

Charter Township of Fruitport  
Muskegon County, Michigan

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

March 31, 2022



Charter Township of Fruitport

**TABLE OF CONTENTS**

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 3

Basic Financial Statements

    Government-Wide Financial Statements

        Statement of Net Position..... 14

        Statement of Activities ..... 15

    Fund Financial Statements

        Governmental Funds

            Balance Sheet..... 16

            Reconciliation of the Governmental Funds Balance Sheet  
            to the Statement of Net Position..... 17

            Statement of Revenues, Expenditures and Changes  
            in Fund Balances ..... 18

            Reconciliation of the Governmental Funds Statement of Revenues,  
            Expenditures and Changes in Fund Balances to the Statement of  
            Activities ..... 19

        Proprietary Funds

            Statement of Net Position..... 20

            Statement of Revenues, Expenses and Changes in Net Position..... 21

            Statement of Cash Flows..... 22

        Fiduciary Funds

            Statement of Net Position..... 23

            Statement of Changes in Net Position ..... 24

Notes to Financial Statements ..... 25

Required Supplementary Information

    Budgetary Comparison Schedule—General Fund..... 47

    Budgetary Comparison Schedule—Public Safety Fund ..... 48

    Retiree Healthcare System Schedule of Changes in the  
    Net OPEB Liability and Related Ratios..... 49

    Retiree Healthcare System Schedule of Contributions..... 50

    Retiree Healthcare System Schedule of Investment Returns..... 51

Other Supplementary Information

    Other Governmental Funds

        Combining Balance Sheet ..... 53

        Combining Statement of Revenues, Expenditures and Changes in  
        Fund Balances ..... 54

    Other Post-Employment Benefit Trust Funds

        Combining Statement of Net Position..... 55

        Combining Statement of Changes in Net Position ..... 56

**INDEPENDENT AUDITOR'S REPORT**

Township Board  
Charter Township of Fruitport  
Fruitport, 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 the Charter Township of Fruitport, Michigan, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Charter Township of Fruitport, Michigan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Fruitport, Michigan, 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter Township of Fruitport, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

Township Board  
Charter Township of Fruitport  
Page 3

**Required Supplementary Information**

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

**Supplementary Information**

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



Muskegon, Michigan  
September 29, 2022

As management of the Charter Township of Fruitport, we present to the readers of the Township's financial statements this overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2022. We encourage you to consider the information presented in these financial statements along with the additional information that has been furnished in this letter.

### FINANCIAL HIGHLIGHTS

- Assets of the Township exceeded liabilities/deferred inflows of resources at the close of the fiscal year by \$21,746,745 (net position). Of this amount, \$6,866,817 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- Governmental activities had net position totaling \$4,644,599 while business-type activities ended the year with \$17,102,146 in total net position.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The 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 other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Township's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the Township's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the fiscal year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development and culture and recreation activities. The business-type activities of the Township include water distribution and sewer services.

The Statement of Net Position and the Statement of Activities include not only the Township itself (known as the primary government), but also discretely presented component units. Component units are separate legal entities for which the Township has some level of financial accountability. The Township has one component unit shown in a separate column on the Statement of Net Position and Statement of Activities, the Downtown Development Authority (DDA).

### **Fund Financial Statements**

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. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories—governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Public Safety Fund, which are considered major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds.** The Township has two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water distribution and sewer operations.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds financial statements provide separate information for the Sewer and Water funds, both of which are major funds.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Township's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

### Notes to 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. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's budgetary information as it relates to the actual expenditures for the General Fund and Public Safety Fund.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplemental information on budgetary information.

### Government-wide Financial Analysis

The first table presented below is a summary of the government-wide statement of net position for the Township. As stated earlier, the net position may be used as an indicator of a government's financial health. As of March 31, 2022, the Township's net position from governmental activities totaled \$4,644,599 (21%) and \$17,102,146 (79%) from business-type activities, creating a total government-wide net position total of \$21,746,745.

In examining the composition of net position, the reader should note that governmental activities include net position that is invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the Township's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Certain other governmental net position is shown as restricted, meaning that it is subject to external restrictions on how it may be used. The unrestricted net position for governmental activities actually depicts a balance of \$2,481,731. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$17,102,146 in net position of which \$4,385,086 is unrestricted. The Sewer Fund and Water Fund unrestricted net position are \$2,402,675 and \$1,979,911, respectively.



Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets and other assets	\$ 5,678,856	\$ 4,338,577	\$ 6,366,517	\$ 5,272,813	\$ 12,045,373	\$ 9,611,390
Capital assets	2,740,792	2,904,479	13,762,310	14,265,601	16,503,102	17,170,080
Total assets	8,419,648	7,243,056	20,128,827	19,538,414	28,548,475	26,781,470
Current liabilities	1,099,817	370,103	378,719	334,389	1,478,536	704,492
Noncurrent liabilities	1,841,672	2,180,196	2,464,986	2,657,227	4,306,658	4,837,423
Total liabilities	2,941,489	2,550,299	2,843,705	2,991,616	5,785,194	5,541,915
Deferred inflows of resources	833,560	607,986	182,976	151,996	1,016,536	759,982
Total liabilities and deferred inflows of resources	3,775,049	3,158,285	3,026,681	3,143,612	6,801,730	6,301,897
Net position						
Net investment in capital assets	1,703,286	1,814,798	12,717,060	13,192,101	14,420,346	15,006,899
Restricted	459,582	443,412	-	-	459,582	443,412
Unrestricted	2,481,731	1,826,561	4,385,086	3,202,701	6,866,817	5,029,262
Total net position	<b>\$ 4,644,599</b>	<b>\$ 4,084,771</b>	<b>\$ 17,102,146</b>	<b>\$ 16,394,802</b>	<b>\$ 21,746,745</b>	<b>\$ 20,479,573</b>

For governmental activities, current assets increased as a result of grant revenues received under the American Rescue Plan Act (ARPA) program which were unspent at the end of the fiscal year. Capital assets decreased as current year depreciation exceeded current capital asset purchases. Current liabilities increased due to unspent grant revenues received under the ARPA program. Noncurrent liabilities decreased due to normal scheduled debt service payments.

For business-type activities, the increase in current assets occurred due to lower capital asset purchases. Capital assets decreased as current year depreciation exceeded current capital asset purchases. Noncurrent liabilities decreased due to normal scheduled debt service payments.

Fluctuations in deferred inflows and outflows of resources are due to differences in experience, assumptions, and investment return related to the other post-employment benefits plan which are being amortized over average expected remaining service lives of all employees.

The results of this year’s operations for the Township as a whole are reported in the Statement of Activities, which shows changes in net position.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 776,988	\$ 802,142	\$ 2,467,362	\$ 2,379,661	\$ 3,244,350	\$ 3,181,803
Operating grants	25,446	12,405	-	-	25,446	12,405
Capital grants and contributions	-	-	962,297	440,482	962,297	440,482
General revenues						
Property taxes	2,126,258	2,067,934	-	-	2,126,258	2,067,934
Franchise fees	182,349	175,797	-	-	182,349	175,797
Grants and contributions not restricted	1,480,520	1,171,405	-	-	1,480,520	1,171,405
Unrestricted investment earnings	15,216	18,426	40,107	70,792	55,323	89,218
Miscellaneous	1,954	10,473	-	-	1,954	10,473
Gain on sale of capital assets	4,888	15,000	-	5,125	4,888	20,125
Total revenues	4,613,619	4,273,582	3,469,766	2,896,060	8,083,385	7,169,642
Expenses:						
General government	904,291	891,384	-	-	904,291	891,384
Public safety	2,655,619	2,578,079	-	-	2,655,619	2,578,079
Public works	280,807	341,702	-	-	280,807	341,702
Community and economic development	7,939	10,454	-	-	7,939	10,454
Culture and recreation	164,951	142,328	-	-	164,951	142,328
Interest on long term debt	40,184	44,972	-	-	40,184	44,972
Sewer	-	-	533,579	524,432	533,579	524,432
Water	-	-	2,228,843	2,231,252	2,228,843	2,231,252
Total expenses	4,053,791	4,008,919	2,762,422	2,755,684	6,816,213	6,764,603
Change in net position	559,828	264,663	707,344	140,376	1,267,172	405,039
Net position - Beginning	4,084,771	3,820,108	16,394,802	16,254,426	20,479,573	20,074,534
Net position - Ending	<b>\$ 4,644,599</b>	<b>\$ 4,084,771</b>	<b>\$ 17,102,146</b>	<b>\$ 16,394,802</b>	<b>\$ 21,746,745</b>	<b>\$ 20,479,573</b>

### **Governmental Activities**

Net position of the Township's governmental activities increased by \$559,828 (13.7%) during the 2022 fiscal year.

