

*Charter Township of Oshtemo
Kalamazoo County, Michigan*

FINANCIAL STATEMENTS

Year ended December 31, 2022

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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, 2022, 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, 2022, 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.

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

Seber Tans, PLC
Kalamazoo, Michigan
June 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Charter Township of Oshtemo's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$3,115,905 (approximately 8 percent) as a result of this year's activities.
- Of the \$40,678,287 total net position reported, \$12,948,726 (32 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 \$4,653,989, which represents 162 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 2022 and 2021 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 \$40,678,287. Of this total, \$24,109,982 is invested in capital assets, \$2,912,947 is restricted for public safety, \$706,632 is restricted for public works and \$12,948,726 is unrestricted.

*Condensed financial information
Net position*

	<i>Governmental activities</i>	
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 27,556,806	\$ 22,644,192
Capital assets	<u>24,109,982</u>	<u>23,983,396</u>
Total assets	<u>51,666,788</u>	<u>46,627,588</u>
Deferred outflows of resources	<u>37,921</u>	<u>-</u>
Current and other liabilities	<u>3,628,171</u>	<u>2,330,198</u>
Deferred inflows of resources	<u>7,398,251</u>	<u>6,735,008</u>
Net position:		
Net investment in capital assets	24,109,982	23,983,396
Restricted	3,619,579	2,780,315
Unrestricted	<u>12,948,726</u>	<u>10,798,671</u>
Total net position	<u>\$ 40,678,287</u>	<u>\$ 37,562,382</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net position

The Township's total revenues were \$11,895,632. For 2022, charges for services were 55 percent of the Township's revenues, 23 percent comes from state grants, and 15 percent comes from property taxes.

The total cost of the Township's programs and services was \$8,779,727. Approximately 48 percent of the Township's costs are related to public safety activities, general government is 24 percent, and public works is 20 percent of expenses.

*Condensed financial information
Changes in net position*

	<u>Governmental activities</u>	
	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 6,554,121	\$ 6,567,386
Operating grants	60,650	376,898
Capital grants	504,290	-
General revenues:		
Property taxes	1,827,209	850,128
State grants	2,702,808	2,549,135
Franchise fees	160,776	160,243
Investment income	85,778	13,352
	<u>11,895,632</u>	<u>10,517,142</u>
Total revenues		
Expenses:		
General government	2,076,530	2,088,356
Public safety	4,228,549	3,474,268
Public works	1,750,525	1,293,212
Community and economic development	266,435	217,529
Culture and recreation	457,688	383,236
	<u>8,779,727</u>	<u>7,456,601</u>
Total expenses		
Changes in net position	<u>\$ 3,115,905</u>	<u>\$ 3,060,541</u>
Net position, end of year	<u>\$ 40,678,287</u>	<u>\$ 37,562,382</u>

Governmental activities

The net position increased \$3,115,905 for 2022 compared to a \$3,060,541 increase in the prior year. The increase can be attributed primarily to an increase in property tax revenue of \$977,081 with the collection of the newly passed road milage during the year.

The total cost of governmental activities this year was \$8,779,727. After subtracting the direct charges to those who directly benefited from the programs (\$6,554,121) and operating grants (\$60,650) and capital grants (\$504,290), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$1,660,666.

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 \$15,496,529, an increase of \$3,273,342 from last year.

The General Fund is the primary operating fund of the Township. Its fund balance increased by \$1,545,662 during the year, as revenues of \$4,650,949 were higher than current expenditures of \$2,855,287 and transfers to other funds of \$250,000. The fund balance was \$4,949,400 at the end of the year.

The Road Fund, a new fund in 2021, increased fund balance by \$590,714 as revenues of \$986,531 exceeded expenditures of \$395,817, the fund balance was \$590,714 at the end of the year.

The Fire Fund experienced an increase in fund balance of \$140,217 for 2022, as revenues of \$3,614,343 were more than current expenditures of \$3,474,126 including \$932,706 in capital outlay. The ending fund balance was \$2,617,536.

The Police Fund experienced a \$372,607 increase in fund balance, which reflects police service expenditures of \$1,201,284 that were less than revenues of \$1,573,891. The fund balance at the end of the year was \$2,226,559.

The General Sewer Fund experienced a \$378,825 increase in fund balance for 2022, as revenues of \$654,936 were more than current year's expenditures of \$276,111. The fund balance at the end of the year was \$2,515,390.

The General Water Fund experienced a \$10,757 increase in fund balance for 2022, as revenues of \$231,859, were more than current year's expenditures of \$221,102. The fund balance at the end of the year was \$2,073,401.

General Fund budgetary highlights

The Township amended the General Fund expenditures budget for anticipated decreases in expenditures. Total revenues were \$486,486 less than anticipated, primarily due to federal grant revenues that were lower than anticipated. Total expenditures were \$1,435,690 less than the amounts appropriated, primarily due to capital outlay, public works and general government costs which were \$807,886, \$26,324 and \$413,802 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 \$1,099,204, with a \$1,545,662 increase in fund balance compared to a budget that anticipated an increase of \$446,458 in the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets as of December 31, 2022, was \$24,109,982 (net of accumulated depreciation). This investment includes buildings and improvements, equipment and vehicles, sewer, and water infrastructure. The \$126,586 increase in the Township's investment in capital assets for the current fiscal year includes \$1,339,552 in capital asset additions, less \$1,212,966 in depreciation expense for the year.

