

# **TITTABAWASSEE TOWNSHIP**

Saginaw County, Michigan

## **FINANCIAL STATEMENTS**

March 31, 2021

# 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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **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, 2021, 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

### **Change in Accounting Principle and Emphasis of Matter**

During the year ended March 31, 2021, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **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 43 and 44), schedule of defined benefit plan pension contributions (page 45) and budgetary comparison information (pages 46 through 49) 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 23, 2021

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

# TITTABAWASSEE TOWNSHIP

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

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, 2021. 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 \$24,819,769 for the fiscal year ended March 31, 2021, compared to \$23,631,837 for the fiscal year ended March 31, 2020. Total net position increased by \$1,187,932.
- In the Township's governmental activities, revenues generated were \$4,202,987 while expenses totaled \$3,324,609.
- In the Township's business-type activities, revenues generated were \$3,708,048 while expenses totaled \$3,471,049.

### 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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

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, 2021 is \$24,819,769, consisting of \$6,381,444 in governmental activities and \$18,438,325 in business-type activities.

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$5,932,256. Governmental activities unrestricted total is \$1,767,714, while business-type activities is \$4,164,542.

# TITTABAWASSEE TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

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, 2021 and March 31, 2020.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<b>Assets:</b>						
Current and other assets	\$ 3,492,881	\$ 3,082,942	\$ 4,521,145	\$ 4,449,366	\$ 8,014,026	\$ 7,532,308
Capital assets, net	<u>3,333,780</u>	<u>2,644,580</u>	<u>14,273,783</u>	<u>14,003,331</u>	<u>17,607,563</u>	<u>16,647,911</u>
Total assets	<u>6,826,661</u>	<u>5,727,522</u>	<u>18,794,928</u>	<u>18,452,697</u>	<u>25,621,589</u>	<u>24,180,219</u>
<b>Deferred outflows</b>	<u>112,569</u>	<u>86,309</u>	<u>52,580</u>	<u>37,081</u>	<u>165,149</u>	<u>123,390</u>
<b>Liabilities:</b>						
Current and other liabilities	201,354	134,545	221,875	158,104	423,229	292,649
Long-term liabilities	<u>105,020</u>	<u>211,901</u>	<u>65,856</u>	<u>112,996</u>	<u>170,876</u>	<u>324,897</u>
Total liabilities	<u>306,374</u>	<u>346,446</u>	<u>287,731</u>	<u>271,100</u>	<u>594,105</u>	<u>617,546</u>
<b>Deferred inflows</b>	<u>251,412</u>	<u>36,874</u>	<u>121,452</u>	<u>17,352</u>	<u>372,864</u>	<u>54,226</u>
<b>Net position:</b>						
Net investment in capital assets	3,333,780	2,644,580	14,273,783	14,003,331	17,607,563	16,647,911
Restricted	1,279,950	1,093,169	-	-	1,279,950	1,093,169
Unrestricted	<u>1,767,714</u>	<u>1,692,762</u>	<u>4,164,542</u>	<u>4,197,995</u>	<u>5,932,256</u>	<u>5,890,757</u>
Total net position	<u>\$ 6,381,444</u>	<u>\$ 5,430,511</u>	<u>\$ 18,438,325</u>	<u>\$ 18,201,326</u>	<u>\$ 24,819,769</u>	<u>\$ 23,631,837</u>

The Township's combined total net position increased by \$1,187,932 during the current fiscal year. Governmental activities increased by \$950,933 while business-type activities increased by \$236,999.

### Governmental Activities:

The Township's total governmental revenue is reported at \$4,202,987, an increase of \$391,713 from the prior fiscal year. Total expenses decreased by \$166,004 from the prior fiscal year. The Township continued its practice of investing in assets and expanding infrastructure without incurring any 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 \$3,708,048 an increase of \$47,500 from the prior fiscal year. Total expenses increased by \$124,154 from the prior fiscal year.



# TITTABAWASSEE TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2021

The following table shows comparison of the change in net position in a condensed format for the years ended March 31, 2021 and March 31, 2020:

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 1,147,254	\$ 1,066,432	\$ 3,063,857	\$ 2,958,503	\$ 4,211,111	\$ 4,024,935
Operating grants and contributions	33,046	40,793	-	-	33,046	40,793
Capital grants and contributions	350,000	70,000	618,684	653,729	968,684	723,729
General revenues						
Property taxes	1,741,448	1,696,603	-	-	1,741,448	1,696,603
Franchise fees	58,429	59,235	-	-	58,429	59,235
Unrestricted grants	838,397	839,762	-	-	838,397	839,762
Investment earnings	6,719	6,002	25,507	38,655	32,226	44,657
Other	27,694	32,447	-	9,661	27,694	42,108
Total revenues	<u>4,202,987</u>	<u>3,811,274</u>	<u>3,708,048</u>	<u>3,660,548</u>	<u>7,911,035</u>	<u>7,471,822</u>
<b>Program Expenses:</b>						
General government	671,197	729,588	-	-	671,197	729,588
Public safety	1,488,184	1,622,890	-	-	1,488,184	1,622,890
Public works	734,297	737,171	-	-	734,297	737,171
Community and economic development	58,575	39,595	-	-	58,575	39,595
Recreation and culture	372,356	361,158	-	-	372,356	361,158
Interest on long-term debt	-	211	-	-	-	211
Sewer	-	-	1,292,633	1,366,733	1,292,633	1,366,733
Water	-	-	2,178,416	1,980,162	2,178,416	1,980,162
Total program expenses	<u>3,324,609</u>	<u>3,490,613</u>	<u>3,471,049</u>	<u>3,346,895</u>	<u>6,795,658</u>	<u>6,837,508</u>
Change in net position before special items	<u>878,378</u>	<u>320,661</u>	<u>236,999</u>	<u>313,653</u>	<u>1,115,377</u>	<u>634,314</u>
<b>Special items:</b>						
Sale of capital assets	2,973	6,350	-	(1,350)	2,973	5,000
Insurance recoveries	69,582	-	-	-	69,582	-
Total special items	<u>72,555</u>	<u>6,350</u>	<u>-</u>	<u>(1,350)</u>	<u>72,555</u>	<u>5,000</u>
<b>Changes in net position</b>	<b>950,933</b>	<b>327,011</b>	<b>236,999</b>	<b>312,303</b>	<b>1,187,932</b>	<b>639,314</b>
Net position, beginning 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>
Net position, end of year	<u>\$ 6,381,444</u>	<u>\$ 5,430,511</u>	<u>\$ 18,438,325</u>	<u>\$ 18,201,326</u>	<u>\$ 24,819,769</u>	<u>\$ 23,631,837</u>

# **TITTABAWASSEE TOWNSHIP**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

March 31, 2021

### **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, 2021, General Fund financing sources exceeded its financing uses by \$8,918, increasing its ending fund balance to \$1,864,146. The Township's second major governmental fund, the Police Fund decreased its ending fund balance by \$7,919. The Township's third major governmental fund, the Refuse Collection Fund increased its ending fund balance by \$35,567.

### **General Fund Budgetary Highlights:**

The General Fund budget, as originally adopted, projected a net decrease in fund balance of \$95,922. During the year, the Township made budget amendments that changed the projection to a net decrease in fund balance of \$115,681. The actual results for the fiscal year yielded an increase in fund balance of \$8,918.

