

TITTABAWASSEE TOWNSHIP

Saginaw County, Michigan

FINANCIAL STATEMENTS

March 31, 2020

TITTABAWASSEE TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Tittabawassee Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Tittabawassee Township as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Tittabawassee Township as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Township Board
Tittabawassee Township, Michigan

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 9), schedule of changes in net pension liability and related ratios (pages 44 and 45), schedule of defined benefit plan pension contributions (page 46), schedule of changes in net OPEB liability and related ratios (page 47), schedule of OPEB contributions (page 48), and budgetary comparison information (pages 49 through 52) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tittabawassee Township's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berthiaume & Co.

Saginaw, Michigan
September 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

As management of Tittabawassee Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS:

- The Township's combined total net position is reported as \$23,631,837 for the fiscal year ended March 31, 2020, compared to \$22,992,523 for the fiscal year ended March 31, 2019. Total net position increased by \$639,314.
- In the Township's governmental activities, revenues generated were \$3,811,274 while expenses totaled \$3,490,613.
- In the Township's business-type activities, revenues generated were \$3,660,548 while expenses totaled \$3,346,895.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements:

The government-wide statements are designed to provide readers with a broad overview of the Township's finances, as a whole, in a manner similar to a private sector business. The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. The *statement of activities* presents all of the Township's revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The government-wide statements of Tittabawassee Township are divided into three categories:

Governmental Activities – Most of the Township's basic services are included here, such as the public safety, public works, and general administration. Property taxes, state shared revenue, and charges for services finance most of these activities.

Business-type Activities – The Township charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include water distribution and sewage collection.

Component Unit – The Township includes the Downtown Development Authority as a discretely presented component unit.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

The Township has three types of funds:

Governmental Funds – Many of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship of differences between the fund and government-wide statements.

The Township maintains five (5) individual governmental funds. Separate information is presented for the General Fund, Police Fund, and Refuse Collection Fund, which are considered to be "major" funds. Data from the other two (2) governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual budget for each of its governmental funds. Budgetary comparison statements have been provided for major governmental funds to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the Township charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. The two types of proprietary funds are enterprise and internal service funds. The Township has no internal service funds.

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows. The Township's enterprise funds are the Sewer Fund and Water Fund.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary Funds should be used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the Township's own programs.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information.

TITTABAWASSEE TOWNSHIP AS A WHOLE:

The Township's total combined net position for the fiscal year ended March 31, 2020 is \$23,631,837, consisting of \$5,430,511 in governmental activities and \$18,201,326 in business-type activities.

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$5,890,757. Governmental activities unrestricted total is \$1,692,762, while business-type activities is \$4,197,995.

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

The following table shows comparisons of total assets, total deferred outflows, total liabilities, total deferred inflows and total net position in a condensed format as of March 31, 2020 and March 31, 2019.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Assets:						
Current and other assets	\$ 3,082,942	\$ 2,744,802	\$ 4,449,366	\$ 4,137,289	\$ 7,532,308	\$ 6,882,091
Capital assets, net	<u>2,644,580</u>	<u>2,727,906</u>	<u>14,003,331</u>	<u>14,011,721</u>	<u>16,647,911</u>	<u>16,739,627</u>
Total assets	<u>5,727,522</u>	<u>5,472,708</u>	<u>18,452,697</u>	<u>18,149,010</u>	<u>24,180,219</u>	<u>23,621,718</u>
Deferred outflows	<u>86,309</u>	<u>259,744</u>	<u>37,081</u>	<u>119,105</u>	<u>123,390</u>	<u>378,849</u>
Liabilities:						
Current and other liabilities	134,545	172,201	158,104	143,624	292,649	315,825
Long-term liabilities	<u>211,901</u>	<u>408,444</u>	<u>112,996</u>	<u>212,736</u>	<u>324,897</u>	<u>621,180</u>
Total liabilities	<u>346,446</u>	<u>580,645</u>	<u>271,100</u>	<u>356,360</u>	<u>617,546</u>	<u>937,005</u>
Deferred inflows	<u>36,874</u>	<u>48,307</u>	<u>17,352</u>	<u>22,732</u>	<u>54,226</u>	<u>71,039</u>
Net position:						
Net investment in capital assets	2,644,580	2,699,001	14,003,331	14,011,721	16,647,911	16,710,722
Restricted	1,093,169	1,084,700	-	-	1,093,169	1,084,700
Unrestricted	<u>1,692,762</u>	<u>1,319,799</u>	<u>4,197,995</u>	<u>3,877,302</u>	<u>5,890,757</u>	<u>5,197,101</u>
Total net position	<u>\$ 5,430,511</u>	<u>\$ 5,103,500</u>	<u>\$ 18,201,326</u>	<u>\$ 17,889,023</u>	<u>\$ 23,631,837</u>	<u>\$ 22,992,523</u>

The Township's combined total net position increased by \$639,314 during the current fiscal year. Governmental activities increased by \$327,011 while business-type activities increased by \$312,303.

Governmental Activities:

The Township's total governmental revenue is reported at \$3,811,274, an increase of \$437,722 from the prior fiscal year. Total expenses increased by \$269,115 from the prior fiscal year. The Township continued its practice of investing in assets and expanding infrastructure without incurring additional debt.

The budget policy of maintaining sufficient cash reserves in the General Fund remained a high priority. Management is focused on the impact of the financial activities within the Township and reviews the budget monthly. Financial forecasts are based on the best available data while considering the demands for service and programming that arise with an expanding population.

Business-type Activities:

The Township's total business-type revenue is reported at \$3,660,548 a decrease of \$923,724 from the prior fiscal year. Capital contributions from contributed capital assets were approximately \$818,000 less than the prior year. Total expenses increased by \$30,939 from the prior fiscal year.

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

The following table shows comparison of the change in net position in a condensed format for the years ended March 31, 2020 and March 31, 2019:

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Revenues:						
Program revenues						
Charges for services	\$ 1,066,432	\$ 1,022,665	\$ 2,958,503	\$ 2,789,795	\$ 4,024,935	\$ 3,812,460
Operating grants/contributions	90,793	27,579	-	146,322	90,793	173,901
Capital grants/contributions	20,000	-	653,729	1,630,584	673,729	1,630,584
General revenues						
Property taxes	1,696,603	1,428,935	-	-	1,696,603	1,428,935
Franchise fees	59,235	59,683	-	-	59,235	59,683
Unrestricted grants	839,762	805,984	-	-	839,762	805,984
Investment earnings	6,002	5,323	38,655	17,571	44,657	22,894
Other	32,447	23,383	9,661	-	42,108	23,383
Total revenues	<u>3,811,274</u>	<u>3,373,552</u>	<u>3,660,548</u>	<u>4,584,272</u>	<u>7,471,822</u>	<u>7,957,824</u>
Program Expenses:						
General government	729,588	699,371	-	-	729,588	699,371
Public safety	1,622,890	1,327,763	-	-	1,622,890	1,327,763
Public works	737,171	810,571	-	-	737,171	810,571
Community and economic development	39,595	57,431	-	-	39,595	57,431
Recreation and culture	361,158	324,804	-	-	361,158	324,804
Interest on long-term debt	211	1,558	-	-	211	1,558
Sewer	-	-	1,366,733	1,482,250	1,366,733	1,482,250
Water	-	-	1,980,162	1,833,706	1,980,162	1,833,706
Total program expenses	<u>3,490,613</u>	<u>3,221,498</u>	<u>3,346,895</u>	<u>3,315,956</u>	<u>6,837,508</u>	<u>6,537,454</u>
Change in net position before special items	<u>320,661</u>	<u>152,054</u>	<u>313,653</u>	<u>1,268,316</u>	<u>634,314</u>	<u>1,420,370</u>
Special items:						
Sale of capital assets	<u>6,350</u>	<u>6,702</u>	<u>(1,350)</u>	<u>-</u>	<u>5,000</u>	<u>6,702</u>
Changes in net position	<u>327,011</u>	<u>158,756</u>	<u>312,303</u>	<u>1,268,316</u>	<u>639,314</u>	<u>1,427,072</u>
Net position, beginning of year	<u>5,103,500</u>	<u>4,944,744</u>	<u>17,889,023</u>	<u>16,620,707</u>	<u>22,992,523</u>	<u>21,565,451</u>
Net position, end of year	<u>\$ 5,430,511</u>	<u>\$ 5,103,500</u>	<u>\$ 18,201,326</u>	<u>\$ 17,889,023</u>	<u>\$ 23,631,837</u>	<u>\$ 22,992,523</u>

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

TITTABAWASSEE TOWNSHIP'S FUNDS:

Presentation of Tittabawassee Township's major funds and aggregate nonmajor funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund is the Township's largest governmental fund and one of three governmental funds that is considered a major fund. It pays for most of the Township's government services. Its major components of revenue are property taxes and state shared revenue. For the year ended March 31, 2020, General Fund financing sources exceeded its financing uses by \$367,327, increasing its ending fund balance to \$1,855,228. The Township's second major governmental fund, the Police Fund decreased its ending fund balance by \$11,146. The Township's third major governmental fund, the Refuse Collection Fund also decreased its ending fund balance by \$19,687.