Grants and contributions not restricted increased due to additional revenue sharing from the State of Michigan. Public works expenses decreased due to less street improvement projects. Culture and recreation expenses increased due to more projects during the year.

### **Business-type Activities**

At the end of the fiscal year, the net position for business-type activities increased \$707,344 (4.3%). Two funds comprise the business-type activities. The Sewer Fund and Water Fund experienced an increase in net position for the year of \$310,034 and \$397,310, respectively.

Capital grants and contributions increased due to more hookups in the current year.

### **Financial Analysis of the Government's Funds**

As stated earlier in this discussion and analysis, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2022 fiscal year, the governmental funds reported a combined unassigned fund balance of \$3,013,975, which is shown entirely in the General Fund. The remainder of the fund balance is nonspendable due to prepaid items, restricted for public safety or street lights, committed for public safety capital purchases or parks, or assigned for road improvements as shown on page 16.

The General Fund is the chief operating fund of the Township. The General Fund ended the year with a fund balance of \$3,097,000, an increase of \$422,381 from the prior fiscal year. The health of the General Fund may be measured by the ratio of unassigned fund balance to annual expenditures and transfers. Unassigned fund balance represents 127 percent of the General Fund's expenditures and transfers (112 percent in the prior year). The Township has a minimum fund balance policy requiring unassigned fund balance to be 25 percent of General Fund revenues with which it is in compliance.

**Proprietary Funds.** The Township’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the Sewer and Water funds increased by \$310,034 and \$397,310, respectively. The result was an overall increase in the proprietary funds of \$707,344.

**General Fund Budget**

During the current fiscal year, the Township made several amendments to its original General Fund budget. There were no significant amendments.

**Budget Variations**

The following comments summarize the major variations from the final budget to actual revenues and expenditures in the General Fund:

- Licenses and permits revenues were over budget by \$25,943 due to a higher level of activity than was anticipated.
- Intergovernmental revenues – State were over budget by \$376,722 due to an increase in revenue sharing from the State of Michigan.
- Investment earnings were under budget by \$34,604 due to lower than expected interest rates.
- General government – assessing expenditures were over budget by \$19,910 due to a higher level of activity than was anticipated.
- Capital outlay expenditures were under budget by \$18,400 due to a cemetery project being delayed.

**Capital Assets**

The Township’s investment in capital assets for its governmental and business-type activities as of March 31, 2022 totaled \$16,503,102 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles and utility systems.

Significant capital asset additions include a new police vehicle and a new compressor.

**Capital Assets  
(Net of Accumulated Depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 428,708	\$ 428,708	\$ 111,129	\$ 111,129	\$ 539,837	\$ 539,837
Land improvements	491,912	539,746	5,491	6,207	497,403	545,953
Buildings and improvements	1,148,125	1,191,870	416,785	430,451	1,564,910	1,622,321
Furniture and equipment	228,083	237,786	1,688	3,799	229,771	241,585
Vehicles	443,964	506,369	28,694	51,338	472,658	557,707
Utility systems	-	-	13,198,523	13,662,677	13,198,523	13,662,677
<b>Total</b>	<b>\$ 2,740,792</b>	<b>\$ 2,904,479</b>	<b>\$ 13,762,310</b>	<b>\$ 14,265,601</b>	<b>\$ 16,503,102</b>	<b>\$ 17,170,080</b>

Additional information on the Township’s capital assets can be found in Note E of the “Notes to Financial Statements” of this report.

**Long-Term Debt**

At the end of the fiscal year, the Township had total outstanding debt of \$3,961,745 consisting of general obligation bonds, installment purchase agreements, capital leases, and compensated absences.

**Outstanding Debt**

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 804,750	\$ 826,500	\$ 2,530,250	\$ 2,693,500	\$ 3,335,000	\$ 3,520,000
Bond premium	-	-	81,199	97,199	81,199	97,199
Installment purchase agreements	232,756	251,098	-	-	232,756	251,098
Capital lease agreements	-	12,083	-	-	-	12,083
Compensated absences	270,253	272,220	42,537	58,928	312,790	331,148
<b>Total</b>	<b>\$ 1,307,759</b>	<b>\$ 1,361,901</b>	<b>\$ 2,653,986</b>	<b>\$ 2,849,627</b>	<b>\$ 3,961,745</b>	<b>\$ 4,211,528</b>

The Township’s total debt decreased by \$249,783 during the fiscal year due to normal scheduled debt payments net of a new installment purchase agreement.

In addition to direct Township debt, the discretely presented component unit has outstanding debt of \$1,581,948 at the end of the fiscal year.

Additional information on the Township’s long-term debt can be found in Note G of the “Notes to Financial Statements” of this report.

**General Economic Overview**

The Township’s General Fund has two major revenue sources, state revenue sharing and property tax revenue. Those two sources comprised approximately 79 percent of the General Fund revenue sources. For fiscal year 2022-23, State revenue sharing is projected to increase. This will also be the first year of collection for the Township’s new DDA. The Township taxable value within the DDA district will default to the 2021 base value and any increase in taxable value will be captured by the DDA district.

The Township continues to bear financial implications with retail stores challenging taxable and assessed values with the Michigan Tax Tribunal. The Township has been researching ways to ease the burden of providing public safety services to retailers with an abundant amount of calls/usage. In fiscal year 2017-2018, the Township implemented a special assessment district (SAD) for those retailers with excessive amounts of public safety usage. Recently, State legislators passed laws that prohibit the Township from using the current formula to levy a special assessment in these districts. Effective with the December 2019 tax levy, the Township implemented a new method to levy a special assessment that would ensure compliance with the new legislation. The invoices that are billed with the new Plan that go delinquent will go on the winter property tax roll. The amount the township is able to bill is far less than the original way of assessing and puts a hardship on the public safety department. The Township continues to review the progress with this new program.

Last fiscal year the Township budgeted General Fund transfers of \$1,224,243 to the Public Safety Fund and has budgeted \$1,370,785 to supplement operations for fiscal year 2022-23.

The Township continues to look for cost savings as well as endeavor to meet citizen expectations in the current economy. Among items either underway or under consideration are the following:

1. The State of Michigan has certain regulations regarding police and fire equipment and the life expectancy thereof. The Township is working to ensure that its equipment remains in compliance. Significant purchases were budgeted in both the past and upcoming fiscal years. The Township plans to pass an annual resolution that would allow the public safety fund balance to be set aside for the purchase of more expensive equipment, such as new fire truck(s), to prevent the need to borrow and pay additional interest.
2. The Township has a capital plan to rotate out police vehicles annually as opposed to rotating out the entire fleet every four years. The annual rotation will prevent the large expenditure of an entire fleet all at once. The purchase of vehicles for the police fleet is still on a schedule; however, the decrease in revenue due to the COVID-19 pandemic has caused delays in the schedule for a year. The Township received a grant to purchase six body-cams for the police department.
3. The Utility Department has a Capital Plan and continues to budget for a large back-hoe purchase.
4. The Township continues to support the Little River Band of Ottawa Indians casino project in Fruitport. Tribal leaders and state legislators announced that the U.S. Bureau of Indian Affairs (BOIA) has approved the \$100 million casino proposal at the federal level. The project is currently at the State level awaiting approval by the Governor. If, and when approved, the former Great Lakes Down racetrack property would include stores, hotels and a large retail facility in addition to the casino. The Township has been informed that the COVID-19 pandemic has put the State Government behind schedule.
5. The Township continues to experience a significant improvement in economic development with various retail, residential and light industrial projects approved or in the planning and/or staff review stages. This next 2022 tax collection will be the first capture for the DDA District. The first project scheduled for bonding is expected to be completed this upcoming year and includes infrastructure for water and sewer in the area where the Charrette Group is planning to begin phase one of a PUD Harmony Lake project where the golf course currently is located.
6. The Township continues to work with legal counsel to update its five-year planning and zoning plan.
7. The Township continues to work with state and federal transportation departments in order to complete gathering funds for I-96 Interchange at Sternberg Road. This has been in the background hoping that when the Casino comes it will become a work in progress.
8. Utility Department projects for the coming years include infrastructure for the Charrette Group PUD project where the golf course is currently. The Odeno residential project, owned by the Little River Band of Ottawa Indians, has completed phase I and nearly complete on phase II.

