

TITTABAWASSEE TOWNSHIP

Saginaw County, Michigan

FINANCIAL STATEMENTS

March 31, 2022

TITTABAWASSEE TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Tittabawassee Township, Michigan

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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, 2022, 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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Township Board
Tittabawassee Township, Michigan

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-10), pension schedules (pages 47-49) and budgetary comparison information (pages 50-54) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Township Board
Tittabawassee Township, Michigan

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tittabawassee Township's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bertchume & Co.

Saginaw, Michigan
September 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2022

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, 2022. 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 \$35,334,435 for the fiscal year ended March 31, 2022, compared to \$34,375,915 (restated) for the fiscal year ended March 31, 2021. Total net position increased by \$958,520.
- In the Township's governmental activities, revenues generated were \$4,458,524 while expenses totaled \$3,846,346.
- In the Township's business-type activities, revenues generated were \$4,517,573 while expenses totaled \$4,180,613.

OVERVIEW OF THE FINANCIAL STATEMENTS:

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

Government-wide Financial Statements:

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

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

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

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

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

Fund Financial Statements:

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

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2022

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, Refuse Collection Fund and Building Inspection Fund, which are considered to be "major" funds. Data from the other governmental fund, considered to be a "nonmajor" fund, is shown in a separate column as well.

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.

TITTABAWASSEE TOWNSHIP AS A WHOLE:

The Township's total combined net position for the fiscal year ended March 31, 2022 is \$35,334,435, consisting of \$7,049,407 in governmental activities and \$28,285,028 in business-type activities.

Combined unrestricted net position, that part of net position that can be used to finance day-to-day operations, is \$5,522,032. Governmental activities unrestricted total is \$2,237,118, while business-type activities is \$3,284,914.

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2022

The statement of net position provides the perspective of the Township as a whole. The following table provides a summary of the Township's net position, in a condensed format, as of March 31, 2022 and March 31, 2021 (restated):

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Assets:						
Current and other assets	\$ 4,229,179	\$ 3,492,881	\$ 3,533,118	\$ 4,454,140	\$ 7,762,297	\$ 7,947,021
Capital assets, net	<u>3,194,363</u>	<u>3,380,803</u>	<u>25,000,114</u>	<u>23,849,911</u>	<u>28,194,477</u>	<u>27,230,714</u>
Total assets	<u>7,423,542</u>	<u>6,873,684</u>	<u>28,533,232</u>	<u>28,304,051</u>	<u>35,956,774</u>	<u>35,177,735</u>
Deferred outflows	<u>153,693</u>	<u>112,569</u>	<u>71,932</u>	<u>52,580</u>	<u>225,625</u>	<u>165,149</u>
Liabilities:						
Current and other liabilities	193,030	201,354	157,347	221,875	350,377	423,229
Long-term liabilities	<u>100,781</u>	<u>105,020</u>	<u>49,524</u>	<u>65,856</u>	<u>150,305</u>	<u>170,876</u>
Total liabilities	<u>293,811</u>	<u>306,374</u>	<u>206,871</u>	<u>287,731</u>	<u>500,682</u>	<u>594,105</u>
Deferred inflows	<u>234,017</u>	<u>251,412</u>	<u>113,265</u>	<u>121,452</u>	<u>347,282</u>	<u>372,864</u>
Net position:						
Investment in capital assets	3,194,363	3,380,803	25,000,114	23,849,911	28,194,477	27,230,714
Restricted	1,617,926	1,279,950	-	-	1,617,926	1,279,950
Unrestricted	<u>2,237,118</u>	<u>1,767,714</u>	<u>3,284,914</u>	<u>4,097,537</u>	<u>5,522,032</u>	<u>5,865,251</u>
Total net position	<u>\$ 7,049,407</u>	<u>\$ 6,428,467</u>	<u>\$ 28,285,028</u>	<u>\$ 27,947,448</u>	<u>\$ 35,334,435</u>	<u>\$ 34,375,915</u>

Overall Analysis of Financial Position and Changes in Net Position:

The Township's combined total net position increased by \$958,520 during the current fiscal year. Governmental activities increased by \$620,940 while business-type activities decreased by \$337,580. The Township continues to report a solid net position in its governmental and business-type activities, with approximately \$5.9 million reported in cash and no long-term debt and no pension or OPEB liabilities.

Governmental Activities:

The Township's total governmental revenue is reported at \$4,458,524, an increase of \$255,537 from the prior fiscal year. Total expenses increased by \$538,827 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 \$4,517,573 an increase of \$876,530 from the prior fiscal year. The Water Fund utilized the federal ARPA award in the amount of \$524,609 for system extensions. Total expenses increased by \$777,328 from the prior fiscal year.

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2022

The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows the changes in net position for the year ended March 31, 2022. The following table provides a summary of the Township's operations, in a condensed format, for the years ended March 31, 2022 and March 31, 2021 (restated):

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Revenues:						
Program revenues						
Charges for services	\$ 1,296,491	\$ 1,147,254	\$ 2,978,215	\$ 2,996,852	\$ 4,274,706	\$ 4,144,106
Operating grants and contributions	36,729	33,046	-	-	36,729	33,046
Capital grants and contributions	-	350,000	1,505,407	618,684	1,505,407	968,684
General revenues						
Property taxes	1,921,852	1,741,448	-	-	1,921,852	1,741,448
Franchise fees	60,472	58,429	-	-	60,472	58,429
Unrestricted grants	1,099,875	838,397	-	-	1,099,875	838,397
Investment earnings	8,261	6,719	14,237	25,507	22,498	32,226
Other	34,844	27,694	19,714	-	54,558	27,694
Total revenues	<u>4,458,524</u>	<u>4,202,987</u>	<u>4,517,573</u>	<u>3,641,043</u>	<u>8,976,097</u>	<u>7,844,030</u>
Program Expenses:						
General government	625,640	674,232	-	-	625,640	674,232
Public safety	1,665,177	1,468,750	-	-	1,665,177	1,468,750
Public works	1,049,812	735,712	-	-	1,049,812	735,712
Community and economic development	48,997	58,575	-	-	48,997	58,575
Recreation and culture	456,720	370,250	-	-	456,720	370,250
Interest on long-term debt	-	-	-	-	-	-
Sewer	-	-	1,339,576	1,276,694	1,339,576	1,276,694
Water	-	-	2,841,037	2,126,591	2,841,037	2,126,591
Total program expenses	<u>3,846,346</u>	<u>3,307,519</u>	<u>4,180,613</u>	<u>3,403,285</u>	<u>8,026,959</u>	<u>6,710,804</u>
Change in net position before special items	<u>612,178</u>	<u>895,468</u>	<u>336,960</u>	<u>237,758</u>	<u>949,138</u>	<u>1,133,226</u>
Special items:						
Sale of capital assets	8,762	2,973	620	-	9,382	2,973
Insurance recoveries	-	69,582	-	-	-	69,582
Total special items	<u>8,762</u>	<u>72,555</u>	<u>620</u>	<u>-</u>	<u>9,382</u>	<u>72,555</u>
Changes in net position	620,940	968,023	337,580	237,758	958,520	1,205,781
Net position, beginning of year, restated	<u>6,428,467</u>	<u>5,460,444</u>	<u>27,947,448</u>	<u>27,709,690</u>	<u>34,375,915</u>	<u>33,170,134</u>
Net position, end of year	<u>\$ 7,049,407</u>	<u>\$ 6,428,467</u>	<u>\$ 28,285,028</u>	<u>\$ 27,947,448</u>	<u>\$ 35,334,435</u>	<u>\$ 34,375,915</u>

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2022

TITTABAWASSEE TOWNSHIP'S FUNDS:

Presentation of Tittabawassee Township's major funds and nonmajor fund begins on page 15, 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 four 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, 2022, General Fund financing sources exceeded its financing uses by \$353,395, increasing its ending fund balance to \$2,217,541. The Township's second major governmental fund, the Police Fund increased its ending fund balance by \$191,493. The Township's third major governmental fund, the Refuse Collection Fund increased its ending fund balance by \$73,300. The Township's fourth major governmental fund, the Building Inspection Fund increased its ending fund balance by \$20,942.