Major capital asset additions during the current fiscal year include:

- \$38,227 for park improvements
- \$235,945 for a non-motorized path and trail projects
- \$745,033 for a deposit on a new fire truck
- \$101,920 for fire equipment
- \$43,616 for purchase of a Bobcat

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 \$58,550 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 2023. 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:

Cheri Bell, Supervisor
Charter Township of Oshtemo
7275 West Main Street
Oshtemo, MI 49009

Phone: (269) 375-4260

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2022

	<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>
ASSETS			
Current assets:			
Cash	\$ 16,598,552	\$ 357,856	\$ 129,779
Investments	3,865,923	-	-
Receivables, net	6,000,371	118,449	36,505
Total current assets	<u>26,464,846</u>	<u>476,305</u>	<u>166,284</u>
Noncurrent assets:			
Receivables, net	749,228	-	-
Beneficial interest in assets held by foundation	44,955	-	-
Net OPEB assets	297,777	-	-
Capital assets not being depreciated	1,392,135	313,595	-
Capital assets, net of accumulated depreciation	22,717,847	1,039,555	-
Total noncurrent assets	<u>25,201,942</u>	<u>1,353,150</u>	<u>-</u>
Total assets	<u>51,666,788</u>	<u>1,829,455</u>	<u>166,284</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB	37,921	-	-
LIABILITIES			
Current liabilities:			
Payables	1,156,385	2,817	-
Unearned federal grant revenue	2,232,245	-	-
Unearned operating assessment revenues	180,991	-	-
Total current liabilities	3,569,621	2,817	-
Noncurrent liabilities - compensated absences	58,550	-	-
Total liabilities	<u>3,628,171</u>	<u>2,817</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues levied for the subsequent year	2,471,794	152,408	38,035
Special assessment levied for the subsequent year	4,926,457	-	-
Total deferred inflows of resources	<u>7,398,251</u>	<u>152,408</u>	<u>38,035</u>
NET POSITION			
Investment in capital assets	24,109,982	1,353,150	-
Restricted for public safety	2,912,947	-	-
Restricted for public works	706,632	-	-
Unrestricted	12,948,726	321,080	128,249
Total net position	<u>\$ 40,678,287</u>	<u>\$ 1,674,230</u>	<u>\$ 128,249</u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Functions/Programs	Program revenues				Net (expenses) revenues and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Component units	
						Downtown Development Authority	South Drake Road Corridor Improvement Authority
Governmental activities:							
General government	\$ 2,076,530	\$ 472,064	\$ 4,762	\$ 60,000	\$ (1,539,704)		
Public safety	4,228,549	4,988,233	-	200,000	959,684		
Public works	1,750,525	973,314	55,888	-	(721,323)		
Community and economic development	266,435	61,752	-	-	(204,683)		
Culture and recreation	457,688	58,758	-	244,290	(154,640)		
Total governmental activities	<u>8,779,727</u>	<u>6,554,121</u>	<u>60,650</u>	<u>504,290</u>	<u>(1,660,666)</u>		
Component units:							
Downtown Development Authority	\$ 122,263	\$ -	\$ -	\$ -	\$ (122,263)	\$ -	
South Drake Road Corridor Improvement Authority	61,175	-	-	-	-	(61,175)	
Total component units	<u>\$ 183,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122,263)</u>	<u>\$ (61,175)</u>	
General revenues:							
Taxes					1,827,209	220,955	78,015
State grants					2,702,808	-	-
Franchise fees					160,776	-	-
Investment income					85,778	1,471	664
Total general revenues					<u>4,776,571</u>	<u>222,426</u>	<u>78,679</u>
Changes in net position					3,115,905	100,163	17,504
Net position - beginning					<u>37,562,382</u>	<u>1,574,067</u>	<u>110,745</u>
Net position - ending					<u>\$ 40,678,287</u>	<u>\$ 1,674,230</u>	<u>\$ 128,249</u>

See notes to financial statements

Charter Township of Oshtemo
BALANCE SHEET - governmental funds
 December 31, 2022