9. In upcoming years, the Township has secured funding for several road projects, one of which is the Kendra Road repair. The Township is working with the Muskegon County Road Commission to enhance Township roads and will use the Revolving Road Fund and potentially ARPA funds to pay for road improvements. The Township budgeted additional funds to have available for culvert repairs.
10. The Township continues to monitor its OPEB liability and look for ways to decrease it.
11. The Township is in partnership with Fruitport Community Schools for the funding of a school liaison resource officer.
12. The Federal Government will be distributing ARPA funds due to the COVID-19 pandemic. The Township has received the funds and plans to purchase election equipment, new PC's for the township offices and has approved the installation of cameras around the township hall complex. The Township is trying to stay abreast of what the expenditure criteria is for ARPA funds. The funds have to be designated by December 31, 2024.

### **Requests for Information**

This financial report is designed to provide a general overview of the Charter Township of Fruitport's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Charter Township of Fruitport, 5865 Airline Road, Fruitport, Michigan, 49415 or you may telephone (231) 865-3151.

Charter Township of Fruitport  
**STATEMENT OF NET POSITION**  
 March 31, 2022

	Governmental Activities	Business-type Activities	Total	Component Unit
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 5,068,065	\$ 4,296,693	\$ 9,364,758	\$ 1,305,017
Receivables	81,437	593,852	675,289	-
Due from other governmental units	422,129	7,055	429,184	-
Due from component unit	10,736	-	10,736	-
Inventories	-	152,278	152,278	-
Prepaid items	32,063	7,280	39,343	-
Total current assets	5,614,430	5,057,158	10,671,588	1,305,017
Noncurrent assets				
Special assessments receivable, less amounts due within one year	64,426	903,416	967,842	-
Net other postemployment benefits asset	-	405,943	405,943	-
Capital assets, net				
Nondepreciable	428,708	111,129	539,837	-
Depreciable	2,312,084	13,651,181	15,963,265	-
Total noncurrent assets	2,805,218	15,071,669	17,876,887	-
Total assets	8,419,648	20,128,827	28,548,475	1,305,017
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	141,998	67,106	209,104	139,202
Due to other governmental units	24,781	122,613	147,394	-
Due to primary government	-	-	-	10,736
Unearned revenue—expenditure-driven grants	730,038	-	730,038	-
Bonds and other obligations, due within one year	203,000	189,000	392,000	-
Total current liabilities	1,099,817	378,719	1,478,536	149,938
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	1,104,759	2,464,986	3,569,745	1,581,948
Net other postemployment benefits liability	736,913	-	736,913	-
Total noncurrent liabilities	1,841,672	2,464,986	4,306,658	1,581,948
Total liabilities	2,941,489	2,843,705	5,785,194	1,731,886
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to other postemployment benefits	833,560	182,976	1,016,536	-
Total liabilities and deferred inflows of resources	3,775,049	3,026,681	6,801,730	1,731,886
<b>NET POSITION</b>				
Net investment in capital assets	1,703,286	12,717,060	14,420,346	-
Restricted				
Public safety	107	-	107	-
Street lights	459,475	-	459,475	-
Unrestricted	2,481,731	4,385,086	6,866,817	(426,869)
Total net position	<b>\$ 4,644,599</b>	<b>\$ 17,102,146</b>	<b>\$ 21,746,745</b>	<b>\$ (426,869)</b>

The accompanying notes are an integral part of this statement.



Charter Township of Fruitport  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Governmental activities								
General government	\$ 904,291	\$ 253,620	\$ 2,208	\$ -	\$ (648,463)	\$ -	\$ (648,463)	\$ -
Public safety	2,655,619	244,210	9,662	-	(2,401,747)	-	(2,401,747)	-
Public works	280,807	214,922	13,576	-	(52,309)	-	(52,309)	-
Community and economic development	7,939	51,945	-	-	44,006	-	44,006	-
Culture and recreation	164,951	12,291	-	-	(152,660)	-	(152,660)	-
Interest on long-term debt	40,184	-	-	-	(40,184)	-	(40,184)	-
Total governmental activities	4,053,791	776,988	25,446	-	(3,251,357)	-	(3,251,357)	-
Business-type activities								
Sewer	533,579	361,185	-	448,820	-	276,426	276,426	-
Water	2,228,843	2,106,177	-	513,477	-	390,811	390,811	-
Total business-type activities	2,762,422	2,467,362	-	962,297	-	667,237	667,237	-
Total primary government	<b>\$ 6,816,213</b>	<b>\$ 3,244,350</b>	<b>\$ 25,446</b>	<b>\$ 962,297</b>	(3,251,357)	667,237	(2,584,120)	-
Component unit								
Downtown Development Authority								
Community and economic development	\$ 417,944	\$ -	\$ -	\$ -	-	-	-	(417,944)
Interest on long-term debt	10,199	-	-	-	-	-	-	(10,199)
Total component unit	<b>\$ 428,143</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	-	-	-	(428,143)
General revenues								
Property taxes, levied for								
General purposes					766,854	-	766,854	-
Specific purposes					1,359,404	-	1,359,404	-
Franchise fees					182,349	-	182,349	-
Grants and contributions not restricted to specific programs					1,480,520	-	1,480,520	-
Unrestricted investment earnings					15,216	40,107	55,323	1,274
Miscellaneous					1,954	-	1,954	-
Gain on sale of capital assets					4,888	-	4,888	-
Total general revenues					3,811,185	40,107	3,851,292	1,274
Change in net position					559,828	707,344	1,267,172	(426,869)
Net position at beginning of year					4,084,771	16,394,802	20,479,573	-
Net position at end of year					<b>\$ 4,644,599</b>	<b>\$ 17,102,146</b>	<b>\$ 21,746,745</b>	<b>\$ (426,869)</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**BALANCE SHEET**  
 Governmental Funds  
 March 31, 2022

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 3,418,819	\$ 1,047,097	\$ 602,150	\$ 5,068,066
Receivables				
Property taxes	30,848	38,756	5,637	75,241
Special assessments	-	-	64,426	64,426
Other	6,196	-	-	6,196
Due from other governmental units	375,325	43,818	2,986	422,129
Due from component units	10,736	-	-	10,736
Prepaid items	7,913	24,150	-	32,063
Total assets	<b>\$ 3,849,837</b>	<b>\$ 1,153,821</b>	<b>\$ 675,199</b>	<b>\$ 5,678,857</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,322	\$ 9,452	\$ 12,831	\$ 34,605
Accrued liabilities	23,715	65,379	-	89,094
Due to other governmental units	23,470	1,311	-	24,781
Unearned revenue—expenditure-driven grants	693,330	36,708	-	730,038
Total liabilities	752,837	112,850	12,831	878,518
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues—special assessments	-	-	64,426	64,426
<b>FUND BALANCES</b>				
Nonspendable—prepaid items	7,913	24,150	-	32,063
Restricted				
Public safety	-	-	107	107
Street lights	-	-	459,475	459,475
Committed				
Public safety capital purchases	-	1,016,821	-	1,016,821
Parks	12,677	-	-	12,677
Assigned				
Road improvements	-	-	138,360	138,360
Subsequent year's budget appropriation of fund balance	62,435	-	-	62,435
Unassigned	3,013,975	-	-	3,013,975
Total fund balances	<b>3,097,000</b>	<b>1,040,971</b>	<b>597,942</b>	<b>4,735,913</b>
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 3,849,837</b>	<b>\$ 1,153,821</b>	<b>\$ 675,199</b>	<b>\$ 5,678,857</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 March 31, 2022

Total fund balance—governmental funds \$ 4,735,913

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Cost of capital assets	\$ 5,503,217	
Accumulated depreciation	<u>(2,762,425)</u>	2,740,792

Other long-term assets, such as special assessments, are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.