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a net increase in fund balance of \$591,084. During the year, the Township made budget amendments that changed the projection to a net increase in fund balance of \$236,809. The actual results for the fiscal year yielded an increase in fund balance of \$367,327.

Capital Assets and Debt Administration:

At March 31, 2020, Tittabawassee Township had \$16,647,911 invested in a range of capital assets including land, buildings, equipment, infrastructure, land improvements, vehicles, and water and sewer lines, net of accumulated depreciation. At March 31, 2019, this total was \$16,739,627. Additional information about the Township's capital assets is presented in Note 1 and Note 4 of the Notes to the Financial Statements.

At March 31, 2020, Tittabawassee Township did not have any long-term indebtedness (other than compensated absences). The Township's DDA had long-term indebtedness (not including compensated absences) of \$43,352. Additional information about the Township's and DDA's indebtedness is presented in Note 5 of the Notes to the Financial Statements.

Economic Factors:

Tittabawassee Township again benefited from steady economic growth marking its 8th consecutive year of increases in new construction. New residential housing starts lead the way with 66 in fiscal year 2019-2020. Fiscal year 2020-2021 continues strong with more than 41 residential new construction permits issued within the first six (6) months. Commercial building starts again mirror the last several years' growth.

This growth continues to increase the tax base of the Township and, in turn, produces increased revenue for the Township's millage funded programs. These include the Fire Fund, Police Fund, General Fund and the Tittabawassee Downtown Development District (DDA).

The Township's leaders remain committed to managing this growth as well as providing forecasts of need created by an expanding population. A 5-Year Master Plan was completed in 2019, which will assist with planning and development for land use in the years to come.

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

Finally, Freeland Chamber of Commerce again reports strong business activity over this past eight (8) year growth period. The Township is committed to working with community organizations, local businesses and property owners to maintain a level of community events, recreation programs and safety-minded service to its residents. This is possible because of a strong steadily growing tax base supported largely by new family housing starts in the Freeland Community School District.

As the population increases, the increases in student count within the Freeland Community School District enable the schools to receive increased State Aid funding. It takes a healthy school system to maintain the growth we're experiencing and together the Township, Schools and Business community are very satisfied with the continued steady growth of our community.

Contacting the Township's Financial Management:

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Township Office, 145 S. Second Street, Freeland, MI 48623.

BASIC FINANCIAL STATEMENTS

TITTABAWASSEE TOWNSHIP

STATEMENT OF NET POSITION

March 31, 2020

	<i>Primary Government</i>			<i>Component Unit - DDA</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 2,616,504	\$ 3,300,606	\$ 5,917,110	\$ 15,632
Receivables	401,884	1,078,625	1,480,509	54,390
Inventory	-	55,129	55,129	-
Prepaid expenses	64,554	15,006	79,560	60,921
Capital assets not being depreciated	497,133	126,073	623,206	407,379
Capital assets being depreciated, net	<u>2,147,447</u>	<u>13,877,258</u>	<u>16,024,705</u>	<u>5,319,837</u>
Total assets	<u>5,727,522</u>	<u>18,452,697</u>	<u>24,180,219</u>	<u>5,858,159</u>
Deferred outflows of resources:				
Related to pension	<u>86,309</u>	<u>37,081</u>	<u>123,390</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued expenses	134,545	158,104	292,649	90,961
Long-term liabilities:				
Due within one year				
Current portion of long-term debt	-	-	-	43,352
Compensated absences payable	12,942	12,340	25,282	-
Due in more than one year				
Compensated absences payable	79,792	48,152	127,944	3,512
Net pension liability	<u>119,167</u>	<u>52,504</u>	<u>171,671</u>	<u>-</u>
Total liabilities	<u>346,446</u>	<u>271,100</u>	<u>617,546</u>	<u>137,825</u>
Deferred inflows of resources:				
Related to pension	<u>36,874</u>	<u>17,352</u>	<u>54,226</u>	<u>-</u>
Net position:				
Net investment in capital assets	2,644,580	14,003,331	16,647,911	5,683,864
Restricted for:				
Construction code activities	89,755	-	89,755	-
Public safety	739,137	-	739,137	-
Refuse collection	264,277	-	264,277	-
Unrestricted	<u>1,692,762</u>	<u>4,197,995</u>	<u>5,890,757</u>	<u>36,470</u>
Total net position	<u>\$ 5,430,511</u>	<u>\$ 18,201,326</u>	<u>\$ 23,631,837</u>	<u>\$ 5,720,334</u>

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 729,588	\$ 205,982	\$ -	\$ -	\$ (523,606)
Public safety	1,622,890	205,003	27,234	20,000	(1,370,653)
Public works	737,171	606,467	13,089	-	(117,615)
Health and welfare	-	-	-	-	-
Community and economic development	39,595	6,385	-	-	(33,210)
Recreation and culture	361,158	42,595	50,470	-	(268,093)
Interest on long-term debt	211	-	-	-	(211)
Total governmental activities	<u>3,490,613</u>	<u>1,066,432</u>	<u>90,793</u>	<u>20,000</u>	<u>(2,313,388)</u>
<i>Business-type activities:</i>					
Sewer	1,366,733	1,091,048	-	362,328	86,643
Water	1,980,162	1,867,455	-	291,401	178,694
Total business-type activities	<u>3,346,895</u>	<u>2,958,503</u>	<u>-</u>	<u>653,729</u>	<u>265,337</u>
Total primary government	<u>\$ 6,837,508</u>	<u>\$ 4,024,935</u>	<u>\$ 90,793</u>	<u>\$ 673,729</u>	<u>\$ (2,048,051)</u>
COMPONENT UNIT:					
Downtown development authority	<u>\$ 548,289</u>	<u>\$ 114,730</u>	<u>\$ 30</u>	<u>\$ 33,970</u>	<u>\$ (399,559)</u>

continued

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended March 31, 2020

	<i>Primary Government</i>			<i>Component Unit - DDA</i>
	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (2,313,388)	\$ 274,998	\$ (2,038,390)	\$ (399,559)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	389,312	-	389,312	-
Property taxes, levied for police/public safety	1,075,517	-	1,075,517	-
Property taxes, levied for fire/public safety	231,774	-	231,774	-
Property taxes, captured by DDA	-	-	-	398,649
Franchise fees	59,235	-	59,235	-
Grants and contributions not restricted to specific programs	839,762	-	839,762	-
Unrestricted investment earnings	6,002	38,655	44,657	151
Other	32,447	-	32,447	12,987
Special items:				
Sale of capital assets	6,350	(1,350)	5,000	-
Total general revenues and special items	<u>2,640,399</u>	<u>37,305</u>	<u>2,677,704</u>	<u>411,787</u>
Changes in net position	327,011	312,303	639,314	12,228
Net position, beginning of year	<u>5,103,500</u>	<u>17,889,023</u>	<u>22,992,523</u>	<u>5,708,106</u>
Net position, end of year	<u>\$ 5,430,511</u>	<u>\$ 18,201,326</u>	<u>\$ 23,631,837</u>	<u>\$ 5,720,334</u>

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2020

	<i>General Fund</i>	<i>Police Fund</i>	<i>Refuse Collection Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
Assets:					
Cash and cash equivalents	\$ 1,604,612	\$ 544,289	\$ 227,796	\$ 239,807	\$ 2,616,504
Taxes receivable	34,037	67,034	-	14,461	115,532
Accounts receivable	26,035	872	43,217	25	70,149
Special assessments receivable	2,142	-	-	-	2,142
Due from other governments	136,061	-	-	-	136,061
Due from component unit	78,000	-	-	-	78,000
Prepaid expenditures	26,420	7,940	29,174	1,020	64,554
Total assets	<u>\$ 1,907,307</u>	<u>\$ 620,135</u>	<u>\$ 300,187</u>	<u>\$ 255,313</u>	<u>\$ 3,082,942</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 22,165	\$ 8,897	\$ 35,910	\$ 14,168	\$ 81,140
Deposits payable	11,150	-	-	-	11,150
Accrued wages payable	18,764	16,420	-	7,071	42,255
Total liabilities	<u>52,079</u>	<u>25,317</u>	<u>35,910</u>	<u>21,239</u>	<u>134,545</u>
Fund balances:					
Nonspendable	26,420	7,940	29,174	1,020	64,554
Restricted	-	586,878	235,103	233,054	1,055,035
Committed	473,317	-	-	-	473,317
Unassigned	1,355,491	-	-	-	1,355,491
Total fund balances	<u>1,855,228</u>	<u>594,818</u>	<u>264,277</u>	<u>234,074</u>	<u>2,948,397</u>
Total liabilities and fund balances	<u>\$ 1,907,307</u>	<u>\$ 620,135</u>	<u>\$ 300,187</u>	<u>\$ 255,313</u>	<u>\$ 3,082,942</u>

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES

March 31, 2020

Fund balances of governmental funds	\$ 2,948,397
Net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated	497,133
Capital assets being depreciated, net	2,147,447
Deferred outflows of resources from the net difference between projected and actual earnings on pension plan investments and from changes in assumptions as well as the contributions made after the measurement date of the net pension liability are not reported in the funds.	86,309
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.	
Compensated absences	(92,734)
Net pension liability	(119,167)
Deferred inflows of resources from the differences between projected and actual investment earnings of the pension plan and differences between expected and actual experience of the pension plan are not reported in the funds.	<u>(36,874)</u>
Net position of governmental activities	<u><u>\$ 5,430,511</u></u>