Overall Analysis of Financial Position and Change in General Fund Fund Balance:

The General Fund fund balance of \$2,217,541 as of March 31, 2022 is considered, by management, to be very healthy in comparison to the annual General Fund expenditures budget of approximately \$1.8 million. The Township revenues and expenditures were monitored during the current year through a budget process and, consequently, the operating results were as expected

General Fund Budgetary Highlights:

The General Fund budget, as originally adopted, projected a net decrease in fund balance of \$45,274. During the year, the Township made budget amendments that changed the projection to a net decrease in fund balance of \$132,957. The actual results for the fiscal year yielded an increase in fund balance of \$353,395.

The primary reason for the increase in General Fund's fund balance over the final budgeted amounts relates to the timing of the Board's adoption of final budget amendments in February 2022. Management did not have access to the final state revenue sharing totals at the time, which included retroactive payments due to the Township from the State of Michigan for the Township's increase in the census population used for the calculation of the constitutional revenue sharing amounts. The total received by the Township was \$204,363 greater than was anticipated in the fiscal year 2022 budget.

Capital Assets and Debt Administration:

At March 31, 2022, Tittabawassee Township had \$28,194,477 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, 2021, this total was \$27,230,714. As the financial statement Note 15 explains, the Township retroactively changed the useful life estimate and the minimum threshold for capitalization for certain capital assets, which resulted in a retroactive decrease in depreciation expense and therefore an increase in net position for the investment in capital assets. Additional information about capital assets is presented in Note 1 and Note 4 of the Notes to the Financial Statements.

At March 31, 2022, Tittabawassee Township did not have any long-term indebtedness, other than compensated absences. Additional information about indebtedness is presented in Note 5 of the Notes to the Financial Statements.

TITTABAWASSEE TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2022

Economic Factors:

Tittabawassee Township benefited from another year of steady development of single-family residential construction projects. New residential housing starts lead the way with 55 in fiscal year 2021-2022. Fiscal year 2022-2023 continues strong with 33 residential new construction permits issued within the first quarter, ending September 30, 2022. Commercial building starts again mirror the last several years' growth.

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. The official 2020 US Census data revealed 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.

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 ten (10) 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, 2022

	<i>Primary Government</i>			<i>Component Unit - DDA</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 3,600,183	\$ 2,372,289	\$ 5,972,472	\$ 305,505
Receivables	371,739	1,004,379	1,376,118	22,752
Internal balances	2,004	(2,004)	-	-
Inventory	-	49,063	49,063	-
Prepaid expenses	54,571	11,379	65,950	16
Capital assets not being depreciated	497,133	528,021	1,025,154	431,379
Capital assets being depreciated, net	2,697,230	24,472,093	27,169,323	4,955,989
Net pension asset	200,682	98,012	298,694	-
Total assets	7,423,542	28,533,232	35,956,774	5,715,641
Deferred outflows of resources:				
Related to pension	153,693	71,932	225,625	-
Liabilities:				
Accounts payable and accrued expenses	189,780	157,347	347,127	13,774
Unearned revenue	3,250	-	3,250	-
Long-term liabilities:				
Due in more than one year				
Compensated absences payable	100,781	49,524	150,305	2,012
Total liabilities	293,811	206,871	500,682	15,786
Deferred inflows of resources:				
Related to pension	234,017	113,265	347,282	-
Net position:				
Investment in capital assets	3,194,363	25,000,114	28,194,477	5,387,368
Restricted for:				
Construction code activities	144,614	-	144,614	-
Public safety	1,100,168	-	1,100,168	-
Refuse collection	373,144	-	373,144	-
Unrestricted	2,237,118	3,284,914	5,522,032	312,487
Total net position	\$ 7,049,407	\$ 28,285,028	\$ 35,334,435	\$ 5,699,855

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

TITTABAWASSEE TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 625,640	\$ 267,254	\$ -	\$ -	\$ (358,386)
Public safety	1,665,177	270,264	12,757	-	(1,382,156)
Public works	1,049,812	699,608	13,972	-	(336,232)
Community and economic development	48,997	9,320	-	-	(39,677)
Recreation and culture	456,720	50,045	10,000	-	(396,675)
Total governmental activities	<u>3,846,346</u>	<u>1,296,491</u>	<u>36,729</u>	<u>-</u>	<u>(2,513,126)</u>
<i>Business-type activities:</i>					
Sewer	1,339,576	1,121,258	-	389,448	171,130
Water	2,841,037	1,856,957	-	1,115,959	131,879
Total business-type activities	<u>4,180,613</u>	<u>2,978,215</u>	<u>-</u>	<u>1,505,407</u>	<u>303,009</u>
Total primary government	<u>\$ 8,026,959</u>	<u>\$ 4,274,706</u>	<u>\$ 36,729</u>	<u>\$ 1,505,407</u>	<u>\$ (2,210,117)</u>
COMPONENT UNIT:					
Downtown development authority	<u>\$ 522,319</u>	<u>\$ 103,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (419,062)</u>

continued

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

TITTABAWASSEE TOWNSHIP

STATEMENT OF ACTIVITIES, CONTINUED

Year Ended March 31, 2022

	<u>Primary Government</u>			<u>Component Unit - DDA</u>
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	
<i>Changes in net position:</i>				
Net (Expense) Revenue	\$ (2,513,126)	\$ 303,009	\$ (2,210,117)	\$ (419,062)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	419,370	-	419,370	-
Property taxes, levied for fire/public safety	247,295	-	247,295	-
Property taxes, levied for police/public safety	1,255,187	-	1,255,187	-
Property taxes, captured by DDA	-	-	-	443,379
Franchise fees	60,472	-	60,472	-
Grants and contributions not restricted to specific programs	1,099,875	-	1,099,875	-
Unrestricted investment earnings	8,261	14,237	22,498	83
Other	34,844	19,714	54,558	6,505
Special items:				
Sale of capital assets	8,762	620	9,382	-
Total general revenues and special items	<u>3,134,066</u>	<u>34,571</u>	<u>3,168,637</u>	<u>449,967</u>
Changes in net position	620,940	337,580	958,520	30,905
Net position, beginning of year, restated	<u>6,428,467</u>	<u>27,947,448</u>	<u>34,375,915</u>	<u>5,668,950</u>
Net position, end of year	<u>\$ 7,049,407</u>	<u>\$ 28,285,028</u>	<u>\$ 35,334,435</u>	<u>\$ 5,699,855</u>