64,426

Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(18,300)	
Bonds and notes payable	(1,037,506)	
Compensated absences	(270,253)	
Net other postemployment benefits liability and related deferred outflows/inflows of resources	<u>(1,570,473)</u>	<u>(2,896,532)</u>

Net position of governmental activities		<b><u><u>\$ 4,644,599</u></u></b>
---	--	-----------------------------------

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended March 31, 2022

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 766,854	\$ 1,359,404	\$ -	\$ 2,126,258
Licenses and permits	243,043	-	-	243,043
Intergovernmental revenues				
Federal	2,208	-	-	2,208
State	1,487,722	20,901	-	1,508,623
Charges for services	268,424	221,337	188,293	678,054
Fines and forfeitures	300	15,567	-	15,867
Investment earnings	10,396	-	4,820	15,216
Other	14,371	4,829	18,993	38,193
Total revenues	2,793,318	1,622,038	212,106	4,627,462
<b>EXPENDITURES</b>				
Current				
General government	843,224	-	-	843,224
Public safety	-	2,567,019	-	2,567,019
Public works	88,136	-	172,123	260,259
Community and economic development	8,542	-	-	8,542
Culture and recreation	121,608	-	-	121,608
Other governmental functions	34,270	-	-	34,270
Debt service				
Principal	21,750	75,237	-	96,987
Interest and fees	34,052	7,131	-	41,183
Capital outlay	-	76,775	-	76,775
Total expenditures	1,151,582	2,726,162	172,123	4,049,867
Excess of revenues over (under) expenditures	1,641,736	(1,104,124)	39,983	577,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	4,888	-	-	4,888
Long-term debt issued	-	44,812	-	44,812
Transfers in	-	1,224,243	-	1,224,243
Transfers out	(1,224,243)	-	-	(1,224,243)
Total other financing sources (uses)	(1,219,355)	1,269,055	-	49,700
Net change in fund balances	422,381	164,931	39,983	627,295
Fund balances at beginning of year	2,674,619	876,040	557,959	4,108,618
Fund balances at end of year	<b>\$3,097,000</b>	<b>\$ 1,040,971</b>	<b>\$ 597,942</b>	<b>\$ 4,735,913</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2022

Net change in fund balances—total governmental funds \$ 627,295

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (240,462)	
Capital outlay	<u>76,775</u>	(163,687)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(18,730)
--	--	----------

The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(44,812)	
Repayment of principal on long-term debt	<u>96,987</u>	52,175
Change in accrued interest payable		1,000

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 net other postemployment benefits liability and related deferred outflows/inflows of resources	59,808	
Change in compensated absences	<u>1,967</u>	<u>61,775</u>

Change in net position of governmental activities		<b><u><u>\$ 559,828</u></u></b>
---	--	---------------------------------

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**STATEMENT OF NET POSITION**  
 Proprietary Funds  
 March 31, 2022

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 1,754,543	\$ 2,542,150	\$ 4,296,693
Receivables			
Accounts	66,906	301,046	367,952
Special assessments	176,200	49,700	225,900
Due from other governmental units	2,950	4,105	7,055
Inventories	7,094	145,184	152,278
Prepaid items	714	6,566	7,280
Total current assets	2,008,407	3,048,751	5,057,158
Noncurrent assets			
Advances to other funds	-	284,150	284,150
Special assessments receivable, less amounts due within one year	704,731	198,685	903,416
Net other postemployment benefits asset	40,594	365,349	405,943
Capital assets			
Land	11,113	100,016	111,129
Land improvements	-	14,323	14,323
Buildings and improvements	53,540	493,065	546,605
Utility systems	8,577,495	14,494,695	23,072,190
Equipment	44,790	164,810	209,600
Vehicles	37,515	171,003	208,518
Less accumulated depreciation	(3,092,000)	(7,308,055)	(10,400,055)
Net capital assets	5,632,453	8,129,857	13,762,310
Total noncurrent assets	6,377,778	8,978,041	15,355,819
Total assets	8,386,185	12,026,792	20,412,977
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	42	3,193	3,235
Accrued liabilities	23,434	40,437	63,871
Due to other governmental units	16,346	106,267	122,613
Bonds and other obligations, due within one year	30,000	159,000	189,000
Total current liabilities	69,822	308,897	378,719
Noncurrent liabilities			
Advances from other funds	284,150	-	284,150
Bonds and other obligations, less amounts due within one year	1,019,504	1,445,482	2,464,986
Total noncurrent liabilities	1,303,654	1,445,482	2,749,136
Total liabilities	1,373,476	1,754,379	3,127,855
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	20,331	162,645	182,976
Total liabilities and deferred inflows of resources	1,393,807	1,917,024	3,310,831
<b>NET POSITION</b>			
Net investment in capital assets	4,587,203	8,129,857	12,717,060
Unrestricted	2,405,175	1,979,911	4,385,086
Total net position	<b>\$ 6,992,378</b>	<b>\$ 10,109,768</b>	<b>\$ 17,102,146</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
 Proprietary Funds  
 For the year ended March 31, 2022

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 361,185	\$ 2,106,177	\$ 2,467,362
<b>OPERATING EXPENSES</b>			
Administration	13,070	117,317	130,387
Operations	295,697	1,737,262	2,032,959
Depreciation	176,077	327,214	503,291
Total operating expenses	<u>484,844</u>	<u>2,181,793</u>	<u>2,666,637</u>
Operating loss	(123,659)	(75,616)	(199,275)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	33,608	6,499	40,107
Connection fees	448,820	513,477	962,297
Interest expense	(48,735)	(47,050)	(95,785)
Total nonoperating revenues (expenses)	<u>433,693</u>	<u>472,926</u>	<u>906,619</u>
Change in net position	310,034	397,310	707,344
Net position at beginning of year	<u>6,682,344</u>	<u>9,712,458</u>	<u>16,394,802</u>
Net position at end of year	<u><b>\$ 6,992,378</b></u>	<u><b>\$ 10,109,768</b></u>	<u><b>\$ 17,102,146</b></u>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**STATEMENT OF CASH FLOWS**  
Proprietary Funds  
For the year ended March 31, 2022

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 354,099	\$ 2,102,812	\$ 2,456,911
Receipts from interfund services provided	-	3,050	3,050
Payments to suppliers	(234,561)	(1,148,799)	(1,383,360)
Payments to employees	(67,245)	(609,940)	(677,185)
Payments for interfund services used	(12,800)	(114,030)	(126,830)
Net cash provided by (used for) operating activities	39,493	233,093	272,586
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Connection fees	206,830	350,794	557,624
Advances from other funds (net)	(19,298)	19,298	-
Principal paid on capital debt	(28,250)	(151,000)	(179,250)
Interest paid on capital debt	(49,299)	(49,300)	(98,599)
Net cash provided by (used for) capital and related financing activities	109,983	169,792	279,775
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment earnings	33,608	6,499	40,107
Net increase (decrease) in cash and investments	183,084	409,384	592,468
Cash and investments at beginning of year	1,571,459	2,132,766	3,704,225
Cash and investments at end of year	<b>\$ 1,754,543</b>	<b>\$ 2,542,150</b>	<b>\$ 4,296,693</b>
Reconciliation of operating loss to net cash provided by (used for) operating activities			
Operating loss	\$ (123,659)	\$ (75,616)	\$ (199,275)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Depreciation expense	176,077	327,214	503,291
Change in assets and liabilities			
Accounts receivable	(7,086)	(315)	(7,401)
Inventories	(148)	(22,162)	(22,310)
Prepaid items	299	2,689	2,988
Accounts payable	(2,918)	49,260	46,342
Accrued liabilities	(3,072)	(47,977)	(51,049)
Net cash provided by (used for) operating activities	<b>\$ 39,493</b>	<b>\$ 233,093</b>	<b>\$ 272,586</b>

The accompanying notes are an integral part of this statement.



Charter Township of Fruitport  
**STATEMENT OF NET POSITION**  
 Fiduciary Funds  
 March 31, 2022

	<b>Other Post- Employment Benefit Trust Funds</b>	<b>Custodial Fund Tax Collection</b>
<b>ASSETS</b>		
Cash and investments	\$ 937,228	\$ 291,995
<b>LIABILITIES</b>		
Deposits held for others	-	97,791
Due to other governmental units	-	194,204
Total liabilities	-	291,995
<b>NET POSITION</b>		
Restricted for individuals, organizations, and other governments	\$ 937,228	\$ -

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**STATEMENT OF CHANGES IN NET POSITION**  
 Fiduciary Funds  
 For the year ended March 31, 2022

	<b>Other Post- Employment Benefit Trust Funds</b>	<b>Custodial Fund Tax Collection</b>
<b>ADDITIONS</b>		
Property tax collections for other governments	\$ -	\$ 17,376,537
Employer contributions	105,792	-
Investment earnings	35,249	-
Total additions	141,041	17,376,537
<b>DEDUCTIONS</b>		
Payments of property taxes to other governments	-	17,376,537
Benefit payments	70,292	-
Administrative expenses	1,649	-
Total deductions	71,941	17,376,537
Change in net position	69,100	-
Net position at beginning of year	868,128	-
Net position at end of year	<b>\$ 937,228</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Charter Township of Fruitport (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

**Reporting Entity**

The Township is a municipal corporation governed by an elected seven-member Board. The accompanying financial statements present the Township and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the Township.