	General	Roads	Fire	Police	General Sewer	General Water	Nonmajor funds	Total governmental funds
ASSETS								
Cash	\$ 4,583,130	\$ 927,965	\$ 3,887,636	\$ 2,925,554	\$ 2,393,840	\$ 1,256,086	\$ 624,341	\$ 16,598,552
Investments	3,092,738	-	-	-	-	773,185	-	3,865,923
Receivables	1,475,710	737,276	2,348,286	1,093,495	820,705	148,395	125,732	6,749,599
Beneficial interest in assets held by foundation	-	-	-	-	-	-	44,955	44,955
Total assets	\$ 9,151,578	\$ 1,665,241	\$ 6,235,922	\$ 4,019,049	\$ 3,214,545	\$ 2,177,666	\$ 795,028	\$ 27,259,029
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Payables	\$ 552,379	\$ 20,287	\$ 189,091	\$ 295,328	\$ 8,592	\$ 200	\$ 90,508	\$ 1,156,385
Unearned federal grant revenue	2,232,245	-	-	-	-	-	-	2,232,245
Unearned special assessment operating revenues	-	-	-	-	-	-	180,991	180,991
Total liabilities	2,784,624	20,287	189,091	295,328	8,592	200	271,499	3,569,621
Deferred inflows of resources:								
Property tax revenues levied for the subsequent year	1,417,554	1,054,240	-	-	-	-	-	2,471,794
Special assessment levied for the subsequent year	-	-	3,429,295	1,497,162	-	-	-	4,926,457
Unavailable special assessment revenues	-	-	-	-	690,563	104,065	-	794,628
Total deferred inflows of resources	1,417,554	1,054,240	3,429,295	1,497,162	690,563	104,065	-	8,192,879
Fund balances:								
Restricted for:								
Public safety	295,411	-	2,617,536	-	-	-	-	2,912,947
Public works	-	590,714	-	-	-	-	72,435	663,149
Assigned for:								
Public safety	-	-	-	2,226,559	-	-	-	2,226,559
Public works	-	-	-	-	2,515,390	2,073,401	-	4,588,791
Culture and recreation	-	-	-	-	-	-	451,094	451,094
Subsequent year expenditures	-	-	-	-	-	-	-	-
Unassigned	4,653,989	-	-	-	-	-	-	4,653,989
Total fund balances	4,949,400	590,714	2,617,536	2,226,559	2,515,390	2,073,401	523,529	15,496,529
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,151,578	\$ 1,665,241	\$ 6,235,922	\$ 4,019,049	\$ 3,214,545	\$ 2,177,666	\$ 795,028	\$ 27,259,029
Reconciliation of the balance sheet to the statement of net position:								
Total fund balance - total governmental funds								\$ 15,496,529
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.								
								24,109,982
Net OPEB assets								
								297,777
Deferred outflows of resources, related to the OPEB plan, relate to future years and, therefore, are not reported in the funds.								
								37,921
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds - compensated absences.								
								(58,550)
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.								
								794,628
Net position of governmental activities								\$ 40,678,287

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

Year ended December 31, 2022

	General	Roads	Fire	Police	General Sewer	General Water	Nonmajor fund	Total governmental funds
REVENUES								
Taxes	\$ 845,798	\$ 981,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,827,209
Licenses and permits	222,208	-	-	-	-	-	-	222,208
Federal grant	4,762	-	200,000	-	-	-	-	204,762
State grants	2,959,243	-	-	-	-	-	-	2,959,243
Intergovernmental	60,000	-	-	-	-	-	-	60,000
Charges for services	464,135	-	-	28,635	520,236	187,780	-	1,200,786
Fines and forfeitures	-	-	35,150	46,231	-	-	-	81,381
Interest and rentals	65,287	5,120	11,592	14,146	39,648	13,556	75,700	225,049
Other	29,516	-	3,367,601	1,484,879	95,052	30,523	420,319	5,427,890
Total revenues	4,650,949	986,531	3,614,343	1,573,891	654,936	231,859	496,019	12,208,528
EXPENDITURES								
Current:								
General government	1,953,929	-	-	-	-	-	-	1,953,929
Public safety	69,416	-	2,541,420	1,199,678	-	-	-	3,810,514
Public works	250,385	395,817	-	-	268,933	221,102	130,297	1,266,534
Community and economic development	266,535	-	-	-	-	-	-	266,535
Culture and recreation	-	-	-	-	-	-	210,830	210,830
Capital outlay	315,022	-	932,706	1,606	7,178	-	170,332	1,426,844
Total expenditures	2,855,287	395,817	3,474,126	1,201,284	276,111	221,102	511,459	8,935,186
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,795,662	590,714	140,217	372,607	378,825	10,757	(15,440)	3,273,342
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	250,000	250,000
Transfers out	(250,000)	-	-	-	-	-	-	(250,000)
Net other financing sources (uses)	(250,000)	-	-	-	-	-	250,000	-
NET CHANGES IN FUND BALANCES	1,545,662	590,714	140,217	372,607	378,825	10,757	234,560	3,273,342
FUND BALANCES - BEGINNING	3,403,738	-	2,477,319	1,853,952	2,136,565	2,062,644	288,969	12,223,187
FUND BALANCES - ENDING	\$ 4,949,400	\$ 590,714	\$ 2,617,536	\$ 2,226,559	\$ 2,515,390	\$ 2,073,401	\$ 523,529	\$ 15,496,529

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

Year ended December 31, 2022

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 15)	\$ 3,273,342
Amounts reported for <i>governmental activities</i> in the statement of activities (page 13) are different because:	
Capital assets:	
Assets acquired	1,339,552
Provision for depreciation	(1,212,966)
Long-term obligations:	
Net change in liability for compensated absences	5,100
Net increase in OPEB assets	(45,662)
Changes in deferred inflows and outflow of resources:	
Net decrease in deferred inflows of resources	(312,896)
Net decrease in deferred outflows of resources	69,435
Change in net position of <i>governmental activities</i>	<u>\$ 3,115,905</u>

STATEMENT OF FIDUCIARY NET POSITION - custodial funds

December 31, 2022

	<i>Retiree Medical Trust</i>	<i>Tax</i>	<i>Custodial</i>
ASSETS			
Cash	\$ -	\$ 8,882,287	\$ 155,734
Investments	<u>401,352</u>	<u>-</u>	<u>-</u>
Total assets	401,352	8,882,287	155,734
LIABILITIES			
Due to others	<u>-</u>	<u>8,882,287</u>	<u>155,734</u>
NET POSITION			
Deposits held for others	\$ -	\$ -	\$ -
Held in trust for retirees' health benefits	<u>401,352</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 401,352</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSTION - custodial funds