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

TITTABAWASSEE TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2022

	<i>General Fund</i>	<i>Police Fund</i>	<i>Refuse Collection Fund</i>
Assets:			
Cash and cash equivalents	\$ 1,963,010	\$ 774,502	\$ 362,308
Taxes receivable	12,496	30,472	-
Accounts receivable	20,886	1,382	22,968
Special assessments receivable	1,563	-	-
Due from other governments	275,969	-	-
Due from other funds	2,004	-	-
Prepaid expenditures	16,598	5,802	29,174
Total assets	<u>\$ 2,292,526</u>	<u>\$ 812,158</u>	<u>\$ 414,450</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 9,832	\$ 9,040	\$ 40,918
Accrued expenses	20,524	-	-
Due to other governments	10,483	-	-
Deposits payable	12,100	-	-
Accrued wages payable	22,046	24,726	388
Unearned revenue	-	-	-
Total liabilities	<u>74,985</u>	<u>33,766</u>	<u>41,306</u>
Fund balances:			
Nonspendable			
Prepaid expenditures	16,598	5,802	29,174
Restricted			
Construction code activities	-	-	-
Public safety	-	772,590	-
Refuse collection	-	-	343,970
Committed			
Capital improvements	75,513	-	-
Parks	110,810	-	-
Road improvements	23,912	-	-
Unassigned	1,990,708	-	-
Total fund balances	<u>2,217,541</u>	<u>778,392</u>	<u>373,144</u>
Total liabilities and fund balances	<u>\$ 2,292,526</u>	<u>\$ 812,158</u>	<u>\$ 414,450</u>

continued

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

TITTABAWASSEE TOWNSHIP

GOVERNMENTAL FUNDS
BALANCE SHEET, CONTINUED
 March 31, 2022

	<i>Building Inspection Fund</i>	<i>Nonmajor Fund Fire Fund</i>	<i>Total</i>
Assets:			
Cash and cash equivalents	\$ 176,882	\$ 323,481	\$ 3,600,183
Taxes receivable	-	6,003	48,971
Accounts receivable	-	-	45,236
Special assessments receivable	-	-	1,563
Due from other governments	-	-	275,969
Due from other funds	-	-	2,004
Prepaid expenditures	609	2,388	54,571
	<u>\$ 177,491</u>	<u>\$ 331,872</u>	<u>\$ 4,028,497</u>
Liabilities and Fund Balances:			
<i>Liabilities:</i>			
Accounts payable	\$ 21,946	\$ 7,396	\$ 89,132
Accrued expenses	-	-	20,524
Due to other governments	-	-	10,483
Deposits payable	-	-	12,100
Accrued wages payable	7,681	2,700	57,541
Unearned revenue	3,250	-	3,250
	<u>32,877</u>	<u>10,096</u>	<u>193,030</u>
<i>Fund balances:</i>			
Nonspendable			
Prepaid expenditures	609	2,388	54,571
Restricted			
Construction code activities	144,005	-	144,005
Public safety	-	319,388	1,091,978
Refuse collection	-	-	343,970
Committed			
Capital improvements	-	-	75,513
Parks	-	-	110,810
Road improvements	-	-	23,912
Unassigned	-	-	1,990,708
	<u>144,614</u>	<u>321,776</u>	<u>3,835,467</u>
Total fund balances	<u>\$ 177,491</u>	<u>\$ 331,872</u>	<u>\$ 4,028,497</u>
Total liabilities and fund balances	<u>\$ 177,491</u>	<u>\$ 331,872</u>	<u>\$ 4,028,497</u>

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

TITTABAWASSEE TOWNSHIP

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

March 31, 2022

Fund balances of governmental funds	\$ 3,835,467
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	2,697,230
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	200,682
Deferred outflows related to the net pension asset	153,693
Deferred inflows related to the net pension asset	(234,017)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	<u>(100,781)</u>
Net position of governmental activities	<u><u>\$ 7,049,407</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, 2022

	<u>General Fund</u>	<u>Police Fund</u>	<u>Refuse Collection Fund</u>
Revenues:			
Property taxes	\$ 429,113	\$ 1,255,187	\$ -
Special assessments	57,162	-	-
Licenses and permits	60,472	-	-
State grants	1,107,428	15,375	-
Contributions from other units	15,394	-	-
Charges for services	340,304	-	641,322
Fines and forfeits	-	6,149	-
Interest and rents	64,903	175	-
Other revenue	33,673	1,646	4,581
Total revenues	<u>2,108,449</u>	<u>1,278,532</u>	<u>645,903</u>
Expenditures:			
Current			
General government	718,522	-	-
Public safety	-	1,052,199	-
Public works	474,379	-	572,603
Community and economic development	51,233	-	-
Recreation and culture	287,588	-	-
Capital outlay	70,553	44,340	-
Total expenditures	<u>1,602,275</u>	<u>1,096,539</u>	<u>572,603</u>
Excess (deficiency) of revenues over expenditures	<u>506,174</u>	<u>181,993</u>	<u>73,300</u>
Other financing sources (uses):			
Sale of capital assets	2,221	9,500	-
Interfund transfers in	-	-	-
Interfund transfers out	(155,000)	-	-
Net other financing sources (uses)	<u>(152,779)</u>	<u>9,500</u>	<u>-</u>
Changes in fund balances	353,395	191,493	73,300
Fund balances, beginning of year	<u>1,864,146</u>	<u>586,899</u>	<u>299,844</u>
Fund balances, end of year	<u>\$ 2,217,541</u>	<u>\$ 778,392</u>	<u>\$ 373,144</u>

continued

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

TITTABAWASSEE TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, CONTINUED

Year Ended March 31, 2022

	<i>Building Inspection Fund</i>	<i>Nonmajor Fund Fire Fund</i>	<i>Total</i>
Revenues:			
Property taxes	\$ -	\$ 247,295	\$ 1,931,595
Special assessments	-	-	57,162
Licenses and permits	259,968	-	320,440
State grants	-	6,538	1,129,341
Contributions from other units	-	-	15,394
Charges for services	-	-	981,626
Fines and forfeits	-	-	6,149
Interest and rents	-	128	65,206
Other revenue	-	6,354	46,254
Total revenues	<u>259,968</u>	<u>260,315</u>	<u>4,553,167</u>
Expenditures:			
Current			
General government	-	-	718,522
Public safety	225,371	324,720	1,602,290
Public works	-	-	1,046,982
Community and economic development	-	-	51,233
Recreation and culture	-	-	287,588
Capital outlay	<u>13,655</u>	<u>38,354</u>	<u>166,902</u>
Total expenditures	<u>239,026</u>	<u>363,074</u>	<u>3,873,517</u>
Excess (deficiency) of revenues over expenditures	<u>20,942</u>	<u>(102,759)</u>	<u>679,650</u>
Other financing sources (uses):			
Sale of capital assets	-	-	11,721
Interfund transfers in	-	155,000	155,000
Interfund transfers out	-	-	(155,000)
Net other financing sources (uses)	<u>-</u>	<u>155,000</u>	<u>11,721</u>
Changes in fund balances	20,942	52,241	691,371
Fund balances, beginning of year	<u>123,672</u>	<u>269,535</u>	<u>3,144,096</u>
Fund balances, end of year	<u>\$ 144,614</u>	<u>\$ 321,776</u>	<u>\$ 3,835,467</u>

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

TITTABAWASSEE TOWNSHIP

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

Year Ended March 31, 2022

Changes in fund balances of governmental funds	\$ 691,371
Change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Purchases of capital assets	57,995
Depreciation expense	(241,476)
Less remaining book value of disposed capital assets	(2,959)
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	4,239
Change in net pension asset and related deferred outflows and inflows of resources	<u>111,770</u>
Change in net position of governmental activities	<u>\$ 620,940</u>