***Discretely Presented Component Unit***

*Downtown Development Authority (DDA)*. The DDA's purpose is the collection of tax increment revenues, the issuance and repayment of debt, and the construction of public facilities to promote and facilitate economic growth in the Township's downtown district. Board members of the DDA are appointed by the Township and the Authority is fiscally dependent on the Township since the board approved the DDA budget and must approve any debt issuance. The DDA is presented as a governmental fund type.

**Basis of Presentation—Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Township's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the Township's discretely presented component unit is reported in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Township's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the Township's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

The Township reports the following major governmental funds:

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

The Public Safety Fund is used to account for a special tax millage levied by the Township for the operation of the police and fire departments.

The Township reports the following two major proprietary funds:

The Sewer Fund accounts for the collection system and pays for access to the county's sewage treatment plant.

The Water Fund operates the Township's water distribution system.

Additionally, the Township reports the following fund types:

The Other Post-Employment Benefit Trust Funds are used to report resources that are administered through irrevocable trusts for the benefit of Township employees and retirees.

The Custodial Fund is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

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 funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type 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. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within 60 days of the end of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Township are reported at fair value (generally based on quoted market prices).

The Township has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Township to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

The Other Post-Employment Benefit Trust Funds are held in trust by the Municipal Employees' Retirement System (MERS) and are subject to the investment policies of MERS and State of Michigan statutes allowing diverse investments in stocks, corporate and government bonds, mortgages, real estate, and other investments.

The component unit's cash and investments are maintained within the Township's investment pool.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased in the business-type activities.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Township constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and access rights of the Township are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	20-30
Utility systems	50
Buildings and improvements	20-40
Furniture and equipment	5-20
Vehicles	3-15

***Other Postemployment Benefit Costs***

The Township offers a defined benefit retiree healthcare benefits to retirees. The Township records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan's fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB 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.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***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 of net position to report as restricted and unrestricted 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.

***Net Position Policies***

The Township Board has taken formal action to set aside \$25,000 and \$2,500 in the Water and Sewer funds, respectively, for the future purchase of a backhoe and other capital needs.

***Fund Balance Flow Assumptions***

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***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Township's highest level of decision-making authority. The Township Board is the highest level of decision-making authority for the Township that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Fund Balance Policies—Continued***

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Township Board has by resolution authorized the Township Supervisor to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Township has a minimum fund balance policy requiring unassigned fund balance be at least 25 percent of General Fund revenues.

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

All trade and property tax receivables are shown net of allowance for uncollectibles.

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and lien on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2021 state taxable value for real/personal property of the Township totaled approximately \$545,240,000. The ad valorem taxes levied consisted of .9917 and 2.5 mills for the Township's general operating and public safety, respectively. These amounts are recognized in the General Fund and Public Safety Fund, respectively.

***Compensated Absences***

Township employees are granted vacation and sick leave in varying amounts based on length of service. Employees must use earned vacation time during the anniversary year following the one in which it was earned. Upon termination, employees are paid for unused vacation and sick leave at their current rates under limits that vary by employee group. Unused sick leave is accumulated up to 250 days for employees. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.



Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

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 are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The Township's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Township Board. The legal level of budgetary control is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

**Excess of Expenditures over Appropriations**

During the year ended March 31, 2022, actual expenditures exceeded appropriations for general government – assessing in the General Fund by \$19,910, and for public safety – police and capital outlay – police in the Public Safety Fund by \$40,835 and \$20,812, respectively. These over-expenditures were funded with an unbudgeted debt issuance and available fund balance.

**NOTE C—DEPOSITS AND INVESTMENTS**

As of March 31, 2022, the Township had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Months)</b>	<b>S&amp;P</b>	<b>Percent</b>
Negotiable certificates of deposit	\$ 148,837	32	not rated	3.4 %
US agency obligations	190,932	40	AA+	25.5
External investment pool	3,146,975	2	AAAm	71.1
MERS investment funds	937,228	N/A	not rated	N/A
Total fair value	<u>\$ 4,423,972</u>			<u>100.0 %</u>
Portfolio weighted average maturity		<u>5</u>		

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

The Township voluntarily invests certain excess funds in external investment pool (Pool). The Pool is an external investment pool of "qualified" investments for Michigan municipalities. The Pool is not regulated nor registered with the SEC. The fair value of the Township's investments is the same as the value of the Pool's shares.

**Deposit and Investment Risk**

***Interest Rate Risk***

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk***

The Township does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Township investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2022, \$6,240,130 of the Township's bank balance of \$7,503,159 was exposed to custodial credit risk because it was uninsured and uncollateralized.

***Custodial Credit Risk – Investments***

The Township does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

***Foreign Currency Risk***

The Township is not authorized to invest in investments which have this type of risk.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE D—FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Township has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2022.

***Negotiable certificates of deposit and US agency obligations:*** Valued at the closing price reported on the active market in which the individual securities are traded.

***External investment pool and MERS investment funds:*** The assets are valued based upon the Township's allocable share of the Michigan CLASS and MERS (Pools) pooled investment portfolios. The allocable shares are based on the value of the underlying assets owned by the Pools, minus their liabilities.

The assets managed by others are valued monthly by the Pools and are allocated based upon each organization's calculated share of the Pools' pooled investment portfolios. Each entity with an interest within the pooled investments receives statements from the Pool indicating the additions to the investments (via contributions), withdrawals from the investments, and the investment returns allocated via a unitization process. The Township calculates the fair value of its share of the pooled investment assets held by the Pools based on the estimated fair value of the underlying assets. The Pools control the investments and make all management and investment decisions.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Township believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Township’s assets at fair value on a recurring basis as of March 31, 2022:

	<b>Assets at Fair Value as of March 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Negotiable certificates of deposit	\$ 148,837	\$ -	\$ -	\$ 148,837
US agency obligations	190,932	-	-	190,932
External investment pool	-	3,146,975	-	3,146,975
MERS investment funds	-	937,228	-	937,228
<b>Total assets at fair value</b>	<b>\$ 339,769</b>	<b>\$ 4,084,203</b>	<b>\$ -</b>	<b>\$ 4,423,972</b>

**NOTE E—CAPITAL ASSETS**

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

	<b>Balance April 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance March 31, 2022</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 428,708	\$ -	\$ -	\$ 428,708
<b>Capital assets, being depreciated:</b>				
Land improvements	818,656	-	-	818,656
Buildings and improvements	1,937,002	-	-	1,937,002
Furniture and equipment	612,217	31,963	-	644,180
Vehicles	1,629,859	44,812	-	1,674,671
Total capital assets, being depreciated	4,997,734	76,775	-	5,074,509
<b>Less accumulated depreciation:</b>				
Land improvements	278,910	47,834	-	326,744
Buildings and improvements	745,132	43,745	-	788,877
Furniture and equipment	374,431	41,666	-	416,097
Vehicles	1,123,490	107,217	-	1,230,707
Total accumulated depreciation	2,521,963	240,462	-	2,762,425
Total capital assets, being depreciated, net	2,475,771	(163,687)	-	2,312,084
Capital assets, net	<b>\$ 2,904,479</b>	<b>\$ (163,687)</b>	<b>\$ -</b>	<b>\$ 2,740,792</b>

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE E—CAPITAL ASSETS—Continued**

	<u>Balance April 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2022</u>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 111,129	\$ -	\$ -	\$ 111,129
<b>Capital assets, being depreciated:</b>				
Land improvements	14,323	-	-	14,323
Buildings and improvements	546,605	-	-	546,605
Utility systems	23,072,190	-	-	23,072,190
Furniture and equipment	214,643	-	5,043	209,600
Vehicles	208,518	-	-	208,518
Total capital assets, being depreciated	24,056,279	-	5,043	24,051,236
<b>Less accumulated depreciation:</b>				
Land improvements	8,116	716	-	8,832
Buildings and improvements	116,154	13,666	-	129,820
Utility systems	9,409,513	464,154	-	9,873,667
Furniture and equipment	210,844	2,111	5,043	207,912
Vehicles	157,180	22,644	-	179,824
Total accumulated depreciation	9,901,807	503,291	5,043	10,400,055
Total capital assets, being depreciated, net	14,154,472	(503,291)	-	13,651,181
Capital assets, net	<b>\$ 14,265,601</b>	<b>\$ (503,291)</b>	<b>\$ -</b>	<b>\$ 13,762,310</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 38,548
Public safety	136,792
Public works	20,547
Culture and recreation	44,575
	<u>\$ 240,462</u>

**Business-type activities:**

Sewer	\$ 176,077
Water	327,214
	<u>\$ 503,291</u>

**NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Advances To/From Other Funds:**

The Water Fund has advanced \$284,150 to the Sewer Fund to fund early debt retirement.