December 31, 2022

	<i>Retiree Medical Trust</i>	<i>Tax</i>	<i>Custodial</i>
ADDITIONS			
Property taxes collected for other governments	\$ -	\$ 37,816,705	\$ 261,936
Collection of PILT	-	-	164,496
Collection of county fees	-	-	33,861
Contributions	4,500	-	-
Total additions	4,500	37,816,705	460,293
DEDUCTIONS			
Insurance premiums	-	-	-
Property taxes distributed to other governments	-	37,816,705	261,936
Payment of county collections	-	-	33,861
Distributions to others	4,500	-	13,117
Distributions of PILT	-	-	164,496
Administration fees	738	-	-
Investment loss	46,738	-	-
Total deductions	51,976	37,816,705	473,410
NET CHANGE IN FIDUCIARY NET POSITION	(47,476)	-	(13,117)
NET POSITION - BEGINNING	448,828	-	13,117
NET POSTION - ENDING	<u>\$ 401,352</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity:

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 2022 ad valorem taxes were levied and collectible on December 1, 2022, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

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	\$ 16,598,552	\$ 487,635	\$ 9,038,021	\$ 26,124,208
Investments	<u>3,865,923</u>	-	<u>401,352</u>	<u>4,267,275</u>
	<u>\$ 20,464,475</u>	<u>\$ 487,635</u>	<u>\$ 9,439,373</u>	<u>\$ 30,391,483</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, 2022, \$23,029,616 of the Township's bank balances of \$25,355,753 was exposed to custodial credit risk because it was uninsured and uncollateralized. In April 2023 the Township moved \$17,000,000 to a ISC sweep account an insure and collateralized account.

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	\$ 459,255	2023 - 2024	AAA	S&P
United States Treasury	353,223	2023 - 2024	AAA	S&P
MBIA CLASS Fund	<u>3,053,445</u>	Various	AAAm	S&P

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, 2022, consisted of the following:

<u>Investment type</u>	<u>Fair value</u>
MERS Total Market Portfolio	\$ 200,676
MERS Est Market Portfolio	<u>200,676</u>
	<u>\$ 401,352</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, 2022:

- Municipal Employees’ Retirement System of Michigan - RHFV, with a balance of \$401,352 at December 31, 2022, which is valued using observable fair values of similar assets (Level 2).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2022, 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	\$ 977,319	\$ 49,097	\$ -	\$ 449,294	\$ 1,475,710
Roads	737,276	-	-	-	737,276
Fire	-	-	2,348,286	-	2,348,286
Police	-	-	1,093,495	-	1,093,495
General Sewer	-	-	726,705	94,000	820,705
General Water	-	-	111,042	37,353	148,395
Nonmajor	-	-	125,732	-	125,732
Total governmental	<u>\$ 1,714,595</u>	<u>\$ 49,097</u>	<u>\$ 4,405,260</u>	<u>\$ 580,647</u>	<u>\$ 6,749,599</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,228</u>	<u>\$ -</u>	<u>\$ 749,228</u>
<i>Component units:</i>					
Downtown Development Authority	\$ 118,449	\$ -	\$ -	\$ -	\$ 118,449
South Drake Road Corridor Improvement Authority	<u>36,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,505</u>
Total component units	<u>\$ 154,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,954</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, 2022, the Foundation held \$561,637 in this account.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 587,728	\$ -	\$ -	\$ 587,728
Construction in progress	<u>2,369,126</u>	<u>804,407</u>	<u>(2,369,126)</u>	<u>804,407</u>
Subtotal	<u>2,956,854</u>	<u>804,407</u>	<u>(2,369,126)</u>	<u>1,392,135</u>
Capital assets being depreciated:				
Buildings and improvements	9,108,363	183,922	-	9,292,285
Equipment	1,826,043	185,529	-	2,011,572
Vehicles	3,718,348	-	-	3,718,348
Infrastructure	<u>17,124,495</u>	<u>2,534,820</u>	<u>-</u>	<u>19,659,315</u>
Subtotal	<u>31,777,249</u>	<u>2,904,271</u>	<u>-</u>	<u>34,681,520</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,884,282)	(375,686)	-	(4,259,968)
Equipment	(1,462,755)	(114,029)	-	(1,576,784)
Vehicles	(1,319,447)	(212,777)	-	(1,532,224)
Infrastructure	<u>(4,084,223)</u>	<u>(510,474)</u>	<u>-</u>	<u>(4,594,697)</u>
Subtotal	<u>(10,750,707)</u>	<u>(1,212,966)</u>	<u>-</u>	<u>(11,963,673)</u>
Total capital assets being depreciated, net	<u>21,026,542</u>	<u>1,691,305</u>	<u>-</u>	<u>22,717,847</u>
Governmental activities capital assets, net	<u>\$ 23,983,396</u>	<u>\$ 2,495,712</u>	<u>\$ (2,369,126)</u>	<u>\$ 24,109,982</u>
Component unit - DDA:				
Capital assets not being depreciated:				
Land	\$ 293,595	\$ 20,000	\$ -	\$ 313,595
Construction in progress	<u>593,822</u>	<u>-</u>	<u>(593,822)</u>	<u>-</u>
Subtotal	<u>887,417</u>	<u>20,000</u>	<u>(593,822)</u>	<u>313,595</u>
Capital assets being depreciated:				
Buildings and improvements	351,933	816,275	-	1,168,208
Less accumulated depreciation for:				
Buildings and improvements	<u>(65,617)</u>	<u>(63,036)</u>	<u>-</u>	<u>(128,653)</u>
Total capital assets being depreciated, net	<u>286,316</u>	<u>753,239</u>	<u>-</u>	<u>1,039,555</u>
Component unit capital assets, net	<u>\$ 1,173,733</u>	<u>\$ 773,239</u>	<u>\$ (593,822)</u>	<u>\$ 1,353,150</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

