>3,367,139</u>	<u>3,367,139</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,867,561</u>	<u>\$ 1,586,871</u>	<u>\$ 3,403,738</u>	<u>\$ 1,816,867</u>

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Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - Fire Fund**

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 49,014	\$ 49,014
Interest	8,500	8,500	2,995	(5,505)
Other:				
Special assessments	3,074,967	3,057,967	3,130,406	72,439
Miscellaneous	<u>149,350</u>	<u>170,350</u>	<u>28,887</u>	<u>(141,463)</u>
Total revenues	<u>3,232,817</u>	<u>3,236,817</u>	<u>3,211,302</u>	<u>(25,515)</u>
<b>EXPENDITURES</b>				
Public safety	2,620,722	2,641,022	2,234,059	406,963
Capital outlay	<u>427,597</u>	<u>438,597</u>	<u>214,308</u>	<u>224,289</u>
Total expenditures	<u>3,048,319</u>	<u>3,079,619</u>	<u>2,448,367</u>	<u>631,252</u>
<b>NET CHANGES IN FUND BALANCES</b>	184,498	157,198	762,935	605,737
<b>FUND BALANCES - BEGINNING</b>	<u>1,714,384</u>	<u>1,714,384</u>	<u>1,714,384</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,898,882</u>	<u>\$ 1,871,582</u>	<u>\$ 2,477,319</u>	<u>\$ 605,737</u>



Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - Police Fund**

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
State grants	\$ 22,000	\$ 22,000	\$ 28,375	\$ 6,375
Fines and forfeitures	24,000	24,000	71,015	47,015
Interest and rentals	2,000	2,000	2,154	154
Other - special assessments	<u>1,416,383</u>	<u>1,401,383</u>	<u>1,449,333</u>	<u>47,950</u>
Total revenues	<u>1,464,383</u>	<u>1,449,383</u>	<u>1,550,877</u>	<u>101,494</u>
<b>EXPENDITURES</b>				
Public safety:				
Police protection	<u>1,407,278</u>	<u>1,405,228</u>	<u>797,237</u>	<u>607,991</u>
Capital outlay	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>1,750</u>
Total expenditures	<u>1,407,278</u>	<u>1,406,978</u>	<u>797,237</u>	<u>609,741</u>
<b>NET CHANGES IN FUND BALANCES</b>	57,105	42,405	753,640	711,235
<b>FUND BALANCES - BEGINNING</b>	<u>1,100,312</u>	<u>1,100,312</u>	<u>1,100,312</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,157,417</u>	<u>\$ 1,142,717</u>	<u>\$ 1,853,952</u>	<u>\$ 711,235</u>

**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS**

Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB asset (liability):			
Interest	\$ 9,985	\$ 10,035	\$ 14,312
Difference between expected and actual experience	(13,959)	(6,385)	(63,968)
Changes in plan terms	(27,054)	-	-
Changes in assumptions	(2,826)	(1,860)	6,589
Benefit payments, including refunds	<u>(5,582)</u>	<u>(7,772)</u>	<u>(8,160)</u>
Net change in total OPEB asset (liability)	(39,436)	(5,982)	(51,227)
Total OPEB asset (liability), beginning of year	<u>144,825</u>	<u>150,807</u>	<u>202,034</u>
Total OPEB asset (liability), end of year	<u>\$ 105,389</u>	<u>\$ 144,825</u>	<u>\$ 150,807</u>
Plan fiduciary net position:			
Contributions - employer			
Employee	\$ 13,123	\$ 6,301	\$ 8,160
Employer	-	7,772	-
Net investment income (loss)	49,288	42,746	48,236
Benefit payments, including refunds	(5,582)	(7,772)	(8,160)
Administrative expenses	<u>(767)</u>	<u>(620)</u>	<u>(581)</u>
Net change in plan fiduciary net position	56,062	48,427	47,655
Plan fiduciary net position, beginning of year	<u>392,766</u>	<u>344,339</u>	<u>296,684</u>
Plan fiduciary net position, end of year	<u>\$ 448,828</u>	<u>\$ 392,766</u>	<u>\$ 344,339</u>
Township's net OPEB liability (asset), end of year	<u>\$ (343,439)</u>	<u>\$ (247,941)</u>	<u>\$ (193,532)</u>
Plan fiduciary net position as a percent of total OPEB liability	425.88%	271.20%	228.33%
Covered payroll	\$ -	\$ -	\$ -
Township's net OPEB liability as a percentage of covered payroll	NA	NA	NA

Note: This schedule is being built prospectively after the implementation of GASB 75 in 2018.