**Interfund Transfers:**

The General Fund has transferred \$1,224,243 to the Public Safety Fund as an operation subsidy.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE G—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the Township for the year ended March 31, 2022.

	<b>Balance April 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance March 31, 2022</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Public placement debt					
General obligation bonds	\$ 826,500	\$ -	\$ 21,750	\$ 804,750	\$ 21,750
Direct borrowings and direct placements					
Installment purchase agreements	251,098	44,812	63,154	232,756	46,250
Capital lease agreements	12,083	-	12,083	-	-
Compensated absences	272,220	214,410	216,377	270,253	135,000
Governmental activities long-term liabilities	<b>\$ 1,361,901</b>	<b>\$ 259,222</b>	<b>\$ 313,364</b>	<b>\$ 1,307,759</b>	<b>\$ 203,000</b>
<b>Business-type activities:</b>					
Public placement debt					
General obligation bonds	\$ 2,693,500	\$ -	\$ 163,250	\$ 2,530,250	\$ 168,000
Premium	97,199	-	16,000	81,199	-
Compensated absences	58,928	67,069	83,460	42,537	21,000
Business-type activities long-term liabilities	<b>\$ 2,849,627</b>	<b>\$ 67,069</b>	<b>\$ 262,710</b>	<b>\$ 2,653,986</b>	<b>\$ 189,000</b>
<b>Component unit:</b>					
Public placement debt					
General obligation bonds	\$ -	\$ 1,560,000	\$ -	\$ 1,560,000	\$ -
Premium	-	21,948	-	21,948	-
Component unit long-term liabilities	<b>\$ -</b>	<b>\$ 1,581,948</b>	<b>\$ -</b>	<b>\$ 1,581,948</b>	<b>\$ -</b>

General obligation bonds are a direct obligation and pledge the full faith and credit of the Township. If the Township defaults, the bonds are callable.

The special assessment bonds are backed by the full faith and credit of the Township.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

The installment purchase and capital lease agreements are secured by the various purchased items and if the Township defaults under the agreements, all principal and accrued interest at that time are due and payable immediately. The capital lease is non-cancellable by the Township.

Public placement debt and direct borrowings and direct placements consist of the following:

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Governmental activities:</b>			
Public placement debt			
General obligation bonds			
2013 General Obligation Bonds	4-4.5%	April 2039	\$ 804,750
Direct borrowings and direct placements			
Installment purchase agreements			
2017 Installment Purchase Agreement	2.50%	February 2027	116,527
2020 Installment Purchase Agreement	2.40%	March 2024	25,979
2020 Installment Purchase Agreement #2	2.40%	October 2024	45,438
2021 Installment Purchase Agreement	2.40%	September 2025	44,812
			<u><u>\$ 1,037,506</u></u>
<b>Business-type activities:</b>			
Public placement debt			
General obligation bonds			
2013 General Obligation Bonds	4-4.5%	April 2039	\$ 1,045,250
2018 General Obligation Bonds	4%	November 2030	1,485,000
			<u><u>\$ 2,530,250</u></u>
<b>Component unit:</b>			
Public placement debt			
General obligation bonds			
2021 General Obligation Bonds	3%	April 2041	<u><u>\$ 1,560,000</u></u>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The Township has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2022 was \$75,630. The Township is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for public placement debt and for direct borrowings and direct placements outstanding as of March 31, 2022 follow:

Year Ending March 31,	Governmental Activities				Business-type Activities		Component Unit	
	Public Placement Debt		Direct Borrowings and Direct Placements		Public Placement Debt		Public Placement Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 21,800	\$ 32,965	\$ 46,100	\$ 2,805	\$ 168,000	\$ 102,216	\$ -	\$ 28,743
2024	32,600	31,877	76,600	4,683	187,000	95,203	-	37,088
2025	32,600	30,572	41,500	2,792	192,000	87,709	30,000	36,638
2026	32,600	29,267	42,600	1,739	202,000	80,014	35,000	35,663
2027	43,500	27,745	25,956	665	222,000	71,636	40,000	34,538
2028-2032	217,500	112,625	-	-	1,010,000	220,080	310,000	148,765
2033-2037	261,100	64,549	-	-	341,000	83,840	475,000	104,333
2038-2042	163,050	10,874	-	-	208,250	14,125	670,000	41,774
	<b>\$ 804,750</b>	<b>\$ 340,474</b>	<b>\$ 232,756</b>	<b>\$ 12,684</b>	<b>\$ 2,530,250</b>	<b>\$ 754,823</b>	<b>\$ 1,560,000</b>	<b>\$ 467,542</b>

**NOTE H—OTHER INFORMATION**

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township manages its liability, property and insurance coverage as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The Township pays an annual premium to MTPP for its insurance coverage. The MTPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Township manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Township pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.



Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE H—OTHER INFORMATION—Continued**

**Risk Management—Continued**

The Township carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

**Jointly Governed Entity**

***West Michigan Regional Water Authority***

The Township, in conjunction with another governmental entity, created the West Michigan Regional Water Authority (Authority). The Authority was formed to acquire, own, improve, enlarge, extend, and operate a water supply system. The administrative board of the Authority is comprised of voting representatives from each participating municipality. The Authority issued the \$15,700,000 Water Supply System Bonds, Series 2014 to fund improvements to the water system. The Township has pledged its full faith and credit for a portion of the debt should user charges collected by the authority be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2022 was \$4,160,100, or 29.4 percent of the bonds. During the year ended March 31, 2022, the Township paid \$1,029,446 to the Authority for water. The Township is unaware of any circumstances that would cause a shortfall in the near future. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained from the Authority (4814 Henry Street, Norton Shores, MI 49441).

**NOTE I—RETIREMENT PLAN**

**Defined Contribution Pension Plan**

The Township contributes to the Fruitport Township Defined Contribution Plan 401(a) (Plan), a defined contribution pension plan, for substantially all of its full-time employees. The Plan is administered by the Township.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 10 percent of gross earnings. In addition, police employees receive a 3 percent match on contributions to the Plan. Employees are not required to contribute to the Plan. For the year ended March 31, 2022, the Township recognized pension expense of \$243,222.

Employees are immediately vested for all contributions and earnings on those contributions.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS**

**Retiree Healthcare Plan**

***Plan Description***

The Township’s defined benefit OPEB Plan, the Fruitport Township Retiree Medical Plan (OPEB Plan), provides healthcare benefits to certain employees and their spouses upon retirement. The Plan is a single-employer defined benefit plan administered by the Township Board. The benefits are provided under collective bargaining agreements and at the discretion of the Township Board. The OPEB Plan does not issue a publicly available report.

***Benefits Provided***

The OPEB Plan provides medical coverage for eligible retirees and their spouses beginning at the age of 55 with 20 or more years of service until the retiree reaches Medicare eligibility age. Eligible retirees who are members of the fire bargaining unit and were hired prior to April 1, 2018 are also eligible for the reimbursement of certain prescription drug costs. Benefits are provided through a third party insurer.