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

TITTABAWASSEE TOWNSHIP

PROPRIETARY FUNDS STATEMENT OF NET POSITION March 31, 2022

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,535,522	\$ 836,767	\$ 2,372,289
Utility bills receivable	241,633	360,558	602,191
Accounts receivable	3,265	350	3,615
Special assessments receivable	34,711	3,781	38,492
Inventory	-	49,063	49,063
Prepaid expenses	5,733	5,646	11,379
Total current assets	<u>1,820,864</u>	<u>1,256,165</u>	<u>3,077,029</u>
Noncurrent assets:			
Special assessments receivable, net of current	360,081	-	360,081
Capital assets not being depreciated	399,974	128,047	528,021
Capital assets being depreciated, net	13,956,891	10,515,202	24,472,093
Net pension asset	56,750	41,262	98,012
Total noncurrent assets	<u>14,773,696</u>	<u>10,684,511</u>	<u>25,458,207</u>
Total assets	<u>16,594,560</u>	<u>11,940,676</u>	<u>28,535,236</u>
Deferred outflows of resources:			
Related to pension	42,868	29,064	71,932
Liabilities:			
Current liabilities:			
Accounts payable	17,106	97,467	114,573
Accrued expenses	7,608	-	7,608
Due to other funds	1,002	1,002	2,004
Deposits payable	-	12,347	12,347
Accrued wages payable	13,144	9,675	22,819
Total current liabilities	<u>38,860</u>	<u>120,491</u>	<u>159,351</u>
Noncurrent liabilities:			
Compensated absences payable	24,762	24,762	49,524
Total liabilities	<u>63,622</u>	<u>145,253</u>	<u>208,875</u>
Deferred inflows of resources:			
Related to pension	65,983	47,282	113,265
Net position:			
Investment in capital assets	14,356,865	10,643,249	25,000,114
Unrestricted	2,150,958	1,133,956	3,284,914
Total net position	<u>\$ 16,507,823</u>	<u>\$ 11,777,205</u>	<u>\$ 28,285,028</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, 2022

	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total</i>
Operating revenues:			
Charges for services			
Sales	\$ 1,098,844	\$ 1,716,688	\$ 2,815,532
Penalties	14,402	22,239	36,641
Other	568	28,481	29,049
Hydrant assessments	-	89,549	89,549
	1,113,814	1,856,957	2,970,771
Operating expenses:			
Personal services	376,061	326,907	702,968
Supplies	74,229	111,589	185,818
Contracted services	101,054	250,962	352,016
Purchase of water	-	992,502	992,502
Administrative expense	60,273	132,114	192,387
Other services and charges	246,770	150,060	396,830
Depreciation	481,189	312,903	794,092
	1,339,576	2,277,037	3,616,613
Total operating expenses			
Operating income (loss)	(225,762)	(420,080)	(645,842)
Non-operating revenues (expenses):			
Interest income	8,671	5,566	14,237
Interest income - special assessments	7,444	-	7,444
Reimbursements	19,714	-	19,714
Sale of capital assets	-	620	620
	35,829	6,186	42,015
Net non-operating revenues			
Changes in net position before capital contributions	(189,933)	(413,894)	(603,827)
Capital charges - City of Saginaw	-	(564,000)	(564,000)
Capital contributions - contributed capital assets	300,000	373,875	673,875
Capital contributions - connection and tap fees	89,448	217,475	306,923
Capital contributions - federal ARPA grant	-	524,609	524,609
	199,515	138,065	337,580
Changes in fund net position			
Net position, beginning of year, restated	16,308,308	11,639,140	27,947,448
Net position, end of year	\$ 16,507,823	\$ 11,777,205	\$ 28,285,028

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

TITTABAWASSEE TOWNSHIP

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
 Year Ended March 31, 2022

	<u>Sewer</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,123,106	\$ 1,887,391	\$ 3,010,497
Cash payments to and on behalf of employees	(411,770)	(355,915)	(767,685)
Cash payments for goods, services and other	(475,593)	(1,704,870)	(2,180,463)
Net cash provided (used) by operating activities	<u>235,743</u>	<u>(173,394)</u>	<u>62,349</u>
Cash flows from non-capital financing activities:			
Reimbursements	<u>19,714</u>	<u>-</u>	<u>19,714</u>
Cash flows from capital related financing activities:			
Proceeds from sale of capital assets	-	620	620
Capital contributions - special assessments	43,003	-	43,003
Capital charges - City of Saginaw	-	(564,000)	(564,000)
Capital contributions - connection and tap fees	89,448	217,475	306,923
Capital contributions - federal ARPA grant	-	524,609	524,609
Acquisition and construction of capital assets	(316,080)	(954,340)	(1,270,420)
Net cash used by capital and related financing activities	<u>(183,629)</u>	<u>(775,636)</u>	<u>(959,265)</u>
Cash flows from investing activities:			
Interest received	<u>8,671</u>	<u>5,566</u>	<u>14,237</u>
Change in cash and cash equivalents	80,499	(943,464)	(862,965)
Cash and cash equivalents, beginning of year	<u>1,455,023</u>	<u>1,780,231</u>	<u>3,235,254</u>
Cash and cash equivalents, end of year	<u>\$ 1,535,522</u>	<u>\$ 836,767</u>	<u>\$ 2,372,289</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (225,762)	\$ (420,080)	\$ (645,842)
Adjustments:			
Depreciation	481,189	312,903	794,092
Change in assets and liabilities:			
Receivables	8,290	29,432	37,722
Prepaid expenses	2,124	5,707	7,831
Accounts payable	(2,999)	(72,000)	(74,999)
Accrued expenses	7,608	-	7,608
Due to other funds	1,002	1,002	2,004
Deposits payable	-	(1,350)	(1,350)
Accrued wages payable	3,687	526	4,213
Compensated absences payable	(8,166)	(8,166)	(16,332)
Net pension asset and related deferred outflows/inflows	(31,230)	(21,368)	(52,598)
Net cash provided (used) by operating activities	<u>\$ 235,743</u>	<u>\$ (173,394)</u>	<u>\$ 62,349</u>

Schedule of noncash capital financing activities:

The Sewer Fund received \$300,000 and the Water Fund received \$373,875 of contributed capital assets.

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

TITTABAWASSEE TOWNSHIP

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
 March 31, 2022

	<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>
Assets:			
Cash and cash equivalents	\$ -	\$ 9,317	\$ 9,317
Investments	236,195	-	236,195
Total assets	<u>236,195</u>	<u>9,317</u>	<u>245,512</u>
Liabilities:			
Due to other governments	-	9,317	9,317
Total liabilities	<u>-</u>	<u>9,317</u>	<u>9,317</u>
Net position:			
Held in trust for retiree benefits	<u>236,195</u>	<u>-</u>	<u>236,195</u>
Total net position	<u>\$ 236,195</u>	<u>\$ -</u>	<u>\$ 236,195</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, 2022

	<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>
Additions:			
Employer contributions, net forfeitures	\$ 7,693	\$ -	\$ 7,693
Employee contributions	12,565	-	12,565
Leave conversion	10,018	-	10,018
Property taxes collected for other governments	-	10,410,651	10,410,651
Net investment income (loss)	7,955	-	7,955
Total additions	<u>38,231</u>	<u>10,410,651</u>	<u>10,448,882</u>
Deductions:			
Property taxes paid to other governments	-	10,410,651	10,410,651
Reimbursements and fees	17,331	-	17,331
Total deductions	<u>17,331</u>	<u>10,410,651</u>	<u>10,427,982</u>
Changes in net position	20,900	-	20,900
Net position, beginning of year, restated	<u>215,295</u>	<u>-</u>	<u>215,295</u>
Net position, end of year	<u>\$ 236,195</u>	<u>\$ -</u>	<u>\$ 236,195</u>

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

NOTES TO FINANCIAL STATEMENTS

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity:

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

Component Unit:

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

Jointly Governed Organization:

Mid Michigan Waste Authority – The Township is a member of and receives trash collection services from Mid Michigan Waste Authority (MMWA). MMWA was created in 1991 by twelve municipal corporations within Saginaw County under the provisions of Act 233, Public Acts of Michigan, 1995 as amended, for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system. The Township does not have any equity interest in MMWA. The cost of trash collection services for the year ended March 31, 2022, from MMWA, was \$543,325.