Ultimately, ten years of data will be presented.

**Charter Township of Oshtemo**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended December 31, 2021

Actuarially Recommended Contribution (ARC)	Fiscal Year Ending December 31,			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Normal costs	\$ -	\$ -	\$ -	\$ -
Amortization of unfunded liability	(46,290)	(30,939)	(22,602)	(11,250)
Interest cost	<u>(3,420)</u>	<u>(2,175)</u>	<u>(1,544)</u>	<u>(813)</u>
Actuarial determined employer contribution	(49,710)	(33,114)	(24,146)	(12,063)
Employer contributions (benefit payment)	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>(8,160)</u>
Contribution deficiency/(excess)	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>\$ 3,903</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered payroll	NA	NA	NA	NA

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**SUPPLEMENTARY INFORMATION**

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**COMBINING BALANCE SHEET - nonmajor governmental funds**

December 31, 2021

	<u>Special Revenue</u>		
	<u>Parks</u>	<u>Street Lighting</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 234,253	\$ 130,237	\$ 364,490
Receivables	-	100,842	100,842
Beneficial interest in assets held by foundation	<u>29,739</u>	<u>-</u>	<u>29,739</u>
Total assets	<u>\$ 263,992</u>	<u>\$ 231,079</u>	<u>\$ 495,071</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities - payables	<u>\$ 18,080</u>	<u>\$ 12,013</u>	<u>\$ 30,093</u>
Unearned special assessment operating revenues	<u>\$ -</u>	<u>\$ 176,009</u>	<u>\$ 176,009</u>
Fund balances:			
Restricted for public works	-	43,057	43,057
Assigned for recreation and culture	<u>245,912</u>	<u>-</u>	<u>245,912</u>
Total fund balances	<u>245,912</u>	<u>43,057</u>	<u>288,969</u>
Total deferred inflows of resources and fund balances	<u>\$ 263,992</u>	<u>\$ 231,079</u>	<u>\$ 495,071</u>

Charter Township of Oshtemo

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

Year ended December 31, 2021

	<i>Special revenue</i>		
	<i>Parks</i>	<i>Street Lighting</i>	<i>Totals</i>
<b>REVENUES</b>			
State grants	\$ 41,295	\$ -	\$ 41,295
Interest and rentals	48,014	88	48,102
Other	20,066	168,393	188,459
	<u>109,375</u>	<u>168,481</u>	<u>277,856</u>
Total revenues			
	<u>109,375</u>	<u>168,481</u>	<u>277,856</u>
<b>EXPENDITURES</b>			
Current:			
Public works	-	144,441	144,441
Recreation and culture	217,844	-	217,844
Capital outlay	78,029	18,132	96,161
	<u>295,873</u>	<u>162,573</u>	<u>458,446</u>
Total expenditures			
	<u>295,873</u>	<u>162,573</u>	<u>458,446</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(186,498)	5,908	(180,590)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	250,000	-	250,000
	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>NET CHANGES IN FUND BALANCES</b>	63,502	5,908	69,410
<b>FUND BALANCES - BEGINNING</b>	182,410	37,149	219,559
	<u>182,410</u>	<u>37,149</u>	<u>219,559</u>
<b>FUND BALANCES - ENDING</b>	\$ 245,912	\$ 43,057	\$ 288,969
	<u>\$ 245,912</u>	<u>\$ 43,057</u>	<u>\$ 288,969</u>