***Employees Covered by Benefit Terms***

At the April 1, 2021 valuation, the following employees were covered by the benefit terms:

	<b>General</b>		
	<u><b>Government</b></u>	<u><b>Utility</b></u>	<u><b>Total</b></u>
Inactive employees or beneficiaries currently receiving benefits	4	1	5
Inactive employees entitled to but not yet receiving benefits	-	-	-
Active employees	18	7	25
Total employees covered by OPEB Plan	<u><b>22</b></u>	<u><b>8</b></u>	<u><b>30</b></u>

***Contributions***

The OPEB Plan’s funding policy is that the Township will make annual contributions of \$35,500 to the OPEB Plan trust. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. The Township participates in the MERS Retiree Health Funding Vehicle, a legally established trust under section 401(a) of the Internal Revenue Code. For the year ended March 31, 2022, the Township made payments for postemployment healthcare benefits for current retirees of \$70,292. The Township also made contributions to the OPEB Plan trust of \$35,500.

***Net OPEB Liability***

The Township’s net OPEB liability was measured as of March 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of April 1, 2021.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***Actuarial Assumptions***

The total OPEB liability in the April 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent
Investment rate of return	7.35 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent graded down by 0.25% per year to an ultimate rate of 4.5% Post-Medicare: 5.5 percent graded down by 0.25% per year to an ultimate rate of 4.5%

***Mortality***

Mortality rates for General and Public Safety Employees were as set forth in 2010 Public Safety and General Employees and Healthy Retirees, headcount weighted, MP-2021 improvement scale.

***Investment Rate of Return***

The long-term rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of April 1, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	60.0%	4.95%
Global Fixed Income	20.0%	2.40%
Private Assets	20.0%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.35 percent.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***Discount Rate***

The discount rate used to measure the total OPEB liability was 7.35 percent. The projection of cash flows used to determine the discount rate assumed that the Township will make contributions of \$35,500 per year. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The discount rate used to calculate the liability at the beginning of the year was 5.28 percent.

***Changes in the Net OPEB Liability***

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balance at beginning of year	\$ 1,554,320	\$ 868,128	\$ 686,192
Changes for the year			
Service cost	69,293	-	69,293
Interest	83,871	-	83,871
Difference between expected and actual experience	(104,225)	-	(104,225)
Changes of assumptions	(264,769)	-	(264,769)
Contributions - employer	-	105,792	(105,792)
Net investment income	-	35,250	(35,250)
Administrative expenses	-	(1,650)	1,650
Benefit payments including refund of employee contributions	(70,292)	(70,292)	-
Net changes	(286,122)	69,100	(355,222)
Balance at end of year	<b>\$ 1,268,198</b>	<b>\$ 937,228</b>	<b>\$ 330,970</b>

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Township, calculated using the discount rate of 7.35 percent, as well as what the Township’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35 percent) or 1-percentage-point higher (8.35 percent) than the current rate:

	<b>1% Decrease (6.35%)</b>	<b>Current Discount Rate (7.35%)</b>	<b>1% Increase (8.35%)</b>
Township's net OPEB liability	\$ 454,244	\$ 330,970	\$ 222,190

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate of 7.25 percent for pre-Medicare, decreasing to 4.5 percent, as well as what the Township’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.25 percent decreasing to 5.5 percent) than the current rate or calculated using the healthcare cost trend rate of 5.5 percent for post-Medicare, decreasing to 4.5 percent, as well as what the Township’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (6.5 percent decreasing to 5.5 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Township's net OPEB liability	\$ 220,790	\$ 330,970	\$ 454,725

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Township’s fiduciary net position have been determined on the same basis as they are reported by the Township. For these purposes, 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.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2022

**NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued**

**Retiree Healthcare Plan—Continued**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***  
 For the year ended March 31, 2022, the Township recognized OPEB expense of \$7,124. At March 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ -	\$ 550,708
Differences in assumptions	-	403,240
Net difference between projected and actual net investment income	-	62,588
Total	<b>\$ -</b>	<b>\$ 1,016,536</b>

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

<b>Year Ending March 31,</b>	<b>Amount</b>
2023	\$ (100,958)
2024	(100,654)
2025	(116,343)
2026	(82,061)
2027	(84,357)
Thereafter	(532,163)

***Payables to the OPEB Plan***

At March 31, 2022, the Township did not have a payable to the OPEB Plan.

**NOTE K—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 53 percent of General Fund revenue.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2022

**NOTE L—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the Township’s 2023 fiscal year. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the Township’s 2024 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**NOTE M—SUBSEQUENT EVENT**

In July 2022, the Township entered into agreements with the Muskegon County Road Commission for road projects to be performed in the summer of 2022. The portion of these costs to be paid by the Township is expected to be approximately \$60,000.

**REQUIRED SUPPLEMENTARY INFORMATION**



Charter Township of Fruitport  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended March 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 763,700	\$ 763,700	\$ 766,854	\$ 3,154
Licenses and permits	217,100	217,100	243,043	25,943
Intergovernmental revenues				
Federal	-	-	2,208	2,208
State	1,111,000	1,111,000	1,487,722	376,722
Charges for services	269,440	269,440	268,424	(1,016)
Fines and forfeitures	2,700	2,700	300	(2,400)
Investment earnings	45,000	45,000	10,396	(34,604)
Other	17,900	17,900	14,371	(3,529)
Total revenues	<u>2,426,840</u>	<u>2,426,840</u>	<u>2,793,318</u>	<u>366,478</u>
<b>EXPENDITURES</b>				
Current				
General government				
Township board	64,342	64,342	66,916	(2,574)
Supervisor	104,711	104,711	104,130	581
Elections	37,220	37,220	24,264	12,956
Assessing	156,973	156,973	176,883	(19,910)
Clerk	79,482	79,482	78,296	1,186
Treasurer	169,681	169,681	164,727	4,954
General office	99,170	99,170	93,667	5,503
Board of review	3,468	3,468	2,634	834
Building and grounds	77,605	81,605	75,952	5,653
Cemetery	56,770	60,770	55,755	5,015
Public works				
Roads	71,745	71,745	82,535	(10,790)
Bike path	12,900	12,900	5,601	7,299
Community and economic development				
Planning	17,295	17,295	5,982	11,313
Zoning	6,800	6,800	2,560	4,240
Culture and recreation				
Recreation and parks	130,000	134,285	121,608	12,677
Other governmental functions	39,950	39,950	34,270	5,680
Debt service				
Principal	21,750	21,750	21,750	-
Interest and fees	34,335	34,335	34,052	283
Capital outlay	18,400	18,400	-	18,400
Total expenditures	<u>1,202,597</u>	<u>1,214,882</u>	<u>1,151,582</u>	<u>63,300</u>
Excess of revenues over expenditures	1,224,243	1,211,958	1,641,736	429,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	4,888	4,888
Transfers out	(1,224,243)	(1,224,243)	(1,224,243)	-
Total other financing sources (uses)	<u>(1,224,243)</u>	<u>(1,224,243)</u>	<u>(1,219,355)</u>	<u>4,888</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (12,285)</u>	422,381	<u>\$ 434,666</u>
Fund balance at beginning of year			<u>2,674,619</u>	
Fund balance at end of year			<u>\$ 3,097,000</u>	

Charter Township of Fruitport  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Public Safety Fund  
For the year ended March 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,295,213	\$ 1,295,213	\$ 1,359,404	\$ 64,191
Intergovernmental revenues				
Federal	500	500	-	(500)
State	4,000	4,000	20,901	16,901
Charges for services	211,400	211,400	221,337	9,937
Fines and forfeitures	10,000	10,000	15,567	5,567
Other	5,250	5,250	4,829	(421)
Total revenues	<u>1,526,363</u>	<u>1,526,363</u>	<u>1,622,038</u>	<u>95,675</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Police	1,359,710	1,359,710	1,400,545	(40,835)
Fire	1,258,524	1,258,524	1,166,474	92,050
Debt service				
Principal	75,457	75,457	75,237	220
Interest and fees	6,915	6,915	7,131	(216)
Capital outlay				
Police	24,000	24,000	44,812	(20,812)
Fire	26,000	26,000	31,963	(5,963)
Total expenditures	<u>2,750,606</u>	<u>2,750,606</u>	<u>2,726,162</u>	<u>24,444</u>
Excess of revenues under expenditures	(1,224,243)	(1,224,243)	(1,104,124)	120,119
<b>OTHER FINANCING SOURCES</b>				
Long-term debt issued	-	-	44,812	44,812
Transfers in	1,224,243	1,224,243	1,224,243	-
Total other financing sources	<u>1,224,243</u>	<u>1,224,243</u>	<u>1,269,055</u>	<u>44,812</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	164,931	<u>\$ 164,931</u>
Fund balance at beginning of year			<u>876,040</u>	
Fund balance at end of year			<u>\$ 1,040,971</u>	