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

General government	\$ 92,009
Public safety	346,776
Public works	458,386
Culture and recreation	<u>315,795</u>
 Total	 <u>\$ 1,212,966</u>

NOTE 7 - PAYABLES

Payables as of December 31, 2022, 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	\$ 264,341	\$ 26,673	\$ -	\$ 261,365	\$ 552,379
Roads	20,287	-	-	-	20,287
Fire	153,125	35,966	-	-	189,091
Police	-	1,635	293,693	-	295,328
General Sewer	8,592	-	-	-	8,592
General Water	200	-	-	-	200
Nonmajor	<u>89,245</u>	<u>1,263</u>	<u>-</u>	<u>-</u>	<u>90,508</u>
 Total governmental	 <u>\$ 535,790</u>	 <u>\$ 65,537</u>	 <u>\$ 293,693</u>	 <u>\$ 261,365</u>	 <u>\$ 1,156,385</u>
Component unit:					
Downtown Development Authority	<u>\$ 2,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,817</u>

NOTE 8 - LONG-TERM OBLIGATION

Long-term obligation activity (excluding postemployment benefits other than pensions) for the year ended December 31, 2022, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Primary government:				
Governmental activities:				
Compensated absences	<u>63,650</u>	<u>249,074</u>	<u>(254,174)</u>	<u>58,550</u>

NOTE 9 - PROPERTY TAXES

The 2021 taxable valuation of the Township \$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. This amount is recognized in the General Fund financial statements as property tax revenue.

The 2022 taxable valuation of the Township approximated \$976,118,000, on which ad valorem taxes levied, consisted of 1.5000 mills for operating purposes and 1.0800 for road improvements, raising approximately \$1,417,000 for operating and \$1,054,000 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, 2022, the Township made the required and matching contribution of \$212,614 and eligible employees made contributions of \$90,479. At December 31, 2022, the Township reported a \$90,479 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 2022 and 2021.

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, 2022, 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, 2022, rolled forward to the measurement date. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Investment rate of return	7.00% (including inflation)
20-year Aa Municipal bond rate	4.31%
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, 2022, 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%	4.50%
Global fixed income	20.00%	2.00%
Private assets	20.00%	7.00%

The sum of each target allocation times its long-term expected real rate is 7.00%.

Discount rate:

The discount rate used to measure the total OPEB liability was 7.00%. 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, 2021, was 7.35%.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - DEFINED BENEFIT POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Changes in the net OPEB liability:

	<i>Increase (decrease)</i>		
	<i>Total OPEB liability</i>	<i>Plan fiduciary net position</i>	<i>Net OPEB liability (asset)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2021	\$ 105,389	\$ 448,828	\$ (343,439)
Changes for the year:			
Interest	7,581	-	7,581
Experience (Gains)/Losses	(6,928)	-	(6,928)
Change in assumptions	2,033	-	2,033
Contributions - from operating fund	-	4,500	(4,500)
Net investment income	-	(46,738)	46,738
Benefit payments			
Benefit payments; including			
refunds of Employee Contributions	(4,500)	(4,500)	-
Administrative expenses	-	(738)	738
Other changes	-	-	-
Net changes	(1,814)	(47,476)	45,662
Balances at December 31, 2022	<u>\$ 103,575</u>	<u>\$ 401,352</u>	<u>\$ (297,777)</u>
Plan fiduciary net position as a percentage of total OPEB liability (asset)			387.50%

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)	<u>\$ (291,529)</u>	<u>\$ (297,777)</u>	<u>\$ (303,394)</u>

Because the benefit is a stipend, medical trend is not applicable

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, 2022

Below are the components of the Total OPEB Expense:

	<i>Fiscal Year</i>
	<u>Ending 12/31/2022</u>
Interest on Total OPEB Liability	\$ 7,581
Experience (Gains)/Losses	(6,928)
Change in assumptions	2,033
Projected earnings on OPEB plan investments	(32,962)
Investments earnings (gains)/losses	10,265
Administrative expenses	<u>738</u>
	<u>\$ (19,273)</u>

OPEB Plan Fiduciary Net Position:

The OPEB Plan Fiduciary Net Position as of December 31, 2022 is \$401,352.