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

GOVERNMENTAL FUNDS
**STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
 Year Ended March 31, 2020

	<u>General Fund</u>	<u>Police Fund</u>	<u>Refuse Collection Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues:					
Property taxes	\$ 398,950	\$ 1,075,517	\$ -	\$ 231,774	\$ 1,706,241
Special assessments	52,495	-	-	-	52,495
Licenses and permits	59,235	-	-	194,828	254,063
State grants	852,851	10,655	-	9,489	872,995
Contributions from other units	14,308	-	-	20,000	34,308
Charges for services	301,453	10	531,080	-	832,543
Fines and forfeits	-	6,705	-	-	6,705
Interest and rents	65,188	140	1	43	65,372
Other revenue	<u>62,143</u>	<u>15,539</u>	<u>2,040</u>	<u>13,745</u>	<u>93,467</u>
Total revenues	<u>1,806,623</u>	<u>1,108,566</u>	<u>533,121</u>	<u>469,879</u>	<u>3,918,189</u>
Expenditures:					
Current					
General government	782,316	-	-	-	782,316
Public safety	-	1,081,526	-	428,659	1,510,185
Public works	183,882	-	552,808	-	736,690
Community and economic development	40,029	-	-	-	40,029
Recreation and culture	267,422	-	-	-	267,422
Other	11,939	-	-	-	11,939
Capital outlay	63,708	44,536	-	62,802	171,046
Debt service					
Principal	-	-	-	28,905	28,905
Interest and fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>211</u>	<u>211</u>
Total expenditures	<u>1,349,296</u>	<u>1,126,062</u>	<u>552,808</u>	<u>520,577</u>	<u>3,548,743</u>
Excess (deficiency) of revenues over expenditures	<u>457,327</u>	<u>(17,496)</u>	<u>(19,687)</u>	<u>(50,698)</u>	<u>369,446</u>
Other financing sources (uses):					
Sale of capital assets	-	6,350	-	-	6,350
Interfund transfers in	-	-	-	90,000	90,000
Interfund transfers out	<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>
Net other financing sources (uses)	<u>(90,000)</u>	<u>6,350</u>	<u>-</u>	<u>90,000</u>	<u>6,350</u>
Changes in fund balances	367,327	(11,146)	(19,687)	39,302	375,796
Fund balances, beginning of year	<u>1,487,901</u>	<u>605,964</u>	<u>283,964</u>	<u>194,772</u>	<u>2,572,601</u>
Fund balances, end of year	<u>\$ 1,855,228</u>	<u>\$ 594,818</u>	<u>\$ 264,277</u>	<u>\$ 234,074</u>	<u>\$ 2,948,397</u>

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

Year Ended March 31, 2020

Changes in fund balances of governmental funds	\$ 375,796
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Purchases of capital assets	124,739
Depreciation expense	(208,065)
Payments of principal on long-term obligations are expenditures in the governmental funds but the payments reduce long-term liabilities in the statement of net position.	28,905
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences payable	2,855
Change in net pension liability and related deferred outflows and inflows of resources	(65,069)
Change in net OPEB liability and related deferred outflows	<u>67,850</u>
Change in net position of governmental activities	<u><u>\$ 327,011</u></u>

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
 March 31, 2020

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Assets:			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1,564,865	\$ 1,735,741	\$ 3,300,606
Accounts receivable	230,242	374,103	604,345
Special assessments receivable	37,299	6,829	44,128
Inventory	-	55,129	55,129
Prepaid expenses	7,501	7,505	15,006
Total current assets	1,839,907	2,179,307	4,019,214
<i>Noncurrent assets:</i>			
Special assessments receivable, net of current	430,152	-	430,152
Capital assets not being depreciated	120,000	6,073	126,073
Capital assets being depreciated, net	8,410,942	5,466,316	13,877,258
Total noncurrent assets	8,961,094	5,472,389	14,433,483
Total assets	10,801,001	7,651,696	18,452,697
Deferred outflows of resources:			
Related to pension	23,444	13,637	37,081
Liabilities:			
<i>Current liabilities:</i>			
Accounts payable	39,514	86,249	125,763
Deposits payable	-	16,608	16,608
Accrued wages payable	8,028	7,705	15,733
Compensated absences payable	6,170	6,170	12,340
Total current liabilities	53,712	116,732	170,444
<i>Noncurrent liabilities:</i>			
Compensated absences payable	24,076	24,076	48,152
Net pension liability	32,619	19,885	52,504
Total noncurrent liabilities	56,695	43,961	100,656
Total liabilities	110,407	160,693	271,100
Deferred inflows of resources:			
Related to pension	10,303	7,049	17,352
Net position:			
Investment in capital assets	8,530,942	5,472,389	14,003,331
Unrestricted	2,172,793	2,025,202	4,197,995
Total net position	\$ 10,703,735	\$ 7,497,591	\$ 18,201,326

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

PROPRIETARY FUNDS
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 FUND NET POSITION**
 Year Ended March 31, 2020

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Operating revenues:			
Charges for services			
Sales	\$ 1,070,272	\$ 1,725,136	\$ 2,795,408
Penalties	10,961	19,948	30,909
Other	10,363	37,475	47,838
Hydrant assessments	-	84,896	84,896
	1,091,596	1,867,455	2,959,051
Operating expenses:			
Personal services	438,055	370,320	808,375
Supplies	68,377	43,464	111,841
Contracted services	33,495	56,504	89,999
Purchase of water	-	839,697	839,697
Administrative expense	65,245	98,666	163,911
Other services and charges	209,539	183,607	393,146
Depreciation	552,022	387,904	939,926
	1,366,733	1,980,162	3,346,895
Total operating expenses			
Operating income (loss)	(275,137)	(112,707)	(387,844)
Non-operating revenues (expenses):			
Interest income	22,271	16,384	38,655
Interest income - special assessments	9,113	-	9,113
Sale of capital assets	(1,350)	-	(1,350)
	30,034	16,384	46,418
Net non-operating revenues			
Changes in net position before capital contributions	(245,103)	(96,323)	(341,426)
Capital contributions - capital assets	279,048	163,086	442,134
Capital contributions - connection and tap fees	83,280	128,315	211,595
	117,225	195,078	312,303
Changes in fund net position			
Net position, beginning of year	10,586,510	7,302,513	17,889,023
Net position, end of year	\$ 10,703,735	\$ 7,497,591	\$ 18,201,326

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
 Year Ended March 31, 2020

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Cash flows from operating activities:			
Cash received from customers	\$ 1,053,325	\$ 1,792,633	\$ 2,845,958
Cash payments to and on behalf of employees	(446,194)	(378,672)	(824,866)
Cash payments for goods, services and other	(350,324)	(1,232,874)	(1,583,198)
Net cash provided (used) by operating activities	256,807	181,087	437,894
Cash flows from capital related financing activities:			
Interest income - special assessments	9,113	-	9,113
Capital contributions - special assessments	56,374	(2,112)	54,262
Capital contributions - connection and tap fees	83,280	128,315	211,595
Acquisition and construction of capital assets	(458,340)	(32,412)	(490,752)
Net cash provided (used) by capital and related financing activities	(309,573)	93,791	(215,782)
Cash flows from investing activities:			
Interest received	22,271	16,384	38,655
Change in cash and cash equivalents	(30,495)	291,262	260,767
Cash and cash equivalents, beginning of year	1,595,360	1,444,479	3,039,839
Cash and cash equivalents, end of year	\$ 1,564,865	\$ 1,735,741	\$ 3,300,606
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (275,137)	\$ (112,707)	\$ (387,844)
Adjustments:			
Depreciation	552,022	387,904	939,926
Change in assets and liabilities:			
Accounts receivable	(39,823)	(77,817)	(117,640)
Due from other funds	1,552	3,084	4,636
Inventory	-	1,131	1,131
Prepaid expenses	2,263	4,127	6,390
Accounts payable	24,069	(13,674)	10,395
Due to other funds	-	(89)	(89)
Deposits payable	-	(2,520)	(2,520)
Accrued wages payable	2,533	4,072	6,605
Compensated absences payable	5,072	9,062	14,134
Net OPEB liability and related deferred outflows	(33,925)	(33,925)	(67,850)
Net pension liability and related deferred outflows/inflows	18,181	12,439	30,620
Net cash provided (used) by operating activities	\$ 256,807	\$ 181,087	\$ 437,894

Schedule of noncash capital financing activities:

The Sewer Fund received \$279,048 and the Water Fund received \$163,086 of contributed capital assets.

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
March 31, 2020

	<i>Health Care Savings Program Trust Fund</i>	<i>Agency Funds</i>
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ -	\$ 449,201
Investments	<u>125,670</u>	<u>-</u>
Total assets	<u>125,670</u>	<u>449,201</u>
Liabilities:		
Undistributed tax collections	-	103,423
Due to other governments	-	313,938
Due to others	<u>10,359</u>	<u>31,840</u>
Total liabilities	<u>10,359</u>	<u>\$ 449,201</u>
Net position:		
Held in trust for retiree benefits	<u>\$ 115,311</u>	

The accompanying notes are an integral part of these financial statements.