Accounting and Reporting Principles:

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

Report Presentation:

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

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Fund Accounting:

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

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

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

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

The Township reports the following major governmental funds:

General Fund is the primary operating fund. It accounts for and reports all financial resources except for those required to be accounted for in another fund.

Special Revenue Fund – Police Fund accounts for a tax levy for the purpose of providing police protection.

Special Revenue Fund – Refuse Collection Fund accounts a special assessment levy for the purpose of providing refuse collection services.

Special Revenue Fund – Building Inspection Fund accounts for revenues earmarked for building construction code enforcement activities

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.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., 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. Capital assets are defined by the Township as assets with an individual cost in excess of the threshold and an estimated useful life in excess of three years. 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 estimated useful lives:

	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
Buildings and improvements	10-50 years	\$ 50,000
Fitness equipment	3-10 years	10,000
Infrastructure	20 years	10,000
Land	N/A	10,000
Land improvements	20 years	25,000
Machinery and equipment	5-25 years	20,000
Office machines	5 years	10,000
Sewer infrastructure	50 years	10,000
Vehicles	5-25 years	20,000
Water infrastructure	50 years	10,000

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.

Unearned Revenue – Governmental and proprietary funds report unearned revenue in connection with resources that have been received but not yet earned.

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.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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

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

Property Tax Revenue – Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year. The 2021 taxable valuation of the Township totaled \$362,811,947 (exclusive of any Michigan Tax Tribunal or Board of Review adjustments) on which ad valorem taxes levied consisted of .8709 mills for the Township's operating purposes, 2.9934 mills for police protection and 1.4689 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 asset or 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.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Use of Estimates:

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

Interfund Activity:

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. Before the beginning of the next fiscal year, a proposed operating budget is submitted to the Township Board by fund. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, CONTINUED

Prior to April 1, the budget is legally enacted by adoption of the Township Board. Any revision that alters the total expenditures of any fund must be approved by the Township Board. Formal budgetary integration is employed as a management control device during the year for all funds. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund as well as any other major funds is included in the required supplementary information. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over Final Budget</u>
Refuse Collection Fund:			
Public works	\$ 562,626	\$ 572,603	\$ 9,977
Building Inspection Fund:			
Public safety	205,597	239,026	33,429

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 \$6,777,646 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$1,137,489 was covered by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC and NCUA 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.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS, CONTINUED

Investments in Entities that Calculate Net Asset Value per Share:

The Township holds shares or interests in MERS Health Care Savings Program whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investments as a practical expedient. At March 31, 2022, the fair value of the investments was \$236,195 and there were no unfunded commitments.

NOTE 4: CAPITAL ASSETS

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

	<i>April 1,</i> <i>2021</i> <i>Restated</i>	<i>Additions</i>	<i>Disposals/ Retirements</i>	<i>March 31,</i> <i>2022</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 476,053	\$ -	\$ -	\$ 476,053
Nondepreciable land improvements	21,080	-	-	21,080
Total capital assets not being depreciated	<u>497,133</u>	<u>-</u>	<u>-</u>	<u>497,133</u>
Capital assets being depreciated:				
Buildings and improvements	2,011,449	-	(8,646)	2,002,803
Infrastructure	170,510	-	-	170,510
Land improvements	2,226,784	-	(90,630)	2,136,154
Machinery and equipment	449,413	-	(102,760)	346,653
Office furniture	7,750	-	(7,750)	-
Office machines	80,060	13,655	(15,749)	77,966
Vehicles	1,007,645	44,340	(73,405)	978,580
Total capital assets being depreciated	<u>5,953,611</u>	<u>57,995</u>	<u>(298,940)</u>	<u>5,712,666</u>
Less accumulated depreciation for:				
Buildings and improvements	(918,763)	(41,226)	8,646	(951,343)
Infrastructure	(48,148)	(5,108)	-	(53,256)
Land improvements	(1,220,869)	(102,008)	90,630	(1,232,247)
Machinery and equipment	(305,616)	(21,110)	102,760	(223,966)
Office furniture	(7,750)	-	7,750	-
Office machines	(45,282)	(8,583)	15,749	(38,116)
Vehicles	(523,513)	(63,441)	70,446	(516,508)
Total accumulated depreciation	<u>(3,069,941)</u>	<u>(241,476)</u>	<u>295,981</u>	<u>(3,015,436)</u>
Capital assets being depreciated, net	<u>2,883,670</u>	<u>(183,481)</u>	<u>(2,959)</u>	<u>2,697,230</u>
Governmental activities, capital assets, net	<u>\$ 3,380,803</u>	<u>\$ (183,481)</u>	<u>\$ (2,959)</u>	<u>\$ 3,194,363</u>

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 4: CAPITAL ASSETS, CONTINUED

	<i>April 1, 2021</i>		<i>Disposals/ Retirements</i>	<i>March 31, 2022</i>
	<u>Restated</u>	<u>Additions</u>		
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 126,073	\$ 243,948	\$ -	\$ 370,021
Construction in progress	<u>88,800</u>	<u>158,000</u>	<u>(88,800)</u>	<u>158,000</u>
Total capital assets not being depreciated	<u>214,873</u>	<u>401,948</u>	<u>(88,800)</u>	<u>528,021</u>
Capital assets being depreciated:				
Buildings and improvements	2,946,526	-	(6,436)	2,940,090
Land improvements	84,017	-	-	84,017
Machinery and equipment	779,339	-	(52,874)	726,465
Office machines	11,168	-	-	11,168
Sewer infrastructure	20,079,189	336,106	-	20,415,295
Vehicles	273,562	-	(16,478)	257,084
Water infrastructure	<u>13,255,709</u>	<u>1,295,041</u>	<u>(7,683)</u>	<u>14,543,067</u>
Total capital assets being depreciated	<u>37,429,510</u>	<u>1,631,147</u>	<u>(83,471)</u>	<u>38,977,186</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,444,093)	(59,003)	6,436	(1,496,660)
Land improvements	(23,852)	(4,201)	-	(28,053)
Machinery and equipment	(415,331)	(37,016)	52,874	(399,473)
Office machines	(11,168)	-	-	(11,168)
Sewer infrastructure	(7,037,057)	(406,945)	-	(7,444,002)
Vehicles	(133,117)	(15,302)	16,478	(131,941)
Water infrastructure	<u>(4,729,854)</u>	<u>(271,625)</u>	<u>7,683</u>	<u>(4,993,796)</u>
Total accumulated depreciation	<u>(13,794,472)</u>	<u>(794,092)</u>	<u>83,471</u>	<u>(14,505,093)</u>
Capital assets being depreciated, net	<u>23,635,038</u>	<u>837,055</u>	<u>-</u>	<u>24,472,093</u>
Business-type activities, capital assets, net	<u>\$ 23,849,911</u>	<u>\$ 1,239,003</u>	<u>\$ (88,800)</u>	<u>\$ 25,000,114</u>

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 4: CAPITAL ASSETS, CONTINUED