### **Capital Assets and Debt Administration:**

At March 31, 2021, Tittabawassee Township had \$17,607,563 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, 2020, this total was \$16,647,911. 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, 2021, Tittabawassee Township did not have any long-term indebtedness, other than compensated absences. Additional information about the Township's and DDA's indebtedness is presented in Note 5 of the Notes to the Financial Statements. During the year, the DDA made its final payment on a 2009 loan agreement.

### **Economic Factors:**

Tittabawassee Township, like all municipalities in the state, faced challenges providing governmental services to its citizens during the mandatory shutdowns caused by the global pandemic that struck during fiscal year 2020-2021. In addition to the pandemic, a 500-year flood event occurred along the Tittabawassee River in May 2020, when two hydroelectric dams in northern Midland County, failed.

The Township administration determined we would provide the best possible service to our customers during these difficulties. Processes were used to enable remote workplace access for key employees, staggered staffing of facilities to reduce contact with others and contact-less business transactions were provided for our customers. One significant investment had been budgeted for fiscal year 2020-2021, before the pandemic struck, and the conversion to a new financial management software was completed. This software can sustain this model of providing convenient online business services, for the foreseeable future.

In spite of the pandemic, Tittabawassee Township benefited from another year of steady development of single-family residential construction projects. New residential housing starts lead the way with 57 in fiscal year 2020-2021. Fiscal year 2021-2022 continues strong with 22 residential new construction permits issued within the first quarter, ending June 30, 2021. Commercial building starts again mirror the last several years' growth.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

March 31, 2021

This growth continues to increase Tittabawassee Township's tax base, which provides increased revenue for all of the millage-funded operations provided to our residents. These include the Fire Fund, Police Fund, General Fund and the Tittabawassee Downtown Development Authority (DDA). The Township's leaders remain committed to managing this growth as well as providing forecasts of need created by an expanding population.

Tittabawassee Township is located at the center of a three-county region known as the Great Lakes Bay Region of Michigan. Within these three (3) counties there are fifty-seven (57) townships. Preliminary 2020 US Census data reveals Tittabawassee Township grew by the greatest number of residents [880 residents] and the largest percentage rate of increase [9%] reported for all of the townships in this region.

In fiscal year 2020-2021, the Tittabawassee Township DDA paid off the final long-term debt obligation it had related to the Freeland SportsZone. The Township board also completed the steps necessary to eliminate the OPEB obligations related to a former fringe benefit policy for eligible employees. All eligible benefits for the MERS Health Care Savings Program are funded on an as-needed basis and are calculated in the budget for each fiscal year. This was an important step for future administrations to manage fringe benefits without actuarial cost calculations for promised future benefits.

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.

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.

**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, 2021

	<i>Primary Government</i>			<i>Component Unit - DDA</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,056,129	\$ 3,235,254	\$ 6,291,383	\$ 64,561
Receivables	242,367	1,144,665	1,387,032	16,208
Inventory	-	49,063	49,063	-
Prepaid expenses	46,954	19,210	66,164	50,173
Capital assets not being depreciated	497,133	214,873	712,006	407,379
Capital assets being depreciated, net	2,836,647	14,058,910	16,895,557	5,142,135
Net pension asset	147,431	72,953	220,384	-
Total assets	<u>6,826,661</u>	<u>18,794,928</u>	<u>25,621,589</u>	<u>5,680,456</u>
<b>Deferred outflows of resources:</b>				
Related to pension	<u>112,569</u>	<u>52,580</u>	<u>165,149</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	197,779	221,875	419,654	6,756
Unearned revenue	3,575	-	3,575	-
Long-term liabilities:				
Due in more than one year				
Compensated absences payable	<u>105,020</u>	<u>65,856</u>	<u>170,876</u>	<u>4,750</u>
Total liabilities	<u>306,374</u>	<u>287,731</u>	<u>594,105</u>	<u>11,506</u>
<b>Deferred inflows of resources:</b>				
Related to pension	<u>251,412</u>	<u>121,452</u>	<u>372,864</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets	3,333,780	14,273,783	17,607,563	5,549,514
Restricted for:				
Construction code activities	123,672	-	123,672	-
Public safety	856,434	-	856,434	-
Refuse collection	299,844	-	299,844	-
Unrestricted	<u>1,767,714</u>	<u>4,164,542</u>	<u>5,932,256</u>	<u>119,436</u>
Total net position	<u>\$ 6,381,444</u>	<u>\$ 18,438,325</u>	<u>\$ 24,819,769</u>	<u>\$ 5,668,950</u>

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

# TITTABAWASSEE TOWNSHIP

## STATEMENT OF ACTIVITIES

Year Ended March 31, 2021

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>PRIMARY GOVERNMENT:</b>					
<i>Governmental activities:</i>					
General government	\$ 671,197	\$ 198,869	\$ 2,582	\$ -	\$ (469,746)
Public safety	1,488,184	219,234	16,069	-	(1,252,881)
Public works	734,297	680,768	14,395	-	(39,134)
Community and economic development	58,575	19,263	-	-	(39,312)
Recreation and culture	372,356	29,120	-	350,000	6,764
Total governmental activities	<u>3,324,609</u>	<u>1,147,254</u>	<u>33,046</u>	<u>350,000</u>	<u>(1,794,309)</u>
<i>Business-type activities:</i>					
Sewer	1,292,633	1,089,619	-	229,620	26,606
Water	2,178,416	1,974,238	-	389,064	184,886
Total business-type activities	<u>3,471,049</u>	<u>3,063,857</u>	<u>-</u>	<u>618,684</u>	<u>211,492</u>
Total primary government	<u>\$ 6,795,658</u>	<u>\$ 4,211,111</u>	<u>\$ 33,046</u>	<u>\$ 968,684</u>	<u>\$ (1,582,817)</u>
<b>COMPONENT UNIT:</b>					
Downtown development authority	<u>\$ 459,935</u>	<u>\$ 18,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (441,682)</u>

continued

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

# TITTABAWASSEE TOWNSHIP

## STATEMENT OF ACTIVITIES, CONTINUED

Year Ended March 31, 2021

	<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	\$ (1,794,309)	\$ 211,492	\$ (1,582,817)	\$ (441,682)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	401,157	-	401,157	-
Property taxes, levied for police/public safety	1,102,466	-	1,102,466	-
Property taxes, levied for fire/public safety	237,825	-	237,825	-
Property taxes, captured by DDA	-	-	-	389,126
Franchise fees	58,429	-	58,429	-
Grants and contributions not restricted to specific programs	838,397	-	838,397	-
Unrestricted investment earnings	6,719	25,507	32,226	80
Other	27,694	-	27,694	1,092
Special items:				
Sale of capital assets	2,973	-	2,973	-
Insurance recoveries	69,582	-	69,582	-
Total general revenues and special items	<u>2,745,242</u>	<u>25,507</u>	<u>2,770,749</u>	<u>390,298</u>
Changes in net position	950,933	236,999	1,187,932	(51,384)
Net position, beginning of year	<u>5,430,511</u>	<u>18,201,326</u>	<u>23,631,837</u>	<u>5,720,334</u>
Net position, end of year	<u>\$ 6,381,444</u>	<u>\$ 18,438,325</u>	<u>\$ 24,819,769</u>	<u>\$ 5,668,950</u>