TITTABAWASSEE TOWNSHIP

FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended March 31, 2020

	<i>Health Care Savings Program Trust Fund</i>
Additions:	
Employer contributions	\$ 138,367
Employee contributions	11,867
Net investment income (loss)	<u>(24,564)</u>
Total additions	<u>125,670</u>
Deductions:	
Vested employee benefits	<u>10,359</u>
Increase (decrease) in fiduciary net position	115,311
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ 115,311</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by Tittabawassee Township, (the "Township").

Reporting Entity:

Tittabawassee Township is governed by an elected seven-member Board of Trustees. The Township provides the following services: general administrative services, road maintenance, fire protection, police protection, recreation and other governmental functions. The component unit discussed below is included in the Township's financial reporting entity because of the significance of its operational and financial relationship with the Township. In accordance with generally accepted accounting principles, these financial statements present the Township (the primary government) and its component unit. The criteria established by the Government Accounting Standards Board (GASB) for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included. Data from the component unit is segregated from the primary government in the combined financial statements. The component unit's financial information has been included based upon a March 31 year-end.

Component Unit:

Downtown Development Authority – The Township Board established the Downtown Development Authority (DDA) in 1988. The DDA was formed to sustain and improve the redevelopment of the downtown village area of the Township. A Board of nine individuals representing various segments of the DDA District and Township provided the direction for the activities of the DDA.

Jointly Governed Organization:

Mid Michigan Waste Authority – The Township is a member of and receives trash collection services from Mid Michigan Waste Authority (MMWA). MMWA was created in 1991 by twelve municipal corporations within Saginaw County under the provisions of Act 233, Public Acts of Michigan, 1995 as amended, for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system. The Township does not have any equity interest in MMWA. The cost of trash collection services for the year ended March 31, 2020, from MMWA, was \$526,244.

Accounting and Reporting Principles:

The Township follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Report Presentation:

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

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program 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. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are not included in the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting:

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the Township to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds.

Proprietary funds provide goods or services to users in exchange for charges or fees.

Fiduciary funds account for the resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the Township's own programs.

The Township reports the following major governmental funds:

General Fund is the Township's primary operating fund. It accounts for all financial resources, except for those required to be accounted for in another fund.

Special Revenue Fund – Police Fund accounts for all financial transactions of the police protection services provided by the Township. Revenues are derived from property taxes.

Special Revenue Fund – Refuse Collection Fund accounts for all financial transactions of the refuse collection services provided by the Township. Revenues are derived from charges for services.

The Township reports the following major proprietary funds:

Enterprise Fund – Sewer Fund accounts for the operation and maintenance of the Township's sewage disposal system.

Enterprise Fund – Water Fund accounts for the operation and maintenance of the Township's water supply system.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Additionally, the Township reports the following fund types:

Special Revenue Funds – account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Fiduciary Funds – includes other employee benefit trust funds and agency funds. Trust funds are used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Basis of Accounting:

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources. Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Inventory – Inventory is valued at cost, on a first-in, first-out basis. Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods 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., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund statements.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital assets are defined by the Township as assets with an individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	5-50 years
Fitness equipment	3 years
Infrastructure	40-50 years
Land improvements	5-50 years
Machinery and equipment	3-20 years
Office equipment	3-10 years
Sewer system	5-75 years
Vehicles	5-15 years
Water system	20-75 years

Long-term Obligations – In the government-wide financial statements and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting.

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

Fund Balance Flow Assumption – Sometimes the Township will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balance Policies – Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid expenditures) or (b) legally or contractually required to be maintained intact (i.e. corpus of permanent funds). Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Township Board. A formal resolution of the Township Board is required to establish, modify, or rescind a fund balance commitment. The Township reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund. The General Fund is the only fund that reports unassigned fund balance.

The Township has established a policy to maintain a minimum unassigned fund balance for the General Fund of \$1,000,000. This is to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The use of fund balance is appropriate as part of a financial plan and one-time expenditures. If unassigned fund balance falls below or grows above the established policy range, the Township Manager will present a financial plan, typically as part of the fiscal budgeting process, to address the deficiency or surplus of unassigned fund balance.

Property Tax Revenue – Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year. The 2019 taxable valuation of the Township totaled \$326,042,297 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments) on which ad valorem taxes levied consisted of .8894 mills for the Township's operating purposes, 2.7266 mills for police protection and 1.5000 mill for public safety.

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

Other Postemployment Benefit Costs (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of Tittabawassee Township Retiree Health Plan and additions to/deductions from the Township's fiduciary net position have been determined on the same basis as they are reported by Tittabawassee Township. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. During the current fiscal year, the Township amended its retiree healthcare policies and effectively eliminated its net OPEB liability, as reported at the end of the prior year.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences (Vacation and Sick Leave) – The Township provides its full-time employees with a method for taking time off for vacation and sick leave which is commonly called “paid time off” (PTO). Rather than provide vacation or sick time, the Township provides PTO. Employees earn PTO hours every biweekly pay period based on their years of service with the Township. Entry level employees earn 224 hours of PTO. As employees gain more years of service their annual earning of PTO hours increases. The maximum annual earning of PTO is 304 hours for employees serving 10 years or more. It is the Township’s policy to permit employees to accumulate earned but unused (PTO) hours. Unused (or banked) PTO may be carried over year-to-year with a maximum of 480 hours being carried over. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The funds that report each employee’s compensation are used to liquidate the obligation.

Proprietary Funds Operating Classification – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Sewer Fund and Water Fund are charges to customers for sales and services. The Sewer Fund and Water Fund recognize as capital contributions the connection and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

Use of Estimates:

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

Interfund Activity:

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. Before the beginning of the next fiscal year, a proposed operating budget is submitted to the Township Board by fund. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. Prior to April 1, the budget is legally enacted by adoption of the Township Board. Any revision that alters the total expenditures of any fund must be approved by the Township Board. Formal budgetary integration is employed as a management control device during the year for all funds. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund as well as any other major funds is included in the required supplementary information. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Final Budget</u>
General Fund:			
General government			
Elections	\$ 6,400	\$ 7,774	\$ 1,374
Clerk	53,140	54,750	1,610
Refuse Collection Fund:			
Public works	533,981	552,808	18,827

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Township Board is in accordance with Public Act 196 of 1997. The Township's deposits and investments have been made in accordance with statutory authority.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

The Township's deposits and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$6,558,204 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$1,100,713 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Township had no investments at March 31, 2020.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2020 was as follows:

	<u>April 1,</u> <u>2019</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>March 31,</u> <u>2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 476,053	\$ -	\$ -	\$ 476,053
Land improvements	-	21,080	-	21,080
Total capital assets not being depreciated	<u>476,053</u>	<u>21,080</u>	<u>-</u>	<u>497,133</u>
Capital assets being depreciated:				
Buildings and improvements	1,929,149	-	-	1,929,149
Infrastructure	115,204	-	-	115,204
Land improvements	1,512,819	-	-	1,512,819
Machinery and equipment	456,241	25,539	-	481,780
Office equipment	92,697	10,038	-	102,735
Vehicles	<u>1,167,142</u>	<u>68,082</u>	<u>(160,236)</u>	<u>1,074,988</u>
Total capital assets being depreciated	<u>5,273,252</u>	<u>103,659</u>	<u>(160,236)</u>	<u>5,216,675</u>
Less accumulated depreciation for:				
Buildings and improvements	(800,186)	(37,473)	-	(837,659)
Infrastructure	(31,837)	(2,686)	-	(34,523)
Land improvements	(973,041)	(69,922)	-	(1,042,963)
Machinery and equipment	(367,474)	(18,281)	-	(385,755)
Office equipment	(87,121)	(3,649)	-	(90,770)
Vehicles	<u>(761,740)</u>	<u>(76,054)</u>	<u>160,236</u>	<u>(677,558)</u>
Total accumulated depreciation	<u>(3,021,399)</u>	<u>(208,065)</u>	<u>160,236</u>	<u>(3,069,228)</u>
Capital assets being depreciated, net	<u>2,251,853</u>	<u>(104,406)</u>	<u>-</u>	<u>2,147,447</u>
Governmental activities, capital assets, net	<u>\$ 2,727,906</u>	<u>\$ (83,326)</u>	<u>\$ -</u>	<u>\$ 2,644,580</u>

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 4: CAPITAL ASSETS, CONTINUED