Deferred Inflows and Outflows of Resources Related to OPEB Plan:

	<i>Deferred Outflows</i>
	<u>of Resources</u>
Investment earnings (gains)/losses	<u>\$ 37,921</u>

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

<i>Year Ended</i>	<i>Amount</i>
<u>December 31,</u>	<u>Recognized</u>
2023	\$ 2,482
2024	7,846
2025	11,653
2026	15,940
2027	-
Thereafter	<u>-</u>
	<u>\$ 37,921</u>

NOTE 11 - DEFINED BENEFIT POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Reconciliation of Net OPEB Liability (Asset):

	<i>Net OPEB Liability (Asset)</i>
Net OPEB Liability December 31, 2021	\$ (343,439)
Total OPEB expense	(19,273)
Contributions	(4,500)
Change in deferred outflows of resources	37,921
Change in deferred inflows of resources	<u>31,514</u>
 Net OPEB Liability (Asset) December 31, 2022	 <u>\$ (297,777)</u>

Net OPEB liability by participant status:

	<i>Total OPEB Liability</i>
Inactive participants receiving benefits	\$ <u>103,575</u>
 Total	 <u>\$ 103,575</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 2022. 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, 2022, is as follows:

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

The transfers from the General Fund to the 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 2022, the Township began leasing office facilities to the Authority, under a three-year operating lease. The total receipts associated with this lease were \$22,000 during the fiscal year ended December 31, 2022. The future minimum lease receipts for this lease amount to \$22,000 for 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 - SUBSEQUENT EVENTS

Subsequent to year end the Township entered into a installment purchase agreement with First National bank to purchase land for the DDA. The Township borrowed \$730,000 at 3.75% interest over 10 years. The DDA will reimburse the Township over the next 10 years.

Management has evaluated subsequent events through June 27, 2022, the date on which the financial statements were available to be issued.

NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT

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 2022

On March 11, 2022, the United States executed the American Rescue Plan Act of 2022 (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 2022, with the second half received in July 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

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 841,038	\$ 809,485	\$ 845,798	\$ 36,313
Licenses and permits	195,000	295,000	222,208	(72,792)
Federal grants	1,213,632	1,213,632	4,762	(1,208,870)
State grants	2,105,475	2,105,475	2,959,243	853,768
Intergovernmental	230,000	230,000	60,000	(170,000)
Charges for services	435,188	435,188	464,135	28,947
Interest and rentals	25,500	25,500	65,287	39,787
Other	4,500	23,155	29,516	6,361
Total revenues	<u>5,050,333</u>	<u>5,137,435</u>	<u>4,650,949</u>	<u>(486,486)</u>
EXPENDITURES				
General government:				
Legislative	54,000	32,009	30,896	1,113
Supervisor	229,121	246,496	185,000	61,496
Elections	75,750	105,651	102,248	3,403
Assessor	274,506	297,477	221,920	75,557
Clerk	136,230	143,363	139,358	4,005
Treasurer	112,595	121,186	116,089	5,097
Professional services	278,690	383,690	336,027	47,663
Cemetery, buildings, and grounds	110,923	113,223	90,128	23,095
General operations	906,880	924,636	732,263	192,373
Total general government	<u>2,178,695</u>	<u>2,367,731</u>	<u>1,953,929</u>	<u>413,802</u>
Public safety - code enforcement	<u>52,555</u>	<u>75,778</u>	<u>69,416</u>	<u>6,362</u>
Public works:				
Highways and streets	9,500	9,500	4,199	5,301
Other	146,643	193,709	180,653	13,056
Waste collection	73,500	73,500	65,533	7,967
Total public works	<u>229,643</u>	<u>276,709</u>	<u>250,385</u>	<u>26,324</u>
Community and economic development - planning and zoning	<u>309,238</u>	<u>447,851</u>	<u>266,535</u>	<u>181,316</u>

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Continued)				
Capital outlay	\$ 1,105,350	\$ 1,122,908	\$ 315,022	\$ 807,886
Total expenditures	<u>3,875,481</u>	<u>4,290,977</u>	<u>2,855,287</u>	<u>1,435,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,174,852</u>	<u>846,458</u>	<u>1,795,662</u>	<u>949,204</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(1,000,000)</u>	<u>(400,000)</u>	<u>(250,000)</u>	<u>150,000</u>
NET CHANGES IN FUND BALANCES	174,852	446,458	1,545,662	1,099,204
FUND BALANCES - BEGINNING	<u>3,403,738</u>	<u>3,403,738</u>	<u>3,403,738</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,578,590</u>	<u>\$ 3,850,196</u>	<u>\$ 4,949,400</u>	<u>\$ 1,099,204</u>

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Federal grant	\$ -	\$ -	\$ 200,000	\$ 200,000
Fines and forfeitures	2,500	2,500	35,150	32,650
Interest	2,100	2,100	11,592	9,492
Other:				
Special assessments	3,154,451	3,296,636	3,364,742	68,106
Miscellaneous	900	900	2,859	1,959
Total revenues	<u>3,159,951</u>	<u>3,302,136</u>	<u>3,614,343</u>	<u>312,207</u>
EXPENDITURES				
Public safety	2,679,940	3,023,290	2,541,420	481,870
Capital outlay	265,050	1,140,762	932,706	208,056
Total expenditures	<u>2,944,990</u>	<u>4,164,052</u>	<u>3,474,126</u>	<u>689,926</u>
NET CHANGES IN FUND BALANCES	214,961	(861,916)	140,217	1,002,133
FUND BALANCES - BEGINNING	<u>2,477,319</u>	<u>2,477,319</u>	<u>2,477,319</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,692,280</u>	<u>\$ 1,615,403</u>	<u>\$ 2,617,536</u>	<u>\$ 1,002,133</u>