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

# TITTABAWASSEE TOWNSHIP

## GOVERNMENTAL FUNDS

### BALANCE SHEET

March 31, 2021

	<i>General Fund</i>	<i>Police Fund</i>	<i>Refuse Collection Fund</i>	<i>Nonmajor Funds</i>	<i>Total</i>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,746,928	\$ 581,888	\$ 321,692	\$ 405,621	\$ 3,056,129
Taxes receivable	10,893	30,492	-	6,578	47,963
Accounts receivable	26,671	467	23,756	250	51,144
Special assessments receivable	1,841	-	-	-	1,841
Due from other governments	141,419	-	-	-	141,419
Due from other funds	-	-	-	289	289
Prepaid expenditures	12,625	4,365	29,174	790	46,954
Total assets	<u>\$ 1,940,377</u>	<u>\$ 617,212</u>	<u>\$ 374,622</u>	<u>\$ 413,528</u>	<u>\$ 3,345,739</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 28,555	\$ 6,989	\$ 74,424	\$ 11,985	\$ 121,953
Accrued expenses	16,844	-	-	-	16,844
Due to other funds	289	-	-	-	289
Due to other governments	264	203	-	44	511
Deposits payable	9,400	-	-	-	9,400
Accrued wages payable	20,879	23,121	354	4,717	49,071
Unearned revenue	-	-	-	3,575	3,575
Total liabilities	<u>76,231</u>	<u>30,313</u>	<u>74,778</u>	<u>20,321</u>	<u>201,643</u>
<b>Fund balances:</b>					
Nonspendable	12,625	4,365	29,174	790	46,954
Restricted	-	582,534	270,670	392,417	1,245,621
Committed	200,160	-	-	-	200,160
Unassigned	1,651,361	-	-	-	1,651,361
Total fund balances	<u>1,864,146</u>	<u>586,899</u>	<u>299,844</u>	<u>393,207</u>	<u>3,144,096</u>
Total liabilities and fund balances	<u>\$ 1,940,377</u>	<u>\$ 617,212</u>	<u>\$ 374,622</u>	<u>\$ 413,528</u>	<u>\$ 3,345,739</u>

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



# TITTABAWASSEE TOWNSHIP

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

March 31, 2021

<b>Fund balances of governmental funds</b>	\$ 3,144,096
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 funds.	
Capital assets not being depreciated	497,133
Capital assets being depreciated, net	2,836,647
Certain pension amounts, such as net pension asset and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension asset	147,431
Deferred outflows related to the net pension asset	112,569
Deferred inflows related to the net pension asset	(251,412)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	<u>(105,020)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 6,381,444</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, 2021

	<u>General Fund</u>	<u>Police Fund</u>	<u>Refuse Collection Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Revenues:</b>					
Property taxes	\$ 410,835	\$ 1,102,466	\$ -	\$ 237,825	\$ 1,751,126
Special assessments	54,768	-	-	-	54,768
Licenses and permits	58,429	-	-	212,727	271,156
Federal grants	8,238	-	-	-	8,238
State grants	1,153,521	10,643	-	8,802	1,172,966
Contributions from other units	18,593	-	-	-	18,593
Charges for services	334,815	-	581,085	-	915,900
Fines and forfeits	-	2,754	-	-	2,754
Interest and rents	35,034	140	-	65	35,239
Other revenue	73,492	5,074	4,847	2,087	85,500
Total revenues	<u>2,147,725</u>	<u>1,121,077</u>	<u>585,932</u>	<u>461,506</u>	<u>4,316,240</u>
<b>Expenditures:</b>					
Current					
General government	740,069	-	-	-	740,069
Public safety	-	1,036,913	-	381,226	1,418,139
Public works	183,300	-	550,365	-	733,665
Community and economic development	59,358	-	-	-	59,358
Recreation and culture	218,656	-	-	-	218,656
Capital outlay	917,006	107,633	-	11,147	1,035,786
Total expenditures	<u>2,118,389</u>	<u>1,144,546</u>	<u>550,365</u>	<u>392,373</u>	<u>4,205,673</u>
Excess (deficiency) of revenues over expenditures	<u>29,336</u>	<u>(23,469)</u>	<u>35,567</u>	<u>69,133</u>	<u>110,567</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	15,550	-	-	15,550
Insurance recoveries	69,582	-	-	-	69,582
Interfund transfers in	-	-	-	90,000	90,000
Interfund transfers out	(90,000)	-	-	-	(90,000)
Net other financing sources (uses)	<u>(20,418)</u>	<u>15,550</u>	<u>-</u>	<u>90,000</u>	<u>85,132</u>
Changes in fund balances	8,918	(7,919)	35,567	159,133	195,699
Fund balances, beginning of year	<u>1,855,228</u>	<u>594,818</u>	<u>264,277</u>	<u>234,074</u>	<u>2,948,397</u>
Fund balances, end of year	<u>\$ 1,864,146</u>	<u>\$ 586,899</u>	<u>\$ 299,844</u>	<u>\$ 393,207</u>	<u>\$ 3,144,096</u>

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

# TITTABAWASSEE TOWNSHIP

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

Year Ended March 31, 2021

<b>Changes in fund balances of governmental funds</b>	\$ 195,699
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 capitalized assets	938,336
Depreciation expense	(236,559)
Less remaining book value of disposed capital assets	(12,577)
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	(12,286)
Change in net pension liability and related deferred outflows and inflows of resources	<u>78,320</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 950,933</u></u>

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

# TITTABAWASSEE TOWNSHIP

*PROPRIETARY FUNDS*  
**STATEMENT OF NET POSITION**  
March 31, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,455,023	\$ 1,780,231	\$ 3,235,254
Utility bills receivable	253,188	457,457	710,645
Special assessments receivable	35,520	3,669	39,189
Inventory	-	49,063	49,063
Prepaid expenses	7,857	11,353	19,210
Total current assets	<u>1,751,588</u>	<u>2,301,773</u>	<u>4,053,361</u>
<b>Noncurrent assets:</b>			
Special assessments receivable, net of current	394,831	-	394,831
Capital assets not being depreciated	120,000	94,873	214,873
Capital assets being depreciated, net	8,536,434	5,522,476	14,058,910
Net pension asset	41,871	31,082	72,953
Total noncurrent assets	<u>9,093,136</u>	<u>5,648,431</u>	<u>14,741,567</u>
Total assets	<u>10,844,724</u>	<u>7,950,204</u>	<u>18,794,928</u>
<b>Deferred outflows of resources:</b>			
Related to pension	<u>31,378</u>	<u>21,202</u>	<u>52,580</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	20,105	169,467	189,572
Deposits payable	-	13,697	13,697
Accrued wages payable	9,457	9,149	18,606
Total current liabilities	<u>29,562</u>	<u>192,313</u>	<u>221,875</u>
<b>Noncurrent liabilities:</b>			
Compensated absences payable	<u>32,928</u>	<u>32,928</u>	<u>65,856</u>
Total liabilities	<u>62,490</u>	<u>225,241</u>	<u>287,731</u>
<b>Deferred inflows of resources:</b>			
Related to pension	<u>70,844</u>	<u>50,608</u>	<u>121,452</u>
<b>Net position:</b>			
Investment in capital assets	8,656,434	5,617,349	14,273,783
Unrestricted	<u>2,086,334</u>	<u>2,078,208</u>	<u>4,164,542</u>
Total net position	<u>\$ 10,742,768</u>	<u>\$ 7,695,557</u>	<u>\$ 18,438,325</u>