	<u>April 1, 2019</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>March 31, 2020</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 126,073	\$ -	\$ -	\$ 126,073
Construction in progress	260,866	46,666	(307,532)	-
Total capital assets not being depreciated	<u>386,939</u>	<u>46,666</u>	<u>(307,532)</u>	<u>126,073</u>
Capital assets being depreciated:				
Buildings and improvements	1,676,103	-	(8,997)	1,667,106
Equipment and vehicles	876,983	59,674	(22,515)	914,142
Sanitation plant	1,388,193	366,412	-	1,754,605
Sewer lines	18,609,863	450,814	-	19,060,677
Water mains	12,612,202	316,852	-	12,929,054
Total capital assets being depreciated	<u>35,163,344</u>	<u>1,193,752</u>	<u>(31,512)</u>	<u>36,325,584</u>
Less accumulated depreciation for:				
Buildings and improvements	(790,672)	(79,179)	7,647	(862,204)
Equipment and vehicles	(558,094)	(50,178)	22,515	(585,757)
Sanitation plant	(780,692)	(27,459)	-	(808,151)
Sewer lines	(11,720,711)	(465,986)	-	(12,186,697)
Water mains	(7,688,393)	(317,124)	-	(8,005,517)
Total accumulated depreciation	<u>(21,538,562)</u>	<u>(939,926)</u>	<u>30,162</u>	<u>(22,448,326)</u>
Capital assets being depreciated, net	<u>13,624,782</u>	<u>253,826</u>	<u>(1,350)</u>	<u>13,877,258</u>
Business-type activities, capital assets, net	<u>\$ 14,011,721</u>	<u>\$ 300,492</u>	<u>\$ (308,882)</u>	<u>\$ 14,003,331</u>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 407,379	\$ -	\$ -	\$ 407,379
Capital assets being depreciated:				
Buildings and improvements	6,247,025	35,927	-	6,282,952
Land improvements	527,846	-	-	527,846
Machinery and equipment	870,845	33,970	-	904,815
Total capital assets being depreciated	<u>7,645,716</u>	<u>69,897</u>	<u>-</u>	<u>7,715,613</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,325,376)	(139,537)	-	(1,464,913)
Land improvements	(198,445)	(26,392)	-	(224,837)
Machinery and equipment	(666,381)	(39,645)	-	(706,026)
Total accumulated depreciation	<u>(2,190,202)</u>	<u>(205,574)</u>	<u>-</u>	<u>(2,395,776)</u>
Capital assets being depreciated, net	<u>5,455,514</u>	<u>(135,677)</u>	<u>-</u>	<u>5,319,837</u>
Component unit, capital assets, net	<u>\$ 5,862,893</u>	<u>\$ (135,677)</u>	<u>\$ -</u>	<u>\$ 5,727,216</u>

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 4: CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to various functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Unit</i>
General government	\$ 32,605	\$ -	\$ -
Public safety	93,351	-	-
Public works	1,415	-	-
Community and economic development	-	-	205,574
Recreation and culture	80,694	-	-
Sewer	-	552,022	-
Water	-	387,904	-
Total depreciation expense	<u>\$ 208,065</u>	<u>\$ 939,926</u>	<u>\$ 205,574</u>

NOTE 5: LONG-TERM DEBT

The Township may issue bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds and installment purchase agreements are direct obligations and pledge the full faith and credit of the Township.

Long-term debt activity for the fiscal year ended March 31, 2020 was as follows:

	<i>April 1, 2019</i>	<i>Additions</i>	<i>Retirements</i>	<i>March 31, 2020</i>	<i>Due Within One Year</i>
Governmental activities:					
<i>Bonds and notes payable:</i>					
2013 Installment Loan - Fire Truck, paid off.	\$ 28,905	\$ -	\$ (28,905)	\$ -	\$ -
<i>Other liabilities:</i>					
Compensated absences	<u>95,589</u>	<u>3,028</u>	<u>(5,883)</u>	<u>92,734</u>	<u>12,942</u>
Total governmental activities long- term debt	<u>\$ 124,494</u>	<u>\$ 3,028</u>	<u>\$ (34,788)</u>	<u>\$ 92,734</u>	<u>\$ 12,942</u>
Business-type activities:					
<i>Other liabilities:</i>					
Compensated absences	<u>\$ 46,358</u>	<u>\$ 14,134</u>	<u>\$ -</u>	<u>\$ 60,492</u>	<u>\$ 12,340</u>
Total business-type activities long- term debt	<u>\$ 46,358</u>	<u>\$ 14,134</u>	<u>\$ -</u>	<u>\$ 60,492</u>	<u>\$ 12,340</u>

continued

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 5: LONG-TERM DEBT, CONTINUED

	<u>April 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2020</u>	<u>Due Within One Year</u>
Component unit:					
<i>Notes payable:</i>					
2009 Loan Agreement for Assignment of Rents, due in annual amounts of \$45,806 including interest at 4.00% through 2021 (collateralized by assignment of future rents received).	\$ 164,145	\$ -	\$ (120,793)	\$ 43,352	\$ 43,352
<i>Other liabilities:</i>					
Compensated absences	2,035	1,477	-	3,512	-
Total component unit long-term debt	<u>\$ 166,180</u>	<u>\$ 1,477</u>	<u>\$ (120,793)</u>	<u>\$ 46,864</u>	<u>\$ 43,352</u>

Annual debt service requirements to maturity for the above contractual obligations (excluding compensated absences) are as follows:

<u>Year Ended March 31,</u>	<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 43,352</u>	<u>\$ 1,734</u>	<u>\$ 45,086</u>

NOTE 6: INTERFUND BALANCES AND TRANSFERS

The interfund receivable and payable balances for the year ended March 31, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Component unit - Downtown Development Authority	<u>\$ 78,000</u>

The amount expected to be repaid within the year.

Interfund transfers during the fiscal year were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Fire Fund	<u>\$ 90,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivable and payable balances for the fiscal year ended March 31, 2020 were as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Component Unit</i>
Receivables:				
Property taxes receivable	\$ 115,532	\$ -	\$ 115,532	\$ 54,390
Accounts receivable	70,149	604,345	674,494	-
Special assessments receivable				
Current	2,142	44,128	46,270	-
Noncurrent	-	430,152	430,152	-
Intergovernmental	214,061	-	214,061	-
Total receivables	<u>\$ 401,884</u>	<u>\$ 1,078,625</u>	<u>\$ 1,480,509</u>	<u>\$ 54,390</u>
Accounts payable and accrued expenses:				
Accounts payable	\$ 81,140	\$ 125,763	\$ 206,903	\$ 12,123
Accrued payroll and related liabilities	42,255	15,733	57,988	838
Deposits payable	11,150	16,608	27,758	-
Intergovernmental	-	-	-	78,000
Total accounts payable and accrued expenses	<u>\$ 134,545</u>	<u>\$ 158,104</u>	<u>\$ 292,649</u>	<u>\$ 90,961</u>

NOTE 8: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance to cover any potential claims associated with these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years. The Township has a high deductible BCBS HRA form of coverage which enables the Township to self-fund the reimbursement of employees' deductibles and coinsurance limits. The reimbursement of employees' deductibles and coinsurance limits are as follows:

<u>Coverage for:</u>	<u>Deductibles</u>	<u>Coinsurance Amounts</u>
Single	\$ 5,000	\$ 1,350
2 Person/Family	10,000	2,700

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS

The Township has two employee pension plans: a Defined Contribution Plan administered by John Hancock Insurance Co. and a Defined Benefit Plan administered by the Municipal Employee's Retirement System of Michigan (MERS). Information concerning each plan follows:

Defined Contribution Plan (John Hancock Insurance Co.):

The Township contributes to a single-employer defined contribution pension plan for certain municipal employees. Separate financial statements are prepared and distributed by the administrator as required by the state statute. The Township is the only non-employee contributor to the pension plan.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

As of March 31, 2020, the pension plan covers four (4) employees and three (3) elected officials. This defined contribution plan is closed to all new employees (effective October 1, 2010) unless approved by the Township Board. All other full-time Township employees are covered under the MERS defined benefit pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and return earned on investments of those contributions. An employee that leaves the employment of the Township is entitled to his or her contribution and the Township's contributions if vesting requirements are satisfied, plus interest earnings. The mandatory employer contribution percentages are 15% all non-union employees (Manager, DPW Director, and Community Development Director), 8% for Clerk, Treasurer and Supervisor. In addition, per contract, one police employee is 14%. The mandatory employee contribution percentages are 3% for Manager and DPW Director and 5% for Clerk, Treasurer and Supervisor. Employees may voluntarily contribute an additional 20%. During the year, the Township's required and actual contributions amounted to \$44,857 and the employees contributed \$8,336 required and \$6,535 voluntary.

Defined Benefit Pension Plan (Municipal Employees' Retirement System of Michigan):

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, if any, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Plan Description – The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided – The following are the benefits provided from the December 31, 2018 valuation. The division is open.

	<u>All Full Time Employees</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Member Contributions:	5%
Act 88:	Yes (Adopted 8/10/2010)

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Employees covered by benefit terms – At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	5
Inactive employees entitled to but not yet receiving benefits (including refunds):	2
Active employees:	<u>15</u>
Total	<u><u>22</u></u>

Contributions – The Township is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Township may establish contribution rates to be paid by its covered employees. Township’ contributions were 6.98% through August 2019 and then increased to 8.79% based on annual payroll. The amount was based on the valuation payroll from the December 31, 2017 actuarial valuation.

Net Pension Liability – The Township’s net pension liability was measured as of December 31, 2019. The total pension liability as of December 31, 2019 was calculated by the roll-forward method based on the December 31, 2018 actuarial valuation.