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - Police Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
REVENUES				
State grants	\$ 22,000	\$ 22,000	\$ 28,635	\$ 6,635
Fines and forfeitures	19,000	19,000	46,231	27,231
Interest and rentals	2,000	2,000	14,146	12,146
Other - special assessments	1,405,000	1,405,000	1,484,879	79,879
Total revenues	<u>1,448,000</u>	<u>1,448,000</u>	<u>1,573,891</u>	<u>125,891</u>
EXPENDITURES				
Public safety	1,483,762	1,495,985	1,199,678	296,307
Capital outlay	101,000	101,995	1,606	100,389
Total expenditures	<u>1,584,762</u>	<u>1,597,980</u>	<u>1,201,284</u>	<u>396,696</u>
NET CHANGES IN FUND BALANCES	(136,762)	(149,980)	372,607	522,587
FUND BALANCES - BEGINNING	<u>1,853,952</u>	<u>1,853,952</u>	<u>1,853,952</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,717,190</u>	<u>\$ 1,703,972</u>	<u>\$ 2,226,559</u>	<u>\$ 522,587</u>

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - Road Fund

Year ended December 31, 2022

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Taxes	\$ 1,000,000	\$ 1,004,438	\$ 981,411	\$ (23,027)
Interest and rentals	<u>500</u>	<u>500</u>	<u>5,120</u>	<u>4,620</u>
Total revenues	1,000,500	1,004,938	986,531	(18,407)
EXPENDITURES				
Public works - roads	<u>951,467</u>	<u>609,905</u>	<u>395,817</u>	<u>214,088</u>
NET CHANGES IN FUND BALANCES	49,033	395,033	590,714	195,681
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 49,033</u>	<u>\$ 395,033</u>	<u>\$ 590,714</u>	<u>\$ 195,681</u>

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

Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB asset (liability):				
Interest	\$ 7,581	\$ 9,985	\$ 10,035	\$ 14,312
Difference between expected and actual experience	(6,928)	(13,959)	(6,385)	(63,968)
Changes in plan terms	-	(27,054)	-	-
Changes in assumptions	2,033	(2,826)	(1,860)	6,589
Benefit payments, including refunds	<u>(4,500)</u>	<u>(5,582)</u>	<u>(7,772)</u>	<u>(8,160)</u>
Net change in total OPEB asset (liability)	(1,814)	(39,436)	(5,982)	(51,227)
Total OPEB asset (liability), beginning of year	<u>105,389</u>	<u>144,825</u>	<u>150,807</u>	<u>202,034</u>
Total OPEB asset (liability), end of year	<u>\$ 103,575</u>	<u>\$ 105,389</u>	<u>\$ 144,825</u>	<u>\$ 150,807</u>
Plan fiduciary net position:				
Contributions - employer				
Employee	\$ 4,500	\$ 13,123	\$ 6,301	\$ 8,160
Employer	-	-	7,772	-
Net investment income (loss)	(46,738)	49,288	42,746	48,236
Benefit payments, including refunds	(4,500)	(5,582)	(7,772)	(8,160)
Administrative expenses	<u>(738)</u>	<u>(767)</u>	<u>(620)</u>	<u>(581)</u>
Net change in plan fiduciary net position	(47,476)	56,062	48,427	47,655
Plan fiduciary net position, beginning of year	<u>448,828</u>	<u>392,766</u>	<u>344,339</u>	<u>296,684</u>
Plan fiduciary net position, end of year	<u>\$ 401,352</u>	<u>\$ 448,828</u>	<u>\$ 392,766</u>	<u>\$ 344,339</u>
Township's net OPEB liability (asset), end of year	<u>\$ (297,777)</u>	<u>\$ (343,439)</u>	<u>\$ (247,941)</u>	<u>\$ (193,532)</u>
Plan fiduciary net position as a percent of total OPEB liability	387.50%	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.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31, 2022

Actuarially Recommended Contribution (ARC)	Fiscal Year Ending December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Normal costs	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of unfunded liability	(42,715)	(46,290)	(30,939)	(22,602)	(11,250)
Interest cost	(2,990)	(3,420)	(2,175)	(1,544)	(813)
Actuarial determined employer contribution	(45,705)	(49,710)	(33,114)	(24,146)	(12,063)
Employer contributions (benefit payment)	TBD	TBD	TBD	TBD	(8,160)
Contribution deficiency/(excess)	TBD	TBD	TBD	TBD	\$ 3,903
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered payroll	NA	NA	NA	NA	NA

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2022

	<u>Special Revenue</u>		
	<u>Parks</u>	<u>Street Lighting</u>	<u>Totals</u>
ASSETS			
Cash	\$ 433,653	\$ 190,688	\$ 624,341
Receivables	-	125,732	125,732
Beneficial interest in assets held by foundation	<u>44,955</u>	<u>-</u>	<u>44,955</u>
Total assets	<u>\$ 478,608</u>	<u>\$ 316,420</u>	<u>\$ 795,028</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities - payables	<u>\$ 27,514</u>	<u>\$ 62,994</u>	<u>\$ 90,508</u>
Unearned special assessment operating revenues	<u>\$ -</u>	<u>\$ 180,991</u>	<u>\$ 180,991</u>
Fund balances:			
Restricted for public works	-	72,435	72,435
Assigned for recreation and culture	<u>451,094</u>	<u>-</u>	<u>451,094</u>
Total fund balances	<u>451,094</u>	<u>72,435</u>	<u>523,529</u>
Total deferred inflows of resources and fund balances	<u>\$ 478,608</u>	<u>\$ 316,420</u>	<u>\$ 795,028</u>