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, 2021

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
<b>Operating revenues:</b>			
Charges for services			
Sales	\$ 1,066,362	\$ 1,829,678	\$ 2,896,040
Penalties	12,258	23,280	35,538
Other	2,936	35,295	38,231
Hydrant assessments	-	85,985	85,985
	1,081,556	1,974,238	3,055,794
<b>Operating expenses:</b>			
Personal services	373,112	368,023	741,135
Supplies	64,265	65,050	129,315
Contracted services	20,728	69,714	90,442
Purchase of water	-	957,833	957,833
Administrative expense	66,379	95,252	161,631
Other services and charges	212,614	255,805	468,419
Depreciation	555,535	366,739	922,274
	1,292,633	2,178,416	3,471,049
Total operating expenses			
Operating income (loss)	(211,077)	(204,178)	(415,255)
<b>Non-operating revenues (expenses):</b>			
Interest income	12,427	13,080	25,507
Interest income - special assessments	8,063	-	8,063
	20,490	13,080	33,570
Net non-operating revenues			
Changes in net position before capital contributions	(190,587)	(191,098)	(381,685)
<b>Capital contributions - capital assets</b>	122,760	157,630	280,390
<b>Capital contributions - connection and tap fees</b>	106,860	231,434	338,294
Changes in fund net position	39,033	197,966	236,999
Net position, beginning of year	10,703,735	7,497,591	18,201,326
Net position, end of year	\$ 10,742,768	\$ 7,695,557	\$ 18,438,325

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

# TITTABAWASSEE TOWNSHIP

*PROPRIETARY FUNDS*  
**STATEMENT OF CASH FLOWS**  
Year Ended March 31, 2021

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 1,058,610	\$ 1,890,884	\$ 2,949,494
Cash payments to and on behalf of employees	(390,884)	(378,870)	(769,754)
Cash payments for goods, services and other	(383,751)	(1,361,129)	(1,744,880)
Net cash provided (used) by operating activities	283,975	150,885	434,860
<b>Cash flows from capital related financing activities:</b>			
Interest income - special assessments	8,063	-	8,063
Capital contributions - special assessments	37,100	3,160	40,260
Capital contributions - connection and tap fees	106,860	231,434	338,294
Acquisition and construction of capital assets	(558,267)	(354,069)	(912,336)
Net cash provided (used) by capital and related financing activities	(406,244)	(119,475)	(525,719)
<b>Cash flows from investing activities:</b>			
Interest received	12,427	13,080	25,507
Change in cash and cash equivalents	(109,842)	44,490	(65,352)
Cash and cash equivalents, beginning of year	1,564,865	1,735,741	3,300,606
Cash and cash equivalents, end of year	\$ 1,455,023	\$ 1,780,231	\$ 3,235,254
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (211,077)	\$ (204,178)	\$ (415,255)
Adjustments:			
Depreciation	555,535	366,739	922,274
Change in assets and liabilities:			
Accounts receivable	(22,946)	(83,354)	(106,300)
Inventory	-	6,066	6,066
Prepaid expenses	(356)	(3,848)	(4,204)
Accounts payable	(19,409)	83,218	63,809
Deposits payable	-	(2,911)	(2,911)
Accrued wages payable	1,429	1,444	2,873
Compensated absences payable	2,682	2,682	5,364
Net pension liability and related deferred outflows/inflows	(21,883)	(14,973)	(36,856)
Net cash provided (used) by operating activities	\$ 283,975	\$ 150,885	\$ 434,860

Schedule of noncash capital financing activities:

The Sewer Fund received \$122,760 and the Water Fund received \$157,630 of contributed capital assets from developers.

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

# TITTABAWASSEE TOWNSHIP

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*FIDUCIARY FUND*  
**STATEMENT OF FIDUCIARY NET POSITION**  
March 31, 2021

	<i>Pension (and Other Employee Benefit) Trust Fund</i>	<i>Custodial Fund</i>	
	<i>Health Care Savings Program Fund</i>	<i>Current Tax Collection Fund</i>	<i>Total</i>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 13,080	\$ 13,080
Investments			
MERS total market portfolio	<u>215,295</u>	<u>-</u>	<u>215,295</u>
Total assets	<u>215,295</u>	<u>13,080</u>	<u>228,375</u>
<b>Liabilities:</b>			
Due to other governments	-	13,080	13,080
Due to others	<u>41,409</u>	<u>-</u>	<u>41,409</u>
Total liabilities	<u>41,409</u>	<u>13,080</u>	<u>54,489</u>
<b>Net position:</b>			
Held in trust for retiree benefits	<u>173,886</u>	<u>-</u>	<u>173,886</u>
Total net position	<u>\$ 173,886</u>	<u>\$ -</u>	<u>\$ 173,886</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, 2021

	<i>Pension (and Other Employee Benefit) Trust Fund</i>	<i>Custodial Fund</i>	
	<i>Health Care Savings Program Fund</i>	<i>Current Tax Collection Fund</i>	<i>Total</i>
<b>Additions:</b>			
Employer contributions	\$ 29,339	\$ -	\$ 29,339
Employee contributions	12,340	-	12,340
Property taxes collected for other governments	-	9,839,687	9,839,687
Net investment income (loss)	53,394	-	53,394
Total additions	<u>95,073</u>	<u>9,839,687</u>	<u>9,934,760</u>
<b>Deductions:</b>			
Property taxes paid to other governments	-	9,839,687	9,839,687
Reimbursements and fees	5,448	-	5,448
Vested employee benefits	31,050	-	31,050
Total deductions	<u>36,498</u>	<u>9,839,687</u>	<u>9,876,185</u>
Changes in net position	58,575	-	58,575
Net position, beginning of year	<u>115,311</u>	<u>-</u>	<u>115,311</u>
Net position, end of year	<u>\$ 173,886</u>	<u>\$ -</u>	<u>\$ 173,886</u>

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



***NOTES TO FINANCIAL STATEMENTS***

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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, 2021, from MMWA, was \$521,736.

#### **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

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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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

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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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 custodial 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 custodial 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

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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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, if any, 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

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**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 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> 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 2020 taxable valuation of the Township totaled \$346,293,146 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments) on which ad valorem taxes levied consisted of .8729 mills for the Township’s operating purposes, 2.6761 mills for police protection and 1.4722 mill for public safety.

**Pension Costs** – The Township has two employee pension plans. One is a defined contribution plan and the other is a defined benefit plan. For the defined benefit plan, a net pension liability is recorded 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.

**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.

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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***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.

### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### **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.

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

#### 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>
<b>General Fund:</b>			
General government			
Elections	\$ 21,100	\$ 25,487	\$ 4,387
Offices and other buildings	37,723	37,780	57
Public works:			
Department of public works	31,070	31,337	267
<b>Refuse Collection Fund:</b>			
Public works	544,473	550,365	5,892

### 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.

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 \$6,644,346 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$1,250,000 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.

#### Fair Value Measurement:

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of March 31, 2021, the Township's investments of \$215,295 in the MERS total market portfolio are classified as level 1.



# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 4: CAPITAL ASSETS

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

	<i>April 1,</i> <i>2020</i>	<i>Additions</i>	<i>Disposals/ Retirements</i>	<i>March 31,</i> <i>2021</i>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 476,053	\$ -	\$ -	\$ 476,053
Nondepreciable land improvements	21,080	-	-	21,080
Total capital assets not being depreciated	497,133	-	-	497,133
Capital assets being depreciated:				
Buildings and improvements	1,929,149	47,061	(15,290)	1,960,920
Infrastructure	115,204	55,306	-	170,510
Land improvements	1,512,819	713,965	-	2,226,784
Machinery and equipment	473,998	84,048	(48,063)	509,983
Office equipment	102,735	-	-	102,735
Vehicles	1,025,017	37,956	(80,294)	982,679
Total capital assets being depreciated	5,158,922	938,336	(143,647)	5,953,611
Less accumulated depreciation for:				
Buildings and improvements	(837,657)	(37,787)	10,842	(864,602)
Infrastructure	(34,523)	(3,459)	-	(37,982)
Land improvements	(1,042,963)	(90,620)	-	(1,133,583)
Machinery and equipment	(377,976)	(25,046)	48,063	(354,959)
Office equipment	(90,770)	(4,486)	-	(95,256)
Vehicles	(627,586)	(75,161)	72,165	(630,582)
Total accumulated depreciation	(3,011,475)	(236,559)	131,070	(3,116,964)
Capital assets being depreciated, net	2,147,447	701,777	(12,577)	2,836,647
Governmental activities, capital assets, net	<u>\$ 2,644,580</u>	<u>\$ 701,777</u>	<u>\$ (12,577)</u>	<u>\$ 3,333,780</u>

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 4: CAPITAL ASSETS, CONTINUED

	<u>April 1, 2020</u>	<u>Additions</u>	<u>Disposals/ Retirements</u>	<u>March 31, 2021</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 126,073	\$ -	\$ -	\$ 126,073
Construction in progress	-	88,800	-	88,800
Total capital assets not being depreciated	<u>126,073</u>	<u>88,800</u>	<u>-</u>	<u>214,873</u>
Capital assets being depreciated:				
Buildings and improvements	1,667,106	-	-	1,667,106
Equipment and vehicles	914,142	140,488	-	1,054,630
Land improvements	-	52,000	-	52,000
Sanitation plant	1,754,605	-	-	1,754,605
Sewer lines	19,060,677	584,783	-	19,645,460
Water mains	12,929,054	326,655	-	13,255,709
Total capital assets being depreciated	<u>36,325,584</u>	<u>1,103,926</u>	<u>-</u>	<u>37,429,510</u>
Less accumulated depreciation for:				
Buildings and improvements	(862,204)	(78,355)	-	(940,559)
Equipment and vehicles	(585,757)	(59,426)	-	(645,183)
Land improvements	-	(1,517)	-	(1,517)
Sanitation plant	(808,151)	(34,787)	-	(842,938)
Sewer lines	(12,186,697)	(455,851)	-	(12,642,548)
Water mains	(8,005,517)	(292,338)	-	(8,297,855)
Total accumulated depreciation	<u>(22,448,326)</u>	<u>(922,274)</u>	<u>-</u>	<u>(23,370,600)</u>
Capital assets being depreciated, net	<u>13,877,258</u>	<u>181,652</u>	<u>-</u>	<u>14,058,910</u>
Business-type activities, capital assets, net	<u>\$ 14,003,331</u>	<u>\$ 270,452</u>	<u>\$ -</u>	<u>\$ 14,273,783</u>
<b>Component unit:</b>				
Capital assets not being depreciated:				
Land	\$ 407,379	\$ -	\$ -	\$ 407,379
Capital assets being depreciated:				
Buildings and improvements	6,282,952	-	-	6,282,952
Land improvements	527,846	13,100	-	540,946
Machinery and equipment	904,815	-	-	904,815
Total capital assets being depreciated	<u>7,715,613</u>	<u>13,100</u>	<u>-</u>	<u>7,728,713</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,464,913)	(139,776)	-	(1,604,689)
Land improvements	(224,837)	(26,556)	-	(251,393)
Machinery and equipment	(706,026)	(24,470)	-	(730,496)
Total accumulated depreciation	<u>(2,395,776)</u>	<u>(190,802)</u>	<u>-</u>	<u>(2,586,578)</u>
Capital assets being depreciated, net	<u>5,319,837</u>	<u>(177,702)</u>	<u>-</u>	<u>5,142,135</u>
Component unit, capital assets, net	<u>\$ 5,727,216</u>	<u>\$ (177,702)</u>	<u>\$ -</u>	<u>\$ 5,549,514</u>

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### 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	\$ 33,442	\$ -	\$ -
Public safety	99,528	-	-
Public works	1,415	-	-
Community and economic development	-	-	190,802
Recreation and culture	102,174	-	-
Sewer	-	555,535	-
Water	-	366,739	-
Total depreciation expense	<u>\$ 236,559</u>	<u>\$ 922,274</u>	<u>\$ 190,802</u>

### NOTE 5: LONG-TERM LIABILITIES

Long-term debt transactions for the Township for the fiscal year ended March 31, 2021 was as follows:

	<i>April 1, 2020</i>	<i>Additions</i>	<i>Retirements</i>	<i>March 31, 2021</i>	<i>Due Within One Year</i>
<b>Governmental activities:</b>					
<i>Other liabilities:</i>					
Compensated absences	\$ 92,734	\$ 12,286	\$ -	\$ 105,020	\$ -
Total governmental activities long-term liabilities	<u>\$ 92,734</u>	<u>\$ 12,286</u>	<u>\$ -</u>	<u>\$ 105,020</u>	<u>\$ -</u>
<b>Business-type activities:</b>					
<i>Other liabilities:</i>					
Compensated absences	\$ 60,492	\$ 5,364	\$ -	\$ 65,856	\$ -
Total business-type activities long-term debt	<u>\$ 60,492</u>	<u>\$ 5,364</u>	<u>\$ -</u>	<u>\$ 65,856</u>	<u>\$ -</u>
<b>Component unit:</b>					
<i>Direct borrowings and direct placements:</i>					
2009 Loan Agreement for Assignment of Rents (collateralized by rents received)	\$ 43,352	\$ -	\$ (43,352)	\$ -	\$ -
<i>Other liabilities:</i>					
Compensated absences	3,512	1,238	-	4,750	-
Total component unit long-term liabilities	<u>\$ 46,864</u>	<u>\$ 1,238</u>	<u>\$ (43,352)</u>	<u>\$ 4,750</u>	<u>\$ -</u>

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 6: INTERFUND BALANCES AND TRANSFERS

The interfund receivable and payable balances for the year ended March 31, 2021 were as follows:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
Building Inspection Fund	General Fund	\$ 289

The amount expected to be repaid within the year.

Interfund transfers during the fiscal year were as follows:

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

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.

### NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivable and payable balances for the fiscal year ended March 31, 2021 were as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Component Unit</i>
<b>Receivables:</b>				
Property taxes receivable	\$ 47,963	\$ -	\$ 47,963	\$ 16,208
Utility bills receivable	-	710,645	710,645	-
Accounts receivable	51,144	-	51,144	-
Special assessments receivable				
Current	1,841	39,189	41,030	-
Noncurrent	-	394,831	394,831	-
Intergovernmental	141,419	-	141,419	-
Total receivables	<u>\$ 242,367</u>	<u>\$ 1,144,665</u>	<u>\$ 1,387,032</u>	<u>\$ 16,208</u>
<b>Accounts payable and accrued expenses:</b>				
Accounts payable	\$ 121,953	\$ 189,572	\$ 311,525	\$ 5,369
Accrued payroll and related liabilities	65,915	18,606	84,521	1,387
Deposits payable	9,400	13,697	23,097	-
Intergovernmental	511	-	511	-
Total accounts payable and accrued expenses	<u>\$ 197,779</u>	<u>\$ 221,875</u>	<u>\$ 419,654</u>	<u>\$ 6,756</u>

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 8: RISK MANAGEMENT

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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</u> <u>Amounts</u>
Single	\$ 5,000	\$ 1,350
2 Person/Family	10,000	2,700

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### NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS

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

#### **Defined Contribution Plan (MERS):**

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.