Actuarial assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.5%; Salary Increases: 3.75% in the long-term; Investment rate of return: 7.75%, net of investment and administrative expenses including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	55.5%	8.65%	4.80%	2.50%	3.41%
Global Fixed Income	18.5%	3.76%	0.70%	2.50%	0.24%
Private Investments	26.0%	8.65%	2.25%	2.50%	1.60%
TOTAL	100.0%		7.75%		5.25%

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Discount rate – The discount rate used to measure the total pension liability is 8%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at 12/31/18	\$ 3,723,541	\$ 3,410,456	\$ 313,085
Service cost	99,591	-	99,591
Interest on total pension liability	291,694	-	291,694
Difference between expected and actual experience	1,839	-	1,839
Employer contributions	-	140,074	(140,074)
Employee contributions	-	46,819	(46,819)
Net investment income (loss)	-	457,254	(457,254)
Benefit payments, including employee refunds	(254,318)	(254,318)	-
Administrative expenses	-	(7,861)	7,861
Other changes	101,748	-	101,748
Net changes	240,554	381,968	(141,414)
Balances at 12/31/19	<u>\$ 3,964,095</u>	<u>\$ 3,792,424</u>	<u>\$ 171,671</u>

The net pension liability is recorded as follows:

Governmental activities	\$ 119,167
Business-type activities	<u>52,504</u>
	<u>\$ 171,671</u>

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the Township, calculated using the discount rate of 8%, as well as what the Township’s net pension liability (asset) would be using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate.

	<i>1% Decrease Rate 7%</i>	<i>Current Rate 8%</i>	<i>1% Increase Rate 9%</i>
Net pension liability	\$ -	\$ 171,671	\$ -
Change in net pension liability as of 12/31/19	<u>465,905</u>	<u>-</u>	<u>(383,298)</u>
	<u>\$ 637,576</u>	<u>\$ 171,671</u>	<u>\$ (211,627)</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended March 31, 2020, the Township recognized pension expense, on the defined benefit plan, of \$240,315.

The Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	<i><u>Deferred Outflows of Resources</u></i>	<i><u>Deferred Inflows of Resources</u></i>
Difference between expected and actual experience	\$ -	\$ 54,226
Changes in assumptions	62,111	-
Net difference between projected and actual earnings on pension plan investments	21,348	-
Contributions subsequent to the measurement date	39,931	-
	<u>\$ 123,390</u>	<u>\$ 54,226</u>

The deferred outflows of resources and deferred inflows of resources are recorded as follows:

	<i><u>Deferred Outflows of Resources</u></i>	<i><u>Deferred Inflows of Resources</u></i>
Governmental activities	\$ 86,309	\$ 36,874
Business-type activities	37,081	17,352
	<u>\$ 123,390</u>	<u>\$ 54,226</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the Township contributions to the plan made subsequent to the measurement date (\$35,379), which would impact the net pension liability in fiscal year 2021, rather than pension expense.

<i><u>Year Ended</u></i>	<i><u>Amount</u></i>
2021	\$ 2,646
2022	20,272
2023	53,105
2024	(47,097)
2025	307

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Deferred Compensation Plan:

The Township offers its employees a choice of two deferred compensation plans created in accordance with IRC Section 457. The plans, available to all employees, permit them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – Prior to the April 1, 2019 revisions to the collective bargaining agreements and the personnel handbook, the Township agreed to contribute \$400 per month towards a health care insurance plan for an employee who retired between the age of 60 and 65 and who had 10 years of continuous service (personnel handbook) or 20 years of continuous service (police collective bargaining agreement) with the Township. The benefit automatically terminated upon the retiree turning 65, and, in no event, was a retiree eligible for more than five years of such benefit. The net OPEB liability of \$137,243 as of March 31, 2019 was fully liquidated during the current year.

Summary of Plan Participants – As of March 31, 2019, plan membership consisted of 17 active employees and 2 retirees. As of April 1, 2019, retiree healthcare benefits no longer apply to any employees who are currently employed or retired.

Contribution Amounts – For the year ended March 31, 2020, the Township contributed \$4,800 for the one retiree.

Net OPEB Liability

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</i>
Balance at 3/31/19	\$ 137,243	\$ -	\$ 137,243
Change in plan terms	(132,443)	-	(132,443)
Net benefits paid by employer	(4,800)	-	(4,800)
Net changes	(137,243)	-	(137,243)
Balance at 3/31/20	\$ -	\$ -	\$ -

NOTE 11: HEALTH CARE SAVINGS PROGRAM (HCSP)

Plan Description – The Township’s defined contribution plan (Health Care Savings Program) provides certain health care benefits to plan members and legal dependents upon termination of employment. The Township participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee defined contribution OPEB plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 11: HEALTH CARE SAVINGS PROGRAM (HCSP), CONTINUED

Effective April 1, 2019, the Township contributes to a MERS Health Care Savings Program (HCSP) for eligible full time employees. The Township and each employee shall each contribute one percent (1%) of an employee's base wage. Base wage will include regular hours, holiday hours and paid time off hours only, up to 2,080 hours per year. Employees shall be allowed to make voluntary, after-tax contributions into the HCSP at their discretion. Such contributions shall be made as a payroll deduction through the Township's payroll. The HCSP shall have a five (5) year vesting period for Township contributions, including the front load amount discussed below, based on Township full time service credit only.

For full time employees employed as of March 31, 2019, the Township paid into an employee's HCSP a front-load dollar amount based on years of full time service (details in the collective bargaining agreements and the personnel handbook). Any employee hired on or after April 1, 2019, was not eligible for the front-load benefit.

Summary of Plan Participants – As of March 31, 2020, plan membership consisted of 20 active employees.

Contribution Amounts – For the year ended March 31, 2020, the Township contributed \$138,364 to the HCSP plan on behalf of the employees. Of this amount, \$126,500 was the front-load dollar amount and \$11,864 was the 1% contribution.

Vested Balances – At March 31, 2020, the employer contributed vested balance was \$107,447 and the employee contributed vested balance was \$10,359.

NOTE 11: FUND BALANCES

The following illustrates the segregation of fund balances of the governmental funds shown on page 14.

	<u>General Fund</u>	<u>Police Fund</u>	<u>Refuse Collection Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<i>Nonspendable:</i>					
Prepaid expenditures	\$ 26,420	\$ 7,940	\$ 29,174	\$ 1,020	\$ 64,554
<i>Restricted:</i>					
Construction code activities	-	-	-	89,501	89,501
Public safety	-	586,878	-	143,553	730,431
Refuse collection	-	-	235,103	-	235,103
	-	586,878	235,103	233,054	1,055,035
<i>Committed:</i>					
Capital improvements	381,802	-	-	-	381,802
Parks	60,631	-	-	-	60,631
Road improvements	30,884	-	-	-	30,884
	473,317	-	-	-	473,317
Unassigned	1,355,491	-	-	-	1,355,491
Total fund balances	<u>\$ 1,855,228</u>	<u>\$ 594,818</u>	<u>\$ 264,277</u>	<u>\$ 234,074</u>	<u>\$ 2,948,397</u>

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

NOTE 12: DDA HEALTH/FITNESS FUND - DESIGNATED FUND

In an agreement dated December 18, 2013, the Tittabawassee Township DDA established a permanently endowed designated fund to be administered by The Saginaw Community Foundation (SCF). The DDA irrevocably gave, assigned, and transferred to the Foundation \$1,400,000 to create a permanent endowment with opportunity for the DDA and/or other supporters to make further contributions to the established Fund at any time. The Foundation will hold, in perpetuity, the transferred property and additional property transferred to the Fund.

Charitable distributions from SCF in amounts determined by the SCF Board's established spending policy will be made periodically to the DDA. Only the DDA shall have the right to request distributions from the Available Fund. In the event that the DDA is dissolved, or otherwise is no longer in existence, the Tittabawassee Township Board of Trustees shall have the right to request distributions from the Available Fund.

Distributions from the Available Fund shall be made when the balance is at or below \$600,000, only to the Freeland SportsZone in care of the Freeland Community Sports Association, or any successor management entity of the Freeland SportsZone, according to the following terms and restrictions outlined in the agreement:

- a. Distributions shall only be for capital items
- b. No funds shall be distributed for the operating costs of the SportsZone

Distributions from the Available Fund may be made when the balance is above \$600,000, to any not-for-profit entity located in and doing activities within Tittabawassee Township for sports/fitness purposes, according to the following terms and restrictions outlined in the agreement:

- a. Distributions shall only be for capital items
- b. No funds shall be distributed for the operating costs of the not-for-profit entity

As of March 31, 2020, the SCF endowment balance was \$1,475,489. During the year ended March 31, 2020, the DDA did not receive a distribution from the Available Fund. The Saginaw Community Foundation is the sole owner of all assets in the Endowment Fund. The DDA has no right, title, interest, or incidents of ownership in the \$1,400,000 transferred to the Fund or any additional property transferred to the Fund.

NOTE 13: TAX ABATEMENTS

The Township has entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The Township has determined that the abated property tax revenues is not considered material to the financial statements.

NOTE 14: CONTINGENT LIABILITIES

Litigation – The Township is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the Township's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the Township.