Charter Township of Oshtemo

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

Year ended December 31, 2022

	<u>Special revenue</u>		<u>Totals</u>
	<u>Parks</u>	<u>Street Lighting</u>	
REVENUES			
Interest and rentals	74,816	884	75,700
Other	244,290	176,029	420,319
Total revenues	<u>319,106</u>	<u>176,913</u>	<u>496,019</u>
EXPENDITURES			
Current:			
Public works	-	130,297	130,297
Recreation and culture	210,830	-	210,830
Capital outlay	153,094	17,238	170,332
Total expenditures	<u>363,924</u>	<u>147,535</u>	<u>511,459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,818)	29,378	(15,440)
OTHER FINANCING SOURCES			
Transfers in	250,000	-	250,000
NET CHANGES IN FUND BALANCES	205,182	29,378	234,560
FUND BALANCES - BEGINNING	<u>245,912</u>	<u>43,057</u>	<u>288,969</u>
FUND BALANCES - ENDING	<u>\$ 451,094</u>	<u>\$ 72,435</u>	<u>\$ 523,529</u>

Charter Township of Oshtemo

BALANCE SHEET - component units

December 31, 2022

	<u>Downtown Development Authority</u>	<u>South Drake Road Corridor Improvement Authority</u>
ASSETS		
Cash	\$ 357,856	\$ 129,779
Receivables	<u>118,449</u>	<u>36,505</u>
Total assets	<u>\$ 476,305</u>	<u>\$ 166,284</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities - payables	\$ 2,817	\$ -
Deferred inflows of resources - property tax revenues levied for the subsequent year	152,408	38,035
Fund balance - unassigned	<u>321,080</u>	<u>128,249</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 476,305</u>	<u>\$ 166,284</u>
Reconciliation of the balance sheet to the statement of net position:		
Total fund balances - <i>component units</i>	\$ 321,080	\$ 128,249
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>1,353,150</u>	<u>-</u>
Net position of <i>component units</i>	<u>\$ 1,674,230</u>	<u>\$ 128,249</u>

Charter Township of Oshtemo

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - component units

Year ended December 31, 2022

	<u>Downtown Development Authority</u>	<u>South Drake Road Corridor Improvement Authority</u>
REVENUES		
Property taxes	\$ 220,955	\$ 78,015
Interest	1,471	664
Total revenues	<u>222,426</u>	<u>78,679</u>
EXPENDITURES		
Current - public works	57,186	1,175
Capital outlay	<u>244,494</u>	<u>60,000</u>
Total expenditures	<u>301,680</u>	<u>61,175</u>
NET CHANGES IN FUND BALANCES	(79,254)	17,504
FUND BALANCES - BEGINNING	<u>400,334</u>	<u>110,745</u>
FUND BALANCES - ENDING	<u>\$ 321,080</u>	<u>\$ 128,249</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>	\$ (79,254)	\$ 17,504
Amounts reported for the <i>component units</i> in the statement of activities (page 12) are different because:		
Capital assets:		
Asset acquisitions	242,453	-
Depreciation provision	<u>(63,036)</u>	<u>-</u>
Changes in net position of <i>component units</i>	<u>\$ 100,163</u>	<u>\$ 17,504</u>

Charter Township of Oshtemo

BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority - component unit

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 200,000	\$ 200,000	\$ 220,955	\$ 20,955
Interest	1,000	1,000	1,471	471
Other	800,000	1,065,619	-	(1,065,619)
Total revenues	<u>1,001,000</u>	<u>1,266,619</u>	<u>222,426</u>	<u>(1,044,193)</u>
EXPENDITURES				
Public works	52,550	67,058	57,186	9,872
Capital outlay	905,000	1,156,111	244,494	911,617
Total expenditures	<u>957,550</u>	<u>1,223,169</u>	<u>301,680</u>	<u>921,489</u>
NET CHANGES IN FUND BALANCES	43,450	43,450	(79,254)	(122,704)
FUND BALANCES - BEGINNING	<u>400,334</u>	<u>400,334</u>	<u>400,334</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 443,784</u>	<u>\$ 443,784</u>	<u>\$ 321,080</u>	<u>\$ (122,704)</u>

Charter Township of Oshtemo

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

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 40,000	\$ 40,000	\$ 78,015	\$ 38,015
Interest	-	-	664	664
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>78,679</u>	<u>38,679</u>
EXPENDITURES				
Public works	8,500	9,000	1,175	7,825
Capital outlay	<u>30,000</u>	<u>60,000</u>	<u>60,000</u>	-
NET CHANGES IN FUND BALANCES	1,500	(29,000)	17,504	46,504
FUND BALANCES - BEGINNING	<u>110,745</u>	<u>110,745</u>	<u>110,745</u>	-
FUND BALANCES - ENDING	<u>\$ 112,245</u>	<u>\$ 81,745</u>	<u>\$ 128,249</u>	<u>\$ 46,504</u>