Charter Township of Fruitport  
Required Supplementary Information  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
Last Ten Fiscal Years (Amounts were determined as of March 31 of each fiscal year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>					
Service cost	\$ 69,293	\$ 80,336	\$ 102,440	\$ 101,796	\$ 98,928
Interest	83,871	81,867	75,987	72,916	72,140
Differences between expected and actual experience	(104,225)	(45,960)	(466,387)	(75,333)	(194,762)
Changes of assumptions	(264,769)	(128,450)	(43,202)	(21,945)	103,116
Benefit payments, including refunds of employee contributions	(70,292)	(61,500)	(63,351)	(60,999)	(59,330)
Net change in total OPEB liability	(286,122)	(73,707)	(394,513)	16,435	20,092
Total OPEB liability at beginning of year	1,554,320	1,628,027	2,022,540	2,006,105	1,986,013
Total OPEB liability at end of year (a)	<b>\$ 1,268,198</b>	<b>\$ 1,554,320</b>	<b>\$ 1,628,027</b>	<b>\$ 2,022,540</b>	<b>\$ 2,006,105</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions-employer	\$ 105,792	\$ 140,990	\$ 141,851	\$ 165,499	\$ 102,830
Net investment income	35,250	204,398	(35,655)	16,635	30,195
Benefit payments, including refunds or employee contributions	(70,292)	(61,500)	(63,351)	(60,999)	(59,330)
Administrative expense	(1,650)	(1,272)	(1,026)	(976)	(882)
Net change in plan fiduciary net position	69,100	282,616	41,819	120,159	72,813
Plan fiduciary net position at beginning of year	868,128	585,512	543,693	423,534	350,721
Plan fiduciary net position at end of year (b)	<b>\$ 937,228</b>	<b>\$ 868,128</b>	<b>\$ 585,512</b>	<b>\$ 543,693</b>	<b>\$ 423,534</b>
Township's net OPEB liability at end of year (a)-(b)	<b>\$ 330,970</b>	<b>\$ 686,192</b>	<b>\$ 1,042,515</b>	<b>\$ 1,478,847</b>	<b>\$ 1,582,571</b>
Plan fiduciary net position as a percentage of the total OPEB liability	73.9%	55.9%	36.0%	26.9%	21.1%
Covered employee payroll	\$ 2,558,063	\$ 2,360,548	\$ 2,471,695	\$ 2,014,200	Not Available
Township's net OPEB liability as a percentage of covered employee payroll	12.94%	29.07%	42.18%	73.42%	Not Available

**Notes to Schedule**

Additional actuarial data is not available and will be provided in subsequent years.

Charter Township of Fruitport  
Required Supplementary Information  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS**  
Last Ten Fiscal Years (Amounts were determined as of March 31 of each fiscal year)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 125,891	\$ 158,296	\$ 220,017	\$ 218,393	\$ 215,424	\$ 261,138	\$ 225,597	\$ 194,852	\$ 191,444	\$ 177,061
Contributions in relation to the actuarially determined contribution	105,792	140,990	141,851	165,499	102,830	102,309	76,165	59,115	61,877	21,539
Contribution deficiency (excess)	<b>\$ 20,099</b>	<b>\$ 17,306</b>	<b>\$ 78,166</b>	<b>\$ 52,894</b>	<b>\$ 112,594</b>	<b>\$ 158,829</b>	<b>\$ 149,432</b>	<b>\$ 135,737</b>	<b>\$ 129,567</b>	<b>\$ 155,522</b>
Covered employee payroll	\$ 2,558,063	\$ 2,360,548	\$ 2,471,695	\$2,014,200	Not available	Not available	Not available	Not available	Not available	Not available
Contributions as percentage of covered employee payroll	<b>4.9%</b>	<b>6.7%</b>	<b>8.9%</b>	<b>10.8%</b>	Not available	Not available	Not available	Not available	Not available	Not available

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of March 31, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	16 years
Asset valuation method	Equal to market value of assets
Inflation	2.5 percent
Salary increases	3.0 percent
Investment rate of return	7.35 percent (including inflation), net of administrative and investment expenses
Retirement age	55 years of age
Mortality	As set forth in 2010 Public Safety and General Employees and Healthy Retirees, headcount weighted, MP-2021 improvement scale.

Charter Township of Fruitport  
 Required Supplementary Information  
**RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS**  
 Last Ten Fiscal Years (Amounts were determined as of March 31 of each fiscal year)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Annual money-weighted rate of return, net of investment expense	3.98%	32.72%	-6.12%	3.50%	8.12%

**Notes to Schedule**

Additional data is not available and will be provided in subsequent years

**OTHER SUPPLEMENTARY INFORMATION**

Charter Township of Fruitport  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 March 31, 2022

	<b>Total Other Governmental Funds</b>	<b>Special Revenue</b>		<b>Capital Projects</b>
		<b>Street Light</b>	<b>Drug Forfeiture</b>	<b>Revolving Road</b>
<b>ASSETS</b>				
Cash and investments	\$ 602,150	\$ 466,669	\$ 107	\$ 135,374
Receivables				
Property taxes	5,637	5,637	-	-
Special assessments	64,426	-	-	64,426
Due from other governmental units	2,986	-	-	2,986
<b>Total assets</b>	<b>\$ 675,199</b>	<b>\$ 472,306</b>	<b>\$ 107</b>	<b>\$ 202,786</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,831	\$ 12,831	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	64,426	-	-	64,426
<b>FUND BALANCES</b>				
Restricted				
Public safety	107	-	107	-
Street lights	459,475	459,475	-	-
Assigned for road improvements	138,360	-	-	138,360
<b>Total fund balances</b>	<b>597,942</b>	<b>459,475</b>	<b>107</b>	<b>138,360</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 675,199</b>	<b>\$ 472,306</b>	<b>\$ 107</b>	<b>\$ 202,786</b>

Charter Township of Fruitport  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended March 31, 2022

	<b>Total Other Governmental Funds</b>	<b>Special Revenue</b>		<b>Capital Projects</b>
		<b>Street Light</b>	<b>Drug Forfeiture</b>	<b>Revolving Road</b>
<b>REVENUES</b>				
Charges for services	\$ 188,293	\$ 188,293	\$ -	\$ -
Investment earnings	4,820	-	-	4,820
Other	18,993	-	-	18,993
Total revenues	212,106	188,293	-	23,813
<b>EXPENDITURES</b>				
Current				
Public works	172,123	172,123	-	-
Net change in fund balances	39,983	16,170	-	23,813
Fund balances at beginning of year	557,959	443,305	107	114,547
Fund balances at end of year	<b>\$ 597,942</b>	<b>\$ 459,475</b>	<b>\$ 107</b>	<b>\$ 138,360</b>



Charter Township of Fruitport  
**COMBINING STATEMENT OF NET POSITION**  
 Other Post-Employment Benefit Trust Funds  
 March 31, 2022

	<b>Total Other Post-Employment Benefit Trust Funds</b>	<b>General Employees Trust</b>	<b>Utilities Employees Trust</b>
<b>ASSETS</b>			
Cash and investments	\$ 937,228	\$ 341,750	\$ 595,478
<b>LIABILITIES</b>	-	-	-
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	\$ 937,228	\$ 341,750	\$ 595,478

Charter Township of Fruitport  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
 Other Post-Employment Benefit Trust Funds  
 For the year ended March 31, 2022

	<b>Total Other Post-Employment Benefit Trust Funds</b>	<b>General Employees Trust</b>	<b>Utilities Employees Trust</b>
<b>ADDITIONS</b>			
Employer contributions	\$ 105,792	\$ 71,741	\$ 34,051
Investment earnings	35,249	12,253	22,996
Total additions	141,041	83,994	57,047
<b>DEDUCTIONS</b>			
Benefit payments	70,292	46,741	23,551
Administrative expenses	1,649	582	1,067
Total deductions	71,941	47,323	24,618
Change in net position	69,100	36,671	32,429
Net position at beginning of year	868,128	305,079	563,049
Net position at end of year	<b>\$ 937,228</b>	<b>\$ 341,750</b>	<b>\$ 595,478</b>