	<i>April 1, 2021</i>	<i>Additions</i>	<i>Disposals/ Retirements</i>	<i>March 31, 2022</i>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 407,379	\$ -	\$ -	\$ 407,379
Construction in progress	-	24,000	-	24,000
Total nondepreciable capital assets	407,379	24,000	-	431,379
Capital assets being depreciated:				
Buildings and improvements	6,282,952	-	-	6,282,952
Land improvements	540,946	-	-	540,946
Machinery and equipment	904,815	-	-	904,815
Total capital assets being depreciated	7,728,713	-	-	7,728,713
Less accumulated depreciation for:				
Buildings and improvements	(1,604,689)	(134,734)	-	(1,739,423)
Land improvements	(251,393)	(27,047)	-	(278,440)
Machinery and equipment	(730,496)	(24,365)	-	(754,861)
Total accumulated depreciation	(2,586,578)	(186,146)	-	(2,772,724)
Capital assets being depreciated, net	5,142,135	(186,146)	-	4,955,989
Component unit, capital assets, net	\$ 5,549,514	\$ (162,146)	\$ -	\$ 5,387,368

Depreciation expense was charged to various functions as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Unit</i>
General government	\$ 34,618	\$ -	\$ -
Public safety	88,373	-	-
Public works	2,830	-	-
Community and economic development	-	-	186,146
Recreation and culture	115,655	-	-
Sewer	-	481,189	-
Water	-	312,903	-
Total depreciation expense	\$ 241,476	\$ 794,092	\$ 186,146

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 5: LONG-TERM LIABILITIES

Long-term debt transactions for the Township for the fiscal year ended March 31, 2022 was as follows:

	<u>April 1,</u> <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31,</u> <u>2022</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
<i>Other liabilities:</i>					
Compensated absences	\$ 105,020	\$ -	\$ (4,239)	\$ 100,781	\$ -
Total governmental activities long-term liabilities	<u>\$ 105,020</u>	<u>\$ -</u>	<u>\$ (4,239)</u>	<u>\$ 100,781</u>	<u>\$ -</u>
Business-type activities:					
<i>Other liabilities:</i>					
Compensated absences	\$ 65,856	\$ -	\$ (16,332)	\$ 49,524	\$ -
Total business-type activities long-term debt	<u>\$ 65,856</u>	<u>\$ -</u>	<u>\$ (16,332)</u>	<u>\$ 49,524</u>	<u>\$ -</u>
Component unit:					
<i>Other liabilities:</i>					
Compensated absences	\$ 4,750	\$ -	\$ (2,738)	\$ 2,012	\$ -
Total component unit long-term liabilities	<u>\$ 4,750</u>	<u>\$ -</u>	<u>\$ (2,738)</u>	<u>\$ 2,012</u>	<u>\$ -</u>

NOTE 6: INTERFUND BALANCES AND TRANSFERS

The interfund receivable and payable balances for the year ended March 31, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 1,002
General Fund	Water Fund	1,002
		<u>\$ 2,004</u>

Interfund transfers during the fiscal year were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Fire Fund	<u>\$ 155,000</u>

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

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivable and payable balances for the fiscal year ended March 31, 2022 were as follows:

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Component Unit</i>
Receivables:				
Property taxes receivable	\$ 48,971	\$ -	\$ 48,971	\$ 13,402
Utility bills receivable	-	602,191	602,191	-
Accounts receivable	45,236	3,615	48,851	-
Special assessments receivable				
Current	1,563	38,492	40,055	-
Noncurrent	-	360,081	360,081	-
Intergovernmental	<u>275,969</u>	<u>-</u>	<u>275,969</u>	<u>9,350</u>
Total receivables	<u>\$ 371,739</u>	<u>\$ 1,004,379</u>	<u>\$ 1,376,118</u>	<u>\$ 22,752</u>
Accounts payable and accrued expenses:				
Accounts payable	\$ 89,132	\$ 114,573	\$ 203,705	\$ 13,251
Accrued payroll and related liabilities	78,065	22,819	100,884	523
Deposits payable	12,100	12,347	24,447	-
Intergovernmental	<u>10,483</u>	<u>7,608</u>	<u>18,091</u>	<u>-</u>
Total accounts payable and accrued expenses	<u>\$ 189,780</u>	<u>\$ 157,347</u>	<u>\$ 347,127</u>	<u>\$ 13,774</u>

NOTE 8: RISK MANAGEMENT

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

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

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS

The Township has two employee pension plans: a Defined Contribution Plan 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.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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 \$49,327 and the employees contributed \$9,254.

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, if any, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Benefits Provided – The following are the benefits provided from the December 31, 2020 valuation. The division is open.

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

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

Employees covered by benefit terms – At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	8
Inactive employees entitled to but not yet receiving benefits (including refunds):	1
Active employees:	<u>15</u>
Total	<u><u>24</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 11.54% based on annual payroll. The amount was based on the valuation payroll from the December 31, 2019 actuarial valuation.

Net Pension Liability – The Township’s net pension liability reported at March 31, 2022 was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021.

Actuarial assumptions – The total pension liability in the December 31, 2020 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.

A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020 actuarial valuation, first impacting 2022 contributions.

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%
TOTAL	100.0%		7.35%		4.85%

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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 12/31/20	\$ 4,103,714	\$ 4,324,098	\$ (220,384)
Service cost	100,054	-	100,054
Interest on total pension liability	307,302	-	307,302
Difference between expected and actual experience	205,934	-	205,934
Changes in assumptions	108,180	-	108,180
Employer contributions	-	139,926	(139,926)
Employee contributions	-	47,612	(47,612)
Net investment income (loss)	-	609,598	(609,598)
Benefit payments, including employee refunds	(220,581)	(220,581)	-
Administrative expenses	-	(6,994)	6,994
Other changes	(9,638)	-	(9,638)
Net changes	491,251	569,561	(78,310)
Balances at 12/31/21	<u>\$ 4,594,965</u>	<u>\$ 4,893,659</u>	<u>\$ (298,694)</u>

The net pension asset is recorded as follows:

Governmental activities	\$ (200,682)
Business-type activities	<u>(98,012)</u>
	<u>\$ (298,694)</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.

	<i>1% Decrease Rate 6.6%</i>	<i>Current Rate 7.6%</i>	<i>1% Increase Rate 8.6%</i>
Net pension liability (asset)	\$ -	\$ (298,694)	\$ -
Change in net pension liability as of 12/31/21	<u>568,988</u>	<u>-</u>	<u>(474,939)</u>
	<u>\$ 270,294</u>	<u>\$ (298,694)</u>	<u>\$ (773,633)</u>

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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, 2022, the Township recognized pension expense, on the defined benefit plan, of (\$14,925). The Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Difference between expected and actual experience	\$ -	\$ 12,379
Changes in assumptions	184,804	-
Net difference between projected and actual earnings on pension plan investments	-	334,903
Contributions subsequent to the measurement date	<u>40,821</u>	<u>-</u>
	<u>\$ 225,625</u>	<u>\$ 347,282</u>

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

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Governmental activities	\$ 153,693	\$ 234,017
Business-type activities	<u>71,932</u>	<u>113,265</u>
	<u>\$ 225,625</u>	<u>\$ 347,282</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the Township contributions to the plan made subsequent to the measurement date (\$40,821), which would impact the net pension liability in fiscal year 2023, rather than pension expense.

<u><i>Year Ended</i></u>	<u><i>Amount</i></u>
2023	\$ (12,081)
2024	(112,284)
2025	(64,880)
2026	(25,586)
2027	52,353

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

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 9: EMPLOYEE RETIREMENT BENEFIT COMMITMENTS, CONTINUED

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.

NOTE 10: HEALTH CARE SAVINGS PROGRAM (HCSP)

Health Care Savings Program (Municipal Employees' Retirement System of Michigan):

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.

Contributions – 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.

Summary of Plan Participants – As of March 31, 2022, plan membership consisted of 21 active participants and 4 terminated participants.