This plan covers elected officials, full-time police and full-time non-union not enrolled in 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 \$59,891 and the employees contributed \$13,157.

#### **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.

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

**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](http://www.mersofmich.com).

**Benefits Provided** – The following are the benefits provided from the December 31, 2019 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)

**Employees covered by benefit terms** – At the December 31, 2019 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):	1
Active employees:	<u>16</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 7.70% based on annual payroll. The amount was based on the valuation payroll from the December 31, 2018 actuarial valuation.

**Net Pension Liability** – The Township’s net pension liability reported at March 31, 2021 was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020.

**Actuarial assumptions** – The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.5%; Salary Increases: 3.00% in the long-term; Investment rate of return: 7.35%, 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 Healthy Annuitant Tables with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables, all with a 50% male and 50% female blend.

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

The actuarial assumptions used in the December 31, 2019 valuation were based on the Experience Study of 2009 through 2013 completed in 2015.

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	60.0%	7.75%	4.65%	2.50%	3.15%
Global Fixed Income	20.0%	3.75%	0.75%	2.50%	0.25%
Private Investments	20.0%	9.75%	1.95%	2.50%	1.45%
<b>TOTAL</b>	<b>100.0%</b>		<b>7.35%</b>		<b>4.85%</b>

**Discount rate** – The discount rate used to measure the total pension liability is 7.6%. 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.

**Projected Cash Flows** – 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 (asset) 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 (Asset)</i>
Balances at 12/31/19	\$ 3,964,095	\$ 3,792,424	\$ 171,671
Service cost	112,234	-	112,234
Interest on total pension liability	315,243	-	315,243
Difference between expected and actual experience	(239,569)	-	(239,569)
Changes in assumptions	110,925	-	110,925
Employer contributions	-	147,317	(147,317)
Employee contributions	-	48,898	(48,898)
Net investment income (loss)	-	502,561	(502,561)
Benefit payments, including employee refunds	(159,351)	(159,351)	-
Administrative expenses	-	(7,751)	7,751
Other changes	137	-	137
Net changes	139,619	531,674	(392,055)
Balances at 12/31/20	<u>\$ 4,103,714</u>	<u>\$ 4,324,098</u>	<u>\$ (220,384)</u>

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

The net pension liability (asset) is recorded as follows:

Governmental activities	\$ (147,431)
Business-type activities	<u>(72,953)</u>
	<u>\$ (220,384)</u>

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 7.6%, as well as what the Township’s net pension liability (asset) would be using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	<u>1% Decrease Rate 6.6%</u>	<u>Current Rate 7.6%</u>	<u>1% Increase Rate 8.6%</u>
Net pension liability (asset)	\$ -	\$ (220,384)	\$ -
Change in net pension liability as of 12/31/20	<u>479,148</u>	<u>-</u>	<u>(405,808)</u>
	<u>\$ 258,764</u>	<u>\$ (220,384)</u>	<u>\$ (626,192)</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.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – For the year ended March 31, 2021, the Township recognized pension expense, on the defined benefit plan, of \$23,514. The Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 238,893
Changes in assumptions	133,845	-
Net difference between projected and actual earnings on pension plan investments	-	133,971
Contributions subsequent to the measurement date	<u>31,304</u>	<u>-</u>
	<u>\$ 165,149</u>	<u>\$ 372,864</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	\$ 112,569	\$ 251,412
Business-type activities	<u>52,580</u>	<u>121,452</u>
	<u>\$ 165,149</u>	<u>\$ 372,864</u>



# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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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 (\$31,304), which would impact the net pension liability in fiscal year 2022, rather than pension expense.

<i>Year Ended</i>	<i>Amount</i>
2022	\$ (40,769)
2023	(7,936)
2024	(108,138)
2025	(60,735)
2026	(21,441)

**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](http://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.

#### **Deferred Compensation Plan:**

The Township offers its employees participation in a deferred compensation plan 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.

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### NOTE 10: HEALTH CARE SAVINGS PROGRAM (HCSP)

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**Plan Description** – The Township’s defined contribution OPEB 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](http://www.mersofmich.com).

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.

# TITTABAWASSEE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### NOTE 10: HEALTH CARE SAVINGS PROGRAM (HCSP), CONTINUED

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. During the current year, there were two employees that retired that were eligible for the front-load benefit.

**Summary of Plan Participants** – As of March 31, 2021, plan membership consisted of 20 active participants and 3 terminated participants.

**Contribution Amounts** – For the year ended March 31, 2021, the Township contributed \$29,339 to the HCSP plan on behalf of the employees. Of this amount, \$13,105 was the front-load dollar amount and \$16,834 was the 1% contribution.

**Vested Balances** – At March 31, 2021, the employer contributed vested balance was \$161,431 and the employee contributed vested balance was \$41,409.

**Forfeiture Amounts** – Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover future employer contributions, be directed to the employer's Retiree Health Funding Vehicle, (if applicable) or be equally distributed among all remaining active participants in the plan. At the end of March 31, 2021 there were no forfeitures that reduced the employer's defined contribution OPEB expense.

**Employer Liability** – At March 31, 2021, the Township reported no amount payable to the OPEB plan.

### 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	\$ 12,625	\$ 4,365	\$ 29,174	\$ 790	\$ 46,954
<i>Restricted:</i>					
Construction code activities	-	-	-	123,604	123,604
Public safety	-	582,534	-	268,813	851,347
Refuse collection	-	-	270,670	-	270,670
	<u>-</u>	<u>582,534</u>	<u>270,670</u>	<u>392,417</u>	<u>1,245,621</u>
<i>Committed:</i>					
Capital improvements	45,278	-	-	-	45,278
Parks	67,919	-	-	-	67,919
Road improvements	86,963	-	-	-	86,963
	<u>200,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,160</u>
Unassigned	<u>1,651,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,651,361</u>
Total fund balances	<u>\$ 1,864,146</u>	<u>\$ 586,899</u>	<u>\$ 299,844</u>	<u>\$ 393,207</u>	<u>\$ 3,144,096</u>

# TITTABAWASSEE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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### NOTE 12: DDA HEALTH/FITNESS FUND - DESIGNATED FUND

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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, 2021, the SCF endowment balance was \$2,216,608. During the year ended March 31, 2021, 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.

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### NOTE 13: TAX ABATEMENTS

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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.

