

Charter Township of Fruitport
Muskegon County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

March 31, 2023



Charter Township of Fruitport

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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, 2023, 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, 2023, 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.

Change in Accounting Principle

As discussed in Note M to the financial statements, in the year ended March 31, 2023, the Township adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements—Continued

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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
January 17, 2024

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, 2023. 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 \$22,660,852 (net position). Of this amount, \$7,991,970 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- Governmental activities had net position totaling \$5,468,229 while business-type activities ended the year with \$17,192,623 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, 2023, the Township's net position from governmental activities totaled \$5,468,229 (24%) and \$17,192,623 (76%) from business-type activities, creating a total government-wide net position total of \$22,660,852.

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 \$3,056,791. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$17,192,623 in net position of which \$4,935,179 is unrestricted. The Sewer Fund and Water Fund unrestricted net position are \$2,586,153 and \$2,349,026, respectively.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets and other assets	\$ 6,831,316	\$ 5,678,856	\$ 6,684,234	\$ 6,366,517	\$ 13,515,550	\$ 12,045,373
Capital assets	2,891,610	2,740,792	13,274,444	13,762,310	16,166,054	16,503,102
Total assets	9,722,926	8,419,648	19,958,678	20,128,827	29,681,604	28,548,475
Deferred outflows of resources	63,737	-	29,207	-	92,944	-
Total assets and deferred outflows of resources	9,786,663	8,419,648	19,987,885	20,128,827	29,774,548	28,548,475
Current liabilities	1,566,802	1,099,817	349,776	378,719	1,916,578	1,478,536
Noncurrent liabilities	1,858,949	1,841,672	2,273,219	2,464,986	4,132,168	4,306,658
Total liabilities	3,425,751	2,941,489	2,622,995	2,843,705	6,048,746	5,785,194
Deferred inflows of resources	892,683	833,560	172,267	182,976	1,064,950	1,016,536
Total liabilities and deferred inflows of resources	4,318,434	3,775,049	2,795,262	3,026,681	7,113,696	6,801,730
Net position						
Net investment in capital assets	1,909,712	1,703,286	12,257,444	12,717,060	14,167,156	14,420,346
Restricted	501,726	459,582	-	-	501,726	459,582
Unrestricted	3,056,791	2,481,731	4,935,179	4,385,086	7,991,970	6,866,817
Total net position	\$ 5,468,229	\$ 4,644,599	\$ 17,192,623	\$ 17,102,146	\$ 22,660,852	\$ 21,746,745

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 increased as the Township put a deposit on a new fire truck. Current liabilities increased due to unspent grant revenues received under the ARPA program. Noncurrent liabilities increased due to a new installment purchase agreement.

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		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$ 861,650	\$ 776,988	\$ 2,432,692	\$ 2,467,362	\$ 3,294,342	\$ 3,244,350
Operating grants	15,255	25,446	-	-	15,255	25,446
Capital grants and contributions	-	-	467,807	962,297	467,807	962,297
General revenues						
Property taxes	2,265,104	2,126,258	-	-	2,265,104	2,126,258
Franchise fees	186,448	182,349	-	-	186,448	182,349
Grants and contributions not restricted	1,776,281	1,480,520	-	-	1,776,281	1,480,520
Unrestricted investment earnings	104,387	15,216	88,538	40,107	192,925	55,323
Miscellaneous	33,089	1,954	-	-	33,089	1,954
Gain on sale of capital assets	-	4,888	-	-	-	4,888
Total revenues	5,242,214	4,613,619	2,989,037	3,469,766	8,231,251	8,083,385
Expenses:						
General government	893,220	848,536	-	-	893,220	848,536
Public safety	2,877,416	2,655,619	-	-	2,877,416	2,655,619
Public works	422,069	336,562	-	-	422,069	336,562
Community and economic development	9,131	7,939	-	-	9,131	7,939
Culture and recreation	178,776	164,951	-	-	178,776	164,951
Interest on long term debt	37,972	40,184	-	-	37,972	40,184
Sewer	-	-	531,937	533,579	531,937	533,579
Water	-	-	2,366,623	2,228,843	2,366,623	2,228,843
Total expenses	4,418,584	4,053,791	2,898,560	2,762,422	7,317,144	6,816,213
Change in net position	823,630	559,828	90,477	707,344	914,107	1,267,172
Net position - Beginning	4,644,599	4,084,771	17,102,146	16,394,802	21,746,745	20,479,573
Net position - Ending	\$ 5,468,229	\$ 4,644,599	\$ 17,192,623	\$ 17,102,146	\$ 22,660,852	\$ 21,746,745

Governmental Activities

Net position of the Township's governmental activities increased by \$823,630 (17.7%) during the 2023 fiscal year.

Charges for services increased due to assessments for road projects. Grants and contributions not restricted increased due to the Township spending some of its ARPA funds. Unrestricted investment earnings increased due to higher interest rates. Expenses changed in most categories due to inflationary increases.

Business-type Activities

At the end of the fiscal year, the net position for business-type activities increased \$90,477 (0.5%). Two funds comprise the business-type activities. The Sewer Fund and Water Fund experienced an increase in net position for the year of \$34,618 and \$55,859, respectively.

Capital grants and contributions decreased due to fewer 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 2023 fiscal year, the governmental funds reported a combined unassigned fund balance of \$3,719,619, 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 \$3,573,077, an increase of \$476,077 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 128 percent of the General Fund's expenditures and transfers (127 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 \$34,618 and \$55,859, respectively. The result was an overall increase in the proprietary funds of \$90,477.