Charter Township of Oshtemo

**BALANCE SHEET - component units**

December 31, 2021

	<u>Downtown Development Authority</u>	<u>South Drake Road Corridor Improvement Authority</u>
<b>ASSETS</b>		
Cash	\$ 549,698	\$ 113,889
Receivables	74,722	41,339
Total assets	<u>\$ 624,420</u>	<u>\$ 155,228</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities - payables	\$ 57,263	\$ -
Deferred inflows of resources - property tax revenues levied for the subsequent year	166,823	44,483
Fund balance - unassigned	<u>400,334</u>	<u>110,745</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 624,420</u>	<u>\$ 155,228</u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances - <i>component units</i>	\$ 400,334	\$ 110,745
Amounts reported for the <i>component units</i> in the statement of net position (page 11) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,173,733</u>	<u>-</u>
Net position of <i>component units</i>	<u>\$ 1,574,067</u>	<u>\$ 110,745</u>

Charter Township of Oshtemo

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

**BALANCES - component units**

Year ended December 31, 2021

	<u>Downtown Development Authority</u>	<u>South Drake Road Corridor Improvement Authority</u>
<b>REVENUES</b>		
Property taxes	\$ 217,268	\$ 46,124
Interest	<u>853</u>	<u>27</u>
Total revenues	<u>218,121</u>	<u>46,151</u>
<b>EXPENDITURES</b>		
Current - public works	33,620	2,530
Capital outlay	<u>504,656</u>	<u>-</u>
Total expenditures	<u>538,276</u>	<u>2,530</u>
<b>NET CHANGES IN FUND BALANCES</b>	(320,155)	43,621
<b>FUND BALANCES - BEGINNING</b>	<u>720,489</u>	<u>67,124</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 400,334</u>	<u>\$ 110,745</u>
Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:		
Net changes in fund balances - <i>component units</i>	\$ (320,155)	\$ 43,621
Amounts reported for the <i>component units</i> in the statement of activities (page 12) are different because:		
Capital assets:		
Asset acquisitions	504,656	-
Depreciation provision	<u>(21,762)</u>	<u>-</u>
Changes in net position of <i>component units</i>	<u>\$ 162,739</u>	<u>\$ 43,621</u>



Charter Township of Oshtemo

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

Year ended December 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 189,476	\$ 252,078	\$ 217,268	\$ (34,810)
Interest	<u>1,000</u>	<u>1,000</u>	<u>853</u>	<u>(147)</u>
Total revenues	<u>190,476</u>	<u>253,078</u>	<u>218,121</u>	<u>(34,957)</u>
<b>EXPENDITURES</b>				
Public works	79,250	86,850	33,620	53,230
Capital outlay	<u>575,000</u>	<u>806,436</u>	<u>504,656</u>	<u>301,780</u>
Total expenditures	<u>654,250</u>	<u>893,286</u>	<u>538,276</u>	<u>355,010</u>
<b>NET CHANGES IN FUND BALANCES</b>	(463,774)	(640,208)	(320,155)	320,053
<b>FUND BALANCES - BEGINNING</b>	<u>720,489</u>	<u>720,489</u>	<u>720,489</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 256,715</u>	<u>\$ 80,281</u>	<u>\$ 400,334</u>	<u>\$ 320,053</u>

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Charter Township of Oshtemo

**BUDGETARY COMPARISON SCHEDULE - South Drake Road Corridor Improvement Authority - component unit**

Year ended December 31, 2021

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 40,000	\$ 40,000	\$ 46,124	\$ 6,124
Interest	500	500	27	(473)
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>46,151</u>	<u>5,651</u>
<b>EXPENDITURES</b>				
Public works	8,000	9,000	2,530	6,470
Capital outlay	<u>30,000</u>	<u>30,000</u>	-	<u>30,000</u>
<b>NET CHANGES IN FUND BALANCES</b>	2,500	1,500	43,621	42,121
<b>FUND BALANCES - BEGINNING</b>	<u>67,124</u>	<u>67,124</u>	<u>67,124</u>	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 69,624</u>	<u>\$ 68,624</u>	<u>\$ 110,745</u>	<u>\$ 42,121</u>

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