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### NOTE 14: CONTINGENT LIABILITIES

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**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>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 112,234	\$ 99,591	\$ 98,939
Interest on total pension liability	315,243	291,694	280,752
Difference between expected and actual experience	(239,569)	1,839	(59,507)
Changes in assumptions	110,925	-	-
Benefit payments, including employee refunds	(159,351)	(254,318)	(132,003)
Other changes	<u>137</u>	<u>101,748</u>	<u>9,424</u>
<b>Net change in total pension liability</b>	139,619	240,554	197,605
<b>Total pension liability - beginning</b>	<u>3,964,095</u>	<u>3,723,541</u>	<u>3,525,936</u>
<b>Total pension liability - ending</b>	<u>\$ 4,103,714</u>	<u>\$ 3,964,095</u>	<u>\$ 3,723,541</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 147,317	\$ 140,074	\$ 131,092
Contributions - employee	48,898	46,819	43,800
Net investment income (loss)	502,561	457,254	(141,582)
Benefit payments, including employee refunds	(159,351)	(254,318)	(132,003)
Administrative expenses	<u>(7,751)</u>	<u>(7,861)</u>	<u>(6,905)</u>
<b>Net change in plan fiduciary net position</b>	531,674	381,968	(105,598)
<b>Total plan fiduciary net position - beginning</b>	<u>3,792,424</u>	<u>3,410,456</u>	<u>3,516,054</u>
<b>Total plan fiduciary net position - ending</b>	<u>\$ 4,324,098</u>	<u>\$ 3,792,424</u>	<u>\$ 3,410,456</u>
<b>Township's net pension liability (asset)</b>	\$ (220,384)	\$ 171,671	\$ 313,085
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	105.37%	95.67%	91.59%
<b>Covered employee payroll</b>	\$ 946,431	\$ 847,229	\$ 839,463
<b>Township's net pension liability (asset) as a percentage of covered employee payroll</b>	-23.29%	20.26%	37.30%

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>2017</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 96,018	\$ 92,780	\$ 85,159
Interest on total pension liability	264,597	243,139	224,886
Difference between expected and actual experience	(23,686)	(9,904)	-
Changes in assumptions	-	144,927	-
Benefit payments, including employee refunds	(106,155)	(103,497)	(84,476)
Other changes	<u>(17,364)</u>	<u>(7,414)</u>	<u>1,373</u>
<b>Net change in total pension liability</b>	213,410	360,031	226,942
<b>Total pension liability - beginning</b>	<u>3,312,526</u>	<u>2,952,495</u>	<u>2,725,553</u>
<b>Total pension liability - ending</b>	<u>\$ 3,525,936</u>	<u>\$ 3,312,526</u>	<u>\$ 2,952,495</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 118,921	\$ 104,565	\$ 97,417
Contributions - employee	41,229	40,530	39,199
Net investment income (loss)	410,695	313,108	(42,013)
Benefit payments, including employee refunds	(106,155)	(103,497)	(84,476)
Administrative expenses	<u>(6,486)</u>	<u>(6,174)</u>	<u>(6,028)</u>
<b>Net change in plan fiduciary net position</b>	458,204	348,532	4,099
<b>Total plan fiduciary net position - beginning</b>	<u>3,057,850</u>	<u>2,709,318</u>	<u>2,705,219</u>
<b>Total plan fiduciary net position - ending</b>	<u>\$ 3,516,054</u>	<u>\$ 3,057,850</u>	<u>\$ 2,709,318</u>
<b>Township's net pension liability (asset)</b>	\$ 9,882	\$ 254,676	\$ 243,177
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	99.72%	92.31%	91.76%
<b>Covered employee payroll</b>	\$ 816,119	\$ 815,186	\$ 771,616
<b>Township's net pension liability (asset) as a percentage of covered employee payroll</b>	1.21%	31.24%	31.52%

# TITTABAWASSEE TOWNSHIP

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

<i>Fiscal Year Ended March 31,</i>	<i>Actuarially Determined Contribution</i>	<i>Contributions in Relation to Actuarially Determined Contribution</i>	<i>Contribution Deficiency (Excess)</i>	<i>Covered Payroll</i>	<i>ADC as a Percentage of Covered Payroll</i>
2012	\$ 61,316	\$ 98,393	\$ (37,077)	\$ 841,195	7%
2013	37,646	97,516	(59,870)	801,684	5%
2014	40,217	82,550	(42,333)	722,950	6%
2015	25,638	79,009	(53,371)	746,387	3%
2016	45,603	106,536	(60,933)	771,616	6%
2017	44,877	105,232	(60,355)	815,186	6%
2018	64,393	125,339	(60,946)	816,119	8%
2019	66,946	132,585	(65,639)	839,463	8%
2020	76,628	144,627	(67,999)	847,229	9%
2021	100,735	138,690	(37,955)	946,431	11%

### 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	19 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Retirement age	50-60 years dependent on years of service credited
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

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE Year Ended March 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<b>Revenues:</b>				
Property taxes	\$ 411,082	\$ 410,152	\$ 410,835	\$ 683
Special assessments	53,000	54,768	54,768	-
Licenses and permits	60,000	60,000	58,429	(1,571)
Federal grants	-	8,238	8,238	-
State grants	856,250	1,122,918	1,153,521	30,603
Contributions from other units	18,593	18,593	18,593	-
Charges for services	307,384	327,384	334,815	7,431
Interest and rents	65,205	30,123	35,034	4,911
Other revenue	409,000	79,582	73,492	(6,090)
Total revenues	<u>2,180,514</u>	<u>2,111,758</u>	<u>2,147,725</u>	<u>35,967</u>
<b>Expenditures:</b>				
Current				
General government				
Trustees	26,607	19,377	18,133	1,244
Supervisor	17,022	15,522	14,073	1,449
Administrative services	346,298	331,101	317,409	13,692
Fiscal services	142,534	137,034	131,271	5,763
Clerk	58,162	68,271	67,157	1,114
Board of review	2,703	2,703	2,016	687
Treasurer	64,613	68,860	66,103	2,757
Assessor	65,937	64,630	60,640	3,990
Elections	20,400	21,100	25,487	(4,387)
Offices and other buildings	40,059	37,723	37,780	(57)
Total general government	<u>784,335</u>	<u>766,321</u>	<u>740,069</u>	<u>26,252</u>
Public works				
Department of public works	29,538	31,070	31,337	(267)
Sidewalks	20,000	10,000	9,800	200
Drains	33,000	40,400	40,307	93
Roads	85,750	23,250	18,335	4,915
Street lighting	58,000	58,000	56,815	1,185
Cemetery	26,037	30,721	26,706	4,015
Total public works	<u>252,325</u>	<u>193,441</u>	<u>183,300</u>	<u>10,141</u>
Community and economic development				
Planning	23,883	29,397	24,227	5,170
Zoning	1,577	1,577	-	1,577
Community development	34,915	36,902	35,131	1,771
Total community and economic development	<u>60,375</u>	<u>67,876</u>	<u>59,358</u>	<u>8,518</u>

continued



# TITTABAWASSEE TOWNSHIP

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended March 31, 2021

	<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>
Recreation and culture				
Parks	246,401	196,087	173,662	22,425
Community hall	48,000	48,000	44,994	3,006
Total recreation and culture	294,401	244,087	218,656	25,431
Capital outlay	795,000	935,334	917,006	18,328
Total expenditures	2,186,436	2,207,059	2,118,389	88,670
Excess (deficiency) of revenues over expenditures	(5,922)	(95,301)	29,336	124,637
<b>Other financing sources (uses):</b>				
Insurance recoveries	-	69,620	69,582	(38)
Interfund transfers out	(90,000)	(90,000)	(90,000)	-
Net other financing sources (uses)	(90,000)	(20,380)	(20,418)	(38)
Change in fund balance	(95,922)	(115,681)	8,918	124,599
Fund balance, beginning of year	1,855,228	1,855,228	1,855,228	-
Fund balance, end of year	\$ 1,759,306	\$ 1,739,547	\$ 1,864,146	\$ 124,599