REQUIRED SUPPLEMENTARY INFORMATION

TITTABAWASSEE TOWNSHIP

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 99,591	\$ 98,939	\$ 96,018
Interest on total pension liability	291,694	280,752	264,597
Difference between expected and actual experience	1,839	(59,507)	(23,686)
Changes in assumptions	-	-	-
Benefit payments, including employee refunds	(254,318)	(132,003)	(106,155)
Other changes	<u>101,748</u>	<u>9,424</u>	<u>(17,364)</u>
Net change in total pension liability	240,554	197,605	213,410
Total pension liability - beginning	<u>3,723,541</u>	<u>3,525,936</u>	<u>3,312,526</u>
Total pension liability - ending	<u>\$ 3,964,095</u>	<u>\$ 3,723,541</u>	<u>\$ 3,525,936</u>
Plan fiduciary net position			
Contributions - employer	\$ 140,074	\$ 131,092	\$ 118,921
Contributions - employee	46,819	43,800	41,229
Net investment income (loss)	457,254	(141,582)	410,695
Benefit payments, including employee refunds	(254,318)	(132,003)	(106,155)
Administrative expenses	<u>(7,861)</u>	<u>(6,905)</u>	<u>(6,486)</u>
Net change in plan fiduciary net position	381,968	(105,598)	458,204
Total plan fiduciary net position - beginning	<u>3,410,456</u>	<u>3,516,054</u>	<u>3,057,850</u>
Total plan fiduciary net position - ending	<u>\$ 3,792,424</u>	<u>\$ 3,410,456</u>	<u>\$ 3,516,054</u>
Township's net pension liability	\$ 171,671	\$ 313,085	\$ 9,882
Plan fiduciary net position as a percentage of the total pension liability	95.67%	91.59%	99.72%
Covered employee payroll	\$ 847,229	\$ 839,463	\$ 816,119
Township's net pension liability as a percentage of covered employee payroll	20.26%	37.30%	1.21%

Note: GASB Statement No. 68 was implemented for the year ended March 31, 2016 and does not require retroactive implementation. Data will be added as information is available until 10 years of data is displayed. Information presented in this schedule is as of the measurement date of December 31 of each year.

continued

TITTABAWASSEE TOWNSHIP

SCHEDULE OF CHANGES IN TOWNSHIP'S NET PENSION LIABILITY AND RELATED RATIOS, CONTINUED

	<u>2016</u>	<u>2015</u>
Service cost	\$ 92,780	\$ 85,159
Interest on total pension liability	243,139	224,886
Difference between expected and actual experience	(9,904)	-
Changes in assumptions	144,927	-
Benefit payments, including employee refunds	(103,497)	(84,476)
Other changes	<u>(7,414)</u>	<u>1,373</u>
Net change in total pension liability	360,031	226,942
Total pension liability - beginning	<u>2,952,495</u>	<u>2,725,553</u>
Total pension liability - ending	<u>\$ 3,312,526</u>	<u>\$ 2,952,495</u>
Plan fiduciary net position		
Contributions - employer	\$ 104,565	\$ 97,417
Contributions - employee	40,530	39,199
Net investment income (loss)	313,108	(42,013)
Benefit payments, including employee refunds	(103,497)	(84,476)
Administrative expenses	<u>(6,174)</u>	<u>(6,028)</u>
Net change in plan fiduciary net position	348,532	4,099
Total plan fiduciary net position - beginning	<u>2,709,318</u>	<u>2,705,219</u>
Total plan fiduciary net position - ending	<u>\$ 3,057,850</u>	<u>\$ 2,709,318</u>
Township's net pension liability	\$ 254,676	\$ 243,177
Plan fiduciary net position as a percentage of the total pension liability	92.31%	91.76%
Covered employee payroll	\$ 815,186	\$ 771,616
Township's net pension liability as a percentage of covered employee payroll	31.24%	31.52%

TITTABAWASSEE TOWNSHIP

SCHEDULE OF TOWNSHIP DEFINED BENEFIT PLAN PENSION CONTRIBUTIONS Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 76,628	\$ 66,946	\$ 64,393	\$ 44,877	\$ 45,603
Contributions in relation to the actuarially determined contribution	<u>144,627</u>	<u>132,585</u>	<u>125,339</u>	<u>105,232</u>	<u>106,536</u>
Contribution (excess) deficiency	<u>\$ (67,999)</u>	<u>\$ (65,639)</u>	<u>\$ (60,946)</u>	<u>\$ (60,355)</u>	<u>\$ (60,933)</u>
Covered-employee payroll	\$ 847,229	\$ 839,463	\$ 816,119	\$ 815,186	\$ 771,616
Actuarially determined contribution as a percentage of covered-employee payroll	9%	8%	8%	6%	6%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 25,638	\$ 40,217	\$ 37,646	\$ 61,316	\$ 33,542
Contributions in relation to the actuarially determined contribution	<u>79,009</u>	<u>82,550</u>	<u>97,516</u>	<u>98,393</u>	<u>54,719</u>
Contribution (excess) deficiency	<u>\$ (53,371)</u>	<u>\$ (42,333)</u>	<u>\$ (59,870)</u>	<u>\$ (37,077)</u>	<u>\$ (21,177)</u>
Covered-employee payroll	\$ 746,387	\$ 722,950	\$ 801,684	\$ 841,195	\$ 841,195
Actuarially determined contribution as a percentage of covered-employee payroll	3%	6%	5%		

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, 15 months prior to the beginning of the fiscal year in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

Note: Information presented in this schedule is as of fiscal year end of each year.

TITTABAWASSEE TOWNSHIP

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

	<u>2020</u>	<u>2019</u>
Service cost	\$ -	\$ 5,503
Interest	-	4,610
Changes in benefit terms	(132,443)	-
Changes in assumptions	-	1,770
Benefit payments, including employee refunds	<u>(4,800)</u>	<u>(6,400)</u>
Net change in total OPEB liability	(137,243)	5,483
Total OPEB liability - beginning	<u>137,243</u>	<u>131,760</u>
Total OPEB liability - ending	<u><u>\$ -</u></u>	<u><u>\$ 137,243</u></u>
Plan fiduciary net position		
Contributions to OPEB trust	\$ -	\$ -
Contributions/benefit payments made from general operating funds	4,800	6,400
Net investment income (loss)	-	-
Benefit payments, including employee refunds	(4,800)	(6,400)
Administrative expenses	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-
Total plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Total plan fiduciary net position - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Township's net OPEB liability	\$ -	\$ 137,243
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	0.00%
Covered employee payroll	N/A	\$ 1,003,658
Township's net OPEB liability as a percentage of covered employee payroll	N/A	13.67%

Note: GASB Statement No. 75 was implemented for the year ended March 31, 2019 and does not require retroactive implementation. The OPEB plan was terminated during the current year.

TITTABAWASSEE TOWNSHIP

SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 4,800	\$ 6,400
Contributions in relation to the actuarially determined contribution	<u>4,800</u>	<u>6,400</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	N/A	\$ 1,003,658
Actuarially determined contribution as a percentage of covered-employee payroll	N/A	1%

Note: GASB Statement No. 75 was implemented for the year ended March 31, 2019 and does not require retroactive implementation. The OPEB plan was terminated during the current year.

TITTABAWASSEE TOWNSHIP

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended March 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Property taxes	\$ 366,989	\$ 399,292	\$ 398,950	\$ (342)
Special assessments	56,000	52,465	52,495	30
Licenses and permits	58,000	58,000	59,235	1,235
State grants	815,600	840,689	852,851	12,162
Contributions from other units	14,308	14,308	14,308	-
Charges for services	305,325	299,975	301,453	1,478
Interest and rents	60,812	62,342	65,188	2,846
Other revenue	414,000	12,370	62,143	49,773
Total revenues	<u>2,091,034</u>	<u>1,739,441</u>	<u>1,806,623</u>	<u>67,182</u>
Expenditures:				
Current				
General government				
Administrative services	327,928	332,989	323,163	9,826
Trustees	22,877	25,342	24,488	854
Supervisor	17,022	17,022	16,511	511
Fiscal services	132,813	141,124	138,001	3,123
Elections	6,400	6,400	7,774	(1,374)
Assessor	65,635	66,635	58,831	7,804
Clerk	61,103	53,140	54,750	(1,610)
Board of review	2,703	2,703	2,364	339
Treasurer	63,538	63,538	59,021	4,517
Offices and other buildings	39,327	55,174	52,419	2,755
Community hall	48,000	48,000	44,994	3,006
Total general government	<u>787,346</u>	<u>812,067</u>	<u>782,316</u>	<u>29,751</u>
Public works				
Department of public works	25,844	19,200	19,200	-
Sidewalks	10,000	8,476	8,476	-
Drains	31,000	29,168	27,438	1,730
Roads	53,333	53,333	44,491	8,842
Street lighting	56,000	56,005	56,005	-
Cemetery	33,284	34,884	28,272	6,612
Total public works	<u>209,461</u>	<u>201,066</u>	<u>183,882</u>	<u>17,184</u>
Community and economic development				
Planning	27,959	17,306	9,591	7,715
Zoning	3,077	1,577	-	1,577
Community development	17,865	31,307	30,438	869
Total community and economic	<u>48,901</u>	<u>50,190</u>	<u>40,029</u>	<u>10,161</u>
Recreation and culture				
Parks	285,742	269,309	267,422	1,887

continued

TITTABAWASSEE TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended March 31, 2020