Contribution Amounts – For the year ended March 31, 2022, the Township's required contribution was \$12,682 to the HCSP plan, which was the 1% contribution.

Vested Balances – At March 31, 2022, the employer contributed vested balance was \$164,480 and \$12,903 was employer contributed nonvested balance. The employee contributed vested balance was \$58,812.

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. For the year ended March 31, 2022, forfeitures reduced the Township's expense defined contribution OPEB expense by \$4,989.

Employer Liability – At March 31, 2022, the Township reported no amount payable to the OPEB plan.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 11: DDA HEALTH/FITNESS FUND - DESIGNATED FUND

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

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

The Available Fund balance at March 31, 2022 was \$488,906. When the balance of the Available Fund is at or below \$600,000, distributions shall be made 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

When the balance of the Available Fund is above \$600,000, distributions may be made 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, 2022, the SCF endowment balance was \$2,273,234. During the year ended March 31, 2022, the DDA did not receive a distribution from the Available Fund. The Saginaw Community Foundation is the sole owner of all assets in the Endowment Fund. The DDA has no right, title, interest, or incidents of ownership in the \$1,400,000 transferred to the Fund or any additional property transferred to the Fund.

NOTE 12: URBAN COOPERATION ACT AGREEMENT

On July 10, 2007, the Township entered into a 30-year interlocal public agency agreement with the City of Saginaw, as authorized by the provisions of Urban Cooperation Act of 1967, 1968 PA 7, as amended, MCLA 124.501 *et seq.* The Township and City may renew this agreement for a second term of 30 years. The renewal shall automatically occur unless either party provides the other with written notice of intent to withdraw.

The agreement is intended to jointly and cooperatively provide for the supply of water to the Township by the City and to provide for Township residential water connections and the payment of development fees to the City. The agreement states that (1) for all new residential developments within the Township, the Township shall pay to the City \$2,000 per residential equivalent unit (REU) connection to the Township's water system, and (2) for all new non-residential developments within the Township, the Township shall pay to the City \$4,000 per connection to the Township's water system.

The amount of connection fees paid by the Township to the City during the year ended March 31, 2022 was \$564,000, which was a mutually agreed upon amount owed for the last six years of the 14-year agreement.

TITTABAWASSEE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

NOTE 13: TAX ABATEMENTS

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

NOTE 14: CONTINGENT LIABILITIES

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

NOTE 15: RESTATEMENT OF BEGINNING BALANCES

Change in Estimate - For the year ended March 31, 2022, the Township changed the useful life estimate and the minimum threshold for capitalization for certain capital assets. The change is being applied retroactively, beginning April 1, 2021.

Correction of Errors – During the current year, the Township made a Water Fund utility billing adjustment to correct a user’s billing account that was incorrectly charged in a prior year. In addition, to this correction, in the prior year, the Health Care Savings Program Fund’s net position was incorrectly stated.

The effect of the above items on the beginning net position is as follows:

	<u>Proprietary Fund Statements</u>		<u>Government-wide Statements</u>	
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning, April 1, 2021 net position as previously stated	\$ 10,742,768	\$ 7,695,557	\$ 6,381,444	\$ 18,438,325
Change in capital asset policy resulting in less depreciation expense in prior years	5,565,540	4,010,588	47,023	9,576,128
Correction of a prior year error in utility billing resulting in less water revenue	-	(67,005)	-	(67,005)
Beginning, April 1, 2021, net position as restated	<u>\$ 16,308,308</u>	<u>\$ 11,639,140</u>	<u>\$ 6,428,467</u>	<u>\$ 27,947,448</u>
				<u>Fiduciary Fund</u>
				<u>Health Care Savings Program Fund</u>
Beginning, April 1, 2021 net position as previously stated				\$ 173,886
Correction to the prio year ending balance				41,409
Beginning, April 1, 2021, net position as restated				<u>\$ 215,295</u>

REQUIRED SUPPLEMENTARY INFORMATION

TITTABAWASSEE TOWNSHIP

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 100,054	\$ 112,234	\$ 99,591	\$ 98,939
Interest on total pension liability	307,302	315,243	291,694	280,752
Difference between expected and actual experience	205,934	(239,569)	1,839	(59,507)
Changes in assumptions	108,180	110,925	-	-
Benefit payments, including employee refunds	(220,581)	(159,351)	(254,318)	(132,003)
Other changes	<u>(9,638)</u>	<u>137</u>	<u>101,748</u>	<u>9,424</u>
Net change in total pension liability	491,251	139,619	240,554	197,605
Total pension liability - beginning	<u>4,103,714</u>	<u>3,964,095</u>	<u>3,723,541</u>	<u>3,525,936</u>
Total pension liability - ending	<u>\$ 4,594,965</u>	<u>\$ 4,103,714</u>	<u>\$ 3,964,095</u>	<u>\$ 3,723,541</u>
Plan fiduciary net position				
Contributions - employer	\$ 139,926	\$ 147,317	\$ 140,074	\$ 131,092
Contributions - employee	47,612	48,898	46,819	43,800
Net investment income (loss)	609,598	502,561	457,254	(141,582)
Benefit payments, including employee refunds	(220,581)	(159,351)	(254,318)	(132,003)
Administrative expenses	<u>(6,994)</u>	<u>(7,751)</u>	<u>(7,861)</u>	<u>(6,905)</u>
Net change in plan fiduciary net position	569,561	531,674	381,968	(105,598)
Total plan fiduciary net position - beginning	<u>4,324,098</u>	<u>3,792,424</u>	<u>3,410,456</u>	<u>3,516,054</u>
Total plan fiduciary net position - ending	<u>\$ 4,893,659</u>	<u>\$ 4,324,098</u>	<u>\$ 3,792,424</u>	<u>\$ 3,410,456</u>
Township's net pension liability (asset)	\$ (298,694)	\$ (220,384)	\$ 171,671	\$ 313,085
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.50%	105.37%	95.67%	91.59%
Covered employee payroll	\$ 871,988	\$ 946,431	\$ 847,229	\$ 839,463
Township's net pension liability (asset) as a percentage of covered employee payroll	-34.25%	-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>
Net change in total pension liability	213,410	360,031	226,942
Total pension liability - beginning	<u>3,312,526</u>	<u>2,952,495</u>	<u>2,725,553</u>
Total pension liability - ending	<u>\$ 3,525,936</u>	<u>\$ 3,312,526</u>	<u>\$ 2,952,495</u>
Plan fiduciary net position			
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>
Net change in plan fiduciary net position	458,204	348,532	4,099
Total plan fiduciary net position - beginning	<u>3,057,850</u>	<u>2,709,318</u>	<u>2,705,219</u>
Total plan fiduciary net position - ending	<u>\$ 3,516,054</u>	<u>\$ 3,057,850</u>	<u>\$ 2,709,318</u>
Township's net pension liability (asset)	\$ 9,882	\$ 254,676	\$ 243,177
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.72%	92.31%	91.76%
Covered employee payroll	\$ 816,119	\$ 815,186	\$ 771,616
Township's net pension liability (asset) as a percentage of covered employee payroll	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>
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%
2022	114,899	149,443	(34,544)	871,988	13%