# TITTABAWASSEE TOWNSHIP

*POLICE FUND*  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended March 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with</i>
	<u>Original</u>	<u>Final</u>		<i>Final Budget</i>
				<i>Favorable</i>
				<i>(Unfavorable)</i>
<b>Revenues:</b>				
Property taxes	\$ 1,108,441	\$ 1,104,672	\$ 1,102,466	\$ (2,206)
State grants	10,600	10,643	10,643	-
Fines and forfeits	4,000	2,500	2,754	254
Interest and rents	200	100	140	40
Other revenue	2,000	2,900	5,074	2,174
Total revenues	<u>1,125,241</u>	<u>1,120,815</u>	<u>1,121,077</u>	<u>262</u>
<b>Expenditures:</b>				
Current				
Public safety	1,104,426	1,076,816	1,036,913	39,903
Capital outlay	<u>41,000</u>	<u>108,000</u>	<u>107,633</u>	<u>367</u>
Total expenditures	<u>1,145,426</u>	<u>1,184,816</u>	<u>1,144,546</u>	<u>40,270</u>
Excess (deficiency) of revenues over expenditures	<u>(20,185)</u>	<u>(64,001)</u>	<u>(23,469)</u>	<u>40,532</u>
<b>Other financing sources:</b>				
Sale of capital assets	<u>-</u>	<u>11,236</u>	<u>15,550</u>	<u>4,314</u>
Change in fund balance	(20,185)	(52,765)	(7,919)	40,532
Fund balance, beginning of year	<u>594,818</u>	<u>594,818</u>	<u>594,818</u>	<u>-</u>
Fund balance, end of year	<u>\$ 574,633</u>	<u>\$ 542,053</u>	<u>\$ 586,899</u>	<u>\$ 40,532</u>

# TITTABAWASSEE TOWNSHIP

*REFUSE COLLECTION FUND*  
**BUDGETARY COMPARISON SCHEDULE**  
 Year Ended March 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 550,050	\$ 581,085	\$ 581,085	\$ -
Interest and rents	500	-	-	-
Other revenue	<u>100</u>	<u>2,600</u>	<u>4,847</u>	<u>2,247</u>
Total revenues	<u>550,650</u>	<u>583,685</u>	<u>585,932</u>	<u>2,247</u>
<b>Expenditures:</b>				
Current				
Public works	<u>549,724</u>	<u>544,473</u>	<u>550,365</u>	<u>(5,892)</u>
Change in fund balance	926	39,212	35,567	(3,645)
Fund balance, beginning of year	<u>264,277</u>	<u>264,277</u>	<u>264,277</u>	<u>-</u>
Fund balance, end of year	<u>\$ 265,203</u>	<u>\$ 303,489</u>	<u>\$ 299,844</u>	<u>\$ (3,645)</u>

***OTHER SUPPLEMENTARY INFORMATION***

# TITTABAWASSEE TOWNSHIP

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING BALANCE SHEET

March 31, 2021

	<i>Special Revenue Funds</i>		
	<i>Fire Fund</i>	<i>Building Inspection Fund</i>	<i>Total</i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 274,053	\$ 131,568	\$ 405,621
Taxes receivable	6,578	-	6,578
Accounts receivable	-	250	250
Due from other funds	-	289	289
Prepaid expenditures	722	68	790
Total assets	<u>\$ 281,353</u>	<u>\$ 132,175</u>	<u>\$ 413,528</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 11,774	\$ 211	\$ 11,985
Due to other governments	44	-	44
Accrued wages payable	-	4,717	4,717
Unearned revenue	-	3,575	3,575
Total liabilities	<u>11,818</u>	<u>8,503</u>	<u>20,321</u>
<b>Fund balances:</b>			
Nonspendable	722	68	790
Restricted	268,813	123,604	392,417
Total fund balances	<u>269,535</u>	<u>123,672</u>	<u>393,207</u>
Total liabilities and fund balances	<u>\$ 281,353</u>	<u>\$ 132,175</u>	<u>\$ 413,528</u>

# TITTABAWASSEE TOWNSHIP

*NONMAJOR GOVERNMENTAL FUNDS*  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES**  
 Year Ended March 31, 2021

	<i>Special Revenue Funds</i>		
	<i>Fire Fund</i>	<i>Building Inspection Fund</i>	<i>Total</i>
<b>Revenues:</b>			
Property taxes	\$ 237,825	\$ -	\$ 237,825
Licenses and permits	-	212,727	212,727
State grants	8,802	-	8,802
Interest and rents	65	-	65
Other revenue	2,087	-	2,087
Total revenues	248,779	212,727	461,506
<b>Expenditures:</b>			
Current			
Public safety	202,416	178,810	381,226
Capital outlay	11,147	-	11,147
Total expenditures	213,563	178,810	392,373
Excess (deficiency) of revenues over expenditures	35,216	33,917	69,133
<b>Other financing sources (uses):</b>			
Interfund transfers in	90,000	-	90,000
Changes in fund balances	125,216	33,917	159,133
Fund balances, beginning of year	144,319	89,755	234,074
Fund balances, end of year	\$ 269,535	\$ 123,672	\$ 393,207

# TITTABAWASSEE TOWNSHIP

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## COMPONENT UNIT

### BALANCE SHEET

March 31, 2021

#### Assets:

Cash and cash equivalents	\$ 64,561
Taxes receivable	16,208
Prepaid expenditures	<u>50,173</u>
Total assets	<u>\$ 130,942</u>

#### Liabilities and Fund Balance:

##### Liabilities:

Accounts payable	\$ 5,369
Accrued wages payable	<u>1,387</u>
Total liabilities	<u>6,756</u>

##### Fund balance:

###### Nonspendable:

Prepaid expenditures	50,173
Unassigned	<u>74,013</u>
Total fund balance	<u>124,186</u>
Total liabilities and fund balance	<u>\$ 130,942</u>

#### RECONCILIATION OF FUND BALANCE TO NET POSITION:

**Fund balance of the component unit** \$ 124,186

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	5,142,135

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

Compensated absences	<u>(4,750)</u>
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**Net position of the component unit** \$ 5,668,950

# TITTABAWASSEE TOWNSHIP

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*COMPONENT UNIT*  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES**  
Year Ended March 31, 2021

<b>Revenues:</b>	
Property taxes	\$ 389,126
Interest and rents	18,333
Other revenue	<u>1,092</u>
Total revenues	<u>408,551</u>

<b>Expenditures:</b>	
Current:	
Community and economic development	242,812
Capital outlay	37,803
Debt service:	
Principal	43,352
Interest and fees	<u>380</u>
Total expenditures	<u>324,347</u>
Change in fund balance	84,204
Fund balance, beginning of year	<u>39,982</u>
Fund balance, end of year	<u>\$ 124,186</u>

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

<b>Change in fund balance of component unit</b>	<b>\$ 84,204</b>
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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 capitalized assets	13,100
Less depreciation expense	(190,802)

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	(1,238)
Repayments of long-term debt	<u>43,352</u>

<b>Change in net position of component unit</b>	<b>\$ <u>(51,384)</u></b>
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# TITTABAWASSEE TOWNSHIP

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*COMPONENT UNIT*  
**SCHEDULE OF INDEBTEDNESS**  
March 31, 2021

**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		(1,038,097)
Principal paid in current year		<u>(43,352)</u>
Balance payable at March 31, 2021	\$	<u><u>-</u></u>