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Favorable</i>
				<i>(Unfavorable)</i>
Other				
Insurance	10,000	12,000	11,939	61
Capital outlay	68,500	68,000	63,708	4,292
Total expenditures	1,409,950	1,412,632	1,349,296	63,336
Excess (deficiency) of revenues over expenditures	681,084	326,809	457,327	130,518
Other financing sources (uses):				
Interfund transfers out	(90,000)	(90,000)	(90,000)	-
Change in fund balance	591,084	236,809	367,327	130,518
Fund balance, beginning of year	1,487,901	1,487,901	1,487,901	-
Fund balance, end of year	<u>\$ 2,078,985</u>	<u>\$ 1,724,710</u>	<u>\$ 1,855,228</u>	<u>\$ 130,518</u>

TITTABAWASSEE TOWNSHIP

POLICE FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended March 31, 2020

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with</i>
	<i>Original</i>	<i>Final</i>		<i>Final Budget</i>
				<i>Favorable</i>
				<i>(Unfavorable)</i>
Revenues:				
Property taxes	\$ 1,017,575	\$ 1,076,156	\$ 1,075,517	\$ (639)
State grants	9,100	10,283	10,655	372
Charges for services	-	-	10	10
Fines and forfeits	2,000	6,050	6,705	655
Interest and rents	200	200	140	(60)
Other revenue	1,500	16,000	15,539	(461)
Total revenues	1,030,375	1,108,689	1,108,566	(123)
Expenditures:				
Current				
Public safety	971,701	1,099,394	1,081,526	17,868
Capital outlay	48,000	45,100	44,536	564
Total expenditures	1,019,701	1,144,494	1,126,062	18,432
Excess (deficiency) of revenues over expenditures	10,674	(35,805)	(17,496)	18,309
Other financing sources:				
Sale of capital assets	-	6,350	6,350	-
Change in fund balance	10,674	(29,455)	(11,146)	18,309
Fund balance, beginning of year	605,964	605,964	605,964	-
Fund balance, end of year	\$ 616,638	\$ 576,509	\$ 594,818	\$ 18,309

TITTABAWASSEE TOWNSHIP

REFUSE COLLECTION FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended March 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Charges for services	\$ 529,000	\$ 531,080	\$ 531,080	\$ -
Interest and rents	50	50	1	(49)
Other revenue	<u>600</u>	<u>600</u>	<u>2,040</u>	<u>1,440</u>
Total revenues	<u>529,650</u>	<u>531,730</u>	<u>533,121</u>	<u>1,391</u>
Expenditures:				
Current				
Public works	<u>533,981</u>	<u>533,981</u>	<u>552,808</u>	<u>(18,827)</u>
Change in fund balance	(4,331)	(2,251)	(19,687)	(17,436)
Fund balance, beginning of year	<u>283,964</u>	<u>283,964</u>	<u>283,964</u>	<u>-</u>
Fund balance, end of year	<u>\$ 279,633</u>	<u>\$ 281,713</u>	<u>\$ 264,277</u>	<u>\$ (17,436)</u>

OTHER SUPPLEMENTARY INFORMATION

TITTABAWASSEE TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

March 31, 2020

	<i>Special Revenue Funds</i>		
	<i>Fire Fund</i>	<i>Building Inspection Fund</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 143,140	\$ 96,667	\$ 239,807
Taxes receivable	14,461	-	14,461
Accounts receivable	-	25	25
Due from other funds	-	-	-
Prepaid expenditures	766	254	1,020
Total assets	<u>\$ 158,367</u>	<u>\$ 96,946</u>	<u>\$ 255,313</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 14,048	\$ 120	\$ 14,168
Accrued wages payable	-	7,071	7,071
Total liabilities	<u>14,048</u>	<u>7,191</u>	<u>21,239</u>
Fund balances:			
Nonspendable	766	254	1,020
Restricted	<u>143,553</u>	<u>89,501</u>	<u>233,054</u>
Total fund balances	<u>144,319</u>	<u>89,755</u>	<u>234,074</u>
Total liabilities and fund balances	<u>\$ 158,367</u>	<u>\$ 96,946</u>	<u>\$ 255,313</u>

TITTABAWASSEE TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES**
 Year Ended March 31, 2020

	<i>Special Revenue Funds</i>		
	<i>Fire Fund</i>	<i>Building Inspection Fund</i>	<i>Total</i>
Revenues:			
Property taxes	\$ 231,774	\$ -	\$ 231,774
Licenses and permits	-	194,828	194,828
State grants	9,489	-	9,489
Contributions from other units	20,000	-	20,000
Interest and rents	42	1	43
Other revenue	13,745	-	13,745
Total revenues	275,050	194,829	469,879
Expenditures:			
Current			
Public safety	234,126	194,533	428,659
Capital outlay	62,802	-	62,802
Debt service			
Principal	28,905	-	28,905
Interest and fees	211	-	211
Total expenditures	326,044	194,533	520,577
Excess (deficiency) of revenues over expenditures	(50,994)	296	(50,698)
Other financing sources (uses):			
Interfund transfers in	90,000	-	90,000
Changes in fund balances	39,006	296	39,302
Fund balances, beginning of year	105,313	89,459	194,772
Fund balances, end of year	\$ 144,319	\$ 89,755	\$ 234,074

TITTABAWASSEE TOWNSHIP

COMPONENT UNIT

BALANCE SHEET

March 31, 2020

Assets:

Cash and cash equivalents	\$ 15,632
Taxes receivable	54,390
Prepaid expenditures	<u>60,921</u>
Total assets	<u>\$ 130,943</u>

Liabilities and Fund Balance:

Liabilities:

Accounts payable	\$ 12,123
Due to primary government - General Fund	78,000
Accrued wages payable	<u>838</u>
Total liabilities	<u>90,961</u>

Fund balance:

Nonspendable:	
Prepaid expenditures	60,921
Unassigned (deficit)	<u>(20,939)</u>
Total fund balance	<u>39,982</u>
Total liabilities and fund balance	<u>\$ 130,943</u>

RECONCILIATION OF FUND BALANCE TO NET POSITION:

Fund balance of the component unit \$ 39,982

Net position reported for the component unit in the statement of net position is different because:

Capital assets are not current financial resources and therefore are not reported in the funds.

Capital assets not being depreciated	407,379
Capital assets being depreciated, net	5,319,837

Certain liabilities are not due and payable in the current period and are not reported in the funds.

Compensated absences	(3,512)
Long-term debt	<u>(43,352)</u>

Net position of the component unit \$ 5,720,334

TITTABAWASSEE TOWNSHIP

COMPONENT UNIT
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES**
Year Ended March 31, 2020

Revenues:	
Property taxes	\$ 398,649
Interest and rents	114,881
Other revenue	<u>13,017</u>
Total revenues	<u>526,547</u>

Expenditures:	
Current:	
Community and economic development	336,871
Capital outlay	35,927
Debt service:	
Principal	120,793
Interest and fees	<u>4,367</u>
Total expenditures	<u>497,958</u>
Change in fund balance	28,589
Fund balance, beginning of year	<u>11,393</u>
Fund balance, end of year	<u><u>\$ 39,982</u></u>

RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION:

Change in fund balance of component unit	\$ 28,589
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Change in net position reported for component unit in the statement of activities is different because:

Component unit fund statements report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Purchases of capital assets	35,927
Contributed capital assets	33,970
Less depreciation expense	(205,574)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the component unit fund statements.

Change in compensated absences payable	(1,477)
Repayments of long-term debt	<u>120,793</u>
Change in net position of component unit	<u><u>\$ 12,228</u></u>

TITTABAWASSEE TOWNSHIP

GOVERNMENTAL ACTIVITIES
SCHEDULE OF INDEBTEDNESS
March 31, 2020

2013 INSTALLMENT LOAN - FIRE TRUCK

Original issue amount	\$ 324,611
Less: Principal paid in prior years	(295,706)
Principal paid in current year	<u>(28,905)</u>
Balance payable at March 31, 2020	<u><u>\$ -</u></u>

TITTABAWASSEE TOWNSHIP

COMPONENT UNIT
SCHEDULE OF INDEBTEDNESS
March 31, 2020

2009 LOAN AGREEMENT FOR ASSIGNMENT OF RENTS

Original issue amount	\$ 500,000
Add: Additional borrowing	575,000
Add: Accrued interest on borrowing	6,449
Less: Principal paid in prior years	(917,304)
Principal paid in current year	<u>(120,793)</u>
Balance payable at March 31, 2020	<u>\$ 43,352</u>

Balance payable as follows:

<i><u>Fiscal</u></i>	<i><u>Interest</u></i>	<i><u>Principal due</u></i>	<i><u>Interest due</u></i>	<i><u>Total</u></i>
<i><u>Year Ended</u></i>	<i><u>Rate</u></i>			<i><u>Annual</u></i>
				<i><u>Requirement</u></i>
2021	4.00%	<u>\$ 43,352</u>	<u>\$ 1,734</u>	<u>\$ 45,086</u>