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	18 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues:				
Property taxes	\$ 420,313	\$ 430,155	\$ 429,113	\$ (1,042)
Special assessments	55,316	57,162	57,162	-
Licenses and permits	60,500	60,500	60,472	(28)
State grants	872,250	903,437	1,107,428	203,991
Contributions from other units	15,394	15,394	15,394	-
Charges for services	331,531	334,031	340,304	6,273
Interest and rents	59,205	48,455	64,903	16,448
Other revenue	14,000	34,200	33,673	(527)
Total revenues	<u>1,828,509</u>	<u>1,883,334</u>	<u>2,108,449</u>	<u>225,115</u>
Expenditures:				
Current				
General government				
Trustees	26,607	26,607	20,405	6,202
Supervisor	16,988	16,988	14,092	2,896
Administrative services	337,763	337,763	288,223	49,540
Fiscal services	145,258	139,758	133,292	6,466
Clerk	57,920	72,315	67,212	5,103
Board of review	2,903	2,903	2,078	825
Treasurer	65,229	65,229	59,526	5,703
Assessor	66,397	66,397	61,901	4,496
Elections	12,400	19,600	17,940	1,660
Offices and other buildings	39,081	61,426	53,853	7,573
Total general government	<u>770,546</u>	<u>808,986</u>	<u>718,522</u>	<u>90,464</u>
Public works				
Department of public works	26,758	34,206	28,720	5,486
Sidewalks	110,000	96,500	182	96,318
Drains	43,000	43,000	42,577	423
Roads	263,225	335,475	321,923	13,552
Street lighting	58,580	58,580	58,010	570
Cemetery	35,423	32,711	22,967	9,744
Total public works	<u>536,986</u>	<u>600,472</u>	<u>474,379</u>	<u>126,093</u>
Community and economic development				
Planning	28,821	33,821	24,282	9,539
Zoning	1,577	1,577	-	1,577
Community development	38,253	36,914	26,951	9,963
Total community and economic development	<u>68,651</u>	<u>72,312</u>	<u>51,233</u>	<u>21,079</u>

continued

TITTABAWASSEE TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, CONTINUED

Year Ended March 31, 2022

	<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	244,500	255,604	242,594	13,010
Community hall	48,000	48,000	44,994	3,006
Total recreation and culture	292,500	303,604	287,588	16,016
Capital outlay	50,100	75,917	70,553	5,364
Total expenditures	1,718,783	1,861,291	1,602,275	259,016
Excess (deficiency) of revenues over expenditures	109,726	22,043	506,174	484,131
Other financing sources (uses):				
Sale of capital assets	-	-	2,221	2,221
Interfund transfers out	(155,000)	(155,000)	(155,000)	-
Net other financing sources (uses)	(155,000)	(155,000)	(152,779)	2,221
Change in fund balance	(45,274)	(132,957)	353,395	486,352
Fund balance, beginning of year	1,864,146	1,864,146	1,864,146	-
Fund balance, end of year	\$ 1,818,872	\$ 1,731,189	\$ 2,217,541	\$ 486,352

TITTABAWASSEE TOWNSHIP

POLICE FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended March 31, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Property taxes	\$ 1,134,454	\$ 1,256,316	\$ 1,255,187	\$ (1,129)
State grants	10,600	8,600	15,375	6,775
Fines and forfeits	4,000	3,000	6,149	3,149
Interest and rents	200	200	175	(25)
Other revenue	2,000	2,000	1,646	(354)
Total revenues	1,151,254	1,270,116	1,278,532	8,416
Expenditures:				
Current				
Public safety	1,081,979	1,108,087	1,052,199	55,888
Capital outlay	41,000	45,000	44,340	660
Total expenditures	1,122,979	1,153,087	1,096,539	56,548
Excess (deficiency) of revenues over expenditures	28,275	117,029	181,993	64,964
Other financing sources:				
Sale of capital assets	10,000	9,500	9,500	-
Change in fund balance	38,275	126,529	191,493	64,964
Fund balance, beginning of year	586,899	586,899	586,899	-
Fund balance, end of year	\$ 625,174	\$ 713,428	\$ 778,392	\$ 64,964

TITTABAWASSEE TOWNSHIP

REFUSE COLLECTION FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended March 31, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Charges for services	\$ 588,000	\$ 641,322	\$ 641,322	\$ -
Other revenue	<u>2,000</u>	<u>2,000</u>	<u>4,581</u>	<u>2,581</u>
Total revenues	<u>590,000</u>	<u>643,322</u>	<u>645,903</u>	<u>2,581</u>
Expenditures:				
Current				
Public works	<u>555,043</u>	<u>562,626</u>	<u>572,603</u>	<u>(9,977)</u>
Change in fund balance	34,957	80,696	73,300	(7,396)
Fund balance, beginning of year	<u>299,844</u>	<u>299,844</u>	<u>299,844</u>	<u>-</u>
Fund balance, end of year	<u>\$ 334,801</u>	<u>\$ 380,540</u>	<u>\$ 373,144</u>	<u>\$ (7,396)</u>

TITTABAWASSEE TOWNSHIP

BUILDING INSPECTION FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended March 31, 2022

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variances with Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Revenues:				
Licenses and permits	<u>\$ 177,000</u>	<u>\$ 236,000</u>	<u>\$ 259,968</u>	<u>\$ 23,968</u>
Expenditures:				
Current				
Public safety	175,116	191,942	225,371	(33,429)
Capital outlay	<u>1,000</u>	<u>13,655</u>	<u>13,655</u>	<u>-</u>
Total expenditures	<u>176,116</u>	<u>205,597</u>	<u>239,026</u>	<u>(33,429)</u>
Change in fund balance	884	30,403	20,942	(9,461)
Fund balance, beginning of year	<u>123,672</u>	<u>123,672</u>	<u>123,672</u>	<u>-</u>
Fund balance, end of year	<u>\$ 124,556</u>	<u>\$ 154,075</u>	<u>\$ 144,614</u>	<u>\$ (9,461)</u>

SUPPLEMENTARY INFORMATION

TITTABAWASSEE TOWNSHIP

COMPONENT UNIT

BALANCE SHEET

March 31, 2022

	<u><i>Downtown Development Authority</i></u>
Assets:	
Cash and cash equivalents	\$ 305,505
Taxes receivable	13,402
Due from primary government	9,350
Prepaid expenditures	<u>16</u>
Total assets	<u><u>\$ 328,273</u></u>
Liabilities and Fund Balance:	
Liabilities:	
Accounts payable	\$ 13,251
Accrued wages payable	<u>523</u>
Total liabilities	<u>13,774</u>
Fund balance:	
Nonspendable:	
Prepaid expenditures	16
Unassigned	<u>314,483</u>
Total fund balance	<u>314,499</u>
Total liabilities and fund balance	<u><u>\$ 328,273</u></u>
RECONCILIATION OF FUND BALANCE TO NET POSITION:	
Fund balance of the component unit	\$ 314,499
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	431,379
Capital assets being depreciated, net	4,955,989
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	<u>(2,012)</u>
Net position of the component unit	<u><u>\$ 5,699,855</u></u>

TITTABAWASSEE TOWNSHIP

COMPONENT UNIT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2022

	<u><i>Downtown Development Authority</i></u>
Revenues:	
Property taxes	\$ 443,379
Interest and rents	103,340
Other revenue	<u>6,505</u>
Total revenues	<u>553,224</u>
Expenditures:	
Current:	
Community and economic development	292,863
Capital outlay	<u>70,048</u>
Total expenditures	<u>362,911</u>
Change in fund balance	190,313
Fund balance, beginning of year	<u>124,186</u>
Fund balance, end of year	<u><u>\$ 314,499</u></u>
RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION:	
Change in fund balance of component unit	\$ 190,313
Change in net position reported for component unit in the statement of activities is different because:	
Component unit fund statements report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Purchases of capital assets	24,000
Less depreciation expense	(186,146)
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	<u>2,738</u>
Change in net position of component unit	<u><u>\$ 30,905</u></u>