General Fund Budget

During the current fiscal year, the Township made several amendments to its original General Fund budget as follows:

- Licenses and permits revenues budget was increased by \$24,666 due to additional building activity.
- Intergovernmental revenues – Federal budget was increased by \$247,500 as the Township spent a portion of its ARPA funds.
- Intergovernmental revenues – State was increased by \$262,220 due to additional revenue sharing.
- Investment earnings revenues budget was increased by \$84,652 due to higher interest rates.
- General office expenditures budget was increased by \$21,337 for computer purchases.
- Buildings and grounds expenditures budget was decreased by \$18,227 as initial budget was conservative and not fully spent.
- Roads expenditures budget was increased by \$126,532 due to work on Kendra Road.
- Capital outlay expenditures budget was increased by \$95,106 for cemetery improvements.
- Principal and interest and fees expenditures budgets to correct the debt payments allocations.

Budget Variations

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

- Buildings and grounds expenditures were under budget by \$44,629 as the Township did a better job of tracking wages and assigning them to other funds.
- Cemetery expenditures were under budget by \$45,311 as the Township did a better job of tracking wages and assigning them to other funds.

Capital Assets

The Township’s investment in capital assets for its governmental and business-type activities as of March 31, 2023 totaled \$16,166,054 (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 deposit for a fire truck, cemetery improvements, a backhoe, and other smaller items.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 428,708	\$ 428,708	\$ 111,129	\$ 111,129	\$ 539,837	\$ 539,837
Construction in progress	243,692	-	-	-	243,692	-
Land improvements	444,078	491,912	4,775	5,491	448,853	497,403
Buildings and improvements	1,137,831	1,148,125	403,120	416,785	1,540,951	1,564,910
Furniture and equipment	275,134	228,083	965	1,688	276,099	229,771
Vehicles	362,167	443,964	20,086	28,694	382,253	472,658
Utility systems	-	-	12,734,369	13,198,523	12,734,369	13,198,523
Total	\$ 2,891,610	\$ 2,740,792	\$ 13,274,444	\$ 13,762,310	\$ 16,166,054	\$ 16,503,102

Additional information on the Township’s capital assets can be found in Note F 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 \$3,741,300 consisting of general obligation bonds, installment purchase agreements, capital leases, and compensated absences.

Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 783,000	\$ 804,750	\$ 2,362,000	\$ 2,530,250	\$ 3,145,000	\$ 3,335,000
Bond premium	-	-	65,199	81,199	65,199	81,199
Installment purchase agreements	198,898	232,756	-	-	198,898	232,756
Compensated absences	266,083	270,253	66,120	42,537	332,203	312,790
Total	\$ 1,247,981	\$ 1,307,759	\$ 2,493,319	\$ 2,653,986	\$ 3,741,300	\$ 3,961,745

The Township’s total debt decreased by \$220,445 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 \$1,580,348 at the end of the fiscal year.

Additional information on the Township’s long-term debt can be found in Note H 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 72 percent of the General Fund revenue sources. For fiscal year 2023-24, State revenue sharing is projected to increase.

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 that 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 \$1,370,785 to the Public Safety Fund and has budgeted \$1,370,785 to supplement operations for fiscal year 2023-24.

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.
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.
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 2023 tax collection will be the second 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 projects 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. 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 has two OBEB liability funds. One of the funds is the Utility Department, which is over 100 percent funded. The second is the General Government Fund. The Township continues to monitor this portion to 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. Fruitport Community Schools are funding an increased amount for the next school session, as costs for the school liaison officer has increased.
12. Muskegon County has approved a Senior Citizen Services millage that has a final levy December 2023. The County has been giving municipalities a portion of these funds to use for services for their aging population. Since inception, the Township has pledged funds to Age Well Services and the Safe Senior Program. The services will be increased by providing snowplowing and lawn mowing.
13. ARPA Fund Use: The Township is looking at ARPA funds to use, if allowed, to dissolve debt as well as determine if there is a need to purchase necessary equipment for the departments. The Township is also looking at ARPA funds to possibly perform some road repairs. We purchased a Chassis for a new fire truck this fiscal year for \$243,692 with plans to use ARPA funds, combined with other funds, next fiscal year, of nearly half a million dollars for the rest of the truck, which is on order.
14. The Township's Recreation and Parks Department is applying for grants to improve the soccer park with restrooms and a concession stand. The Township will also look into matching grants with ARPA Funds.
15. The Utility Department has been approved for an EGLE grant to install a watermain down Cleveland Road. That project is to be completed in the next fiscal year.

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, 2023

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets				
Cash and investments	\$ 6,214,705	\$ 4,822,449	\$ 11,037,154	\$ 332,931
Receivables	98,230	555,906	654,136	-
Due from other governmental units	279,202	1,387	280,589	-
Due from component unit	10,736	-	10,736	-
Inventories	-	133,534	133,534	-
Prepaid items	-	141	141	-
Total current assets	6,602,873	5,513,417	12,116,290	332,931
Noncurrent assets				
Special assessments receivable, less amounts due within one year	50,170	826,995	877,165	-
Leases receivable, less amounts due within one year	178,273	-	178,273	-
Net other postemployment benefits asset	-	343,822	343,822	-
Capital assets, net				
Nondepreciable	672,400	111,129	783,529	-
Depreciable	2,219,210	13,163,315	15,382,525	-
Total noncurrent assets	3,120,053	14,445,261	17,565,314	-
Total assets	9,722,926	19,958,678	29,681,604	332,931
DEFERRED OUTFLOWS OF RESOURCES				
Related to other postemployment benefits	63,737	29,207	92,944	-
Total assets and deferred outflows of resources	9,786,663	19,987,885	29,774,548	332,931
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	166,958	73,406	240,364	129,003
Due to other governmental units	23,372	56,270	79,642	-
Due to primary government	-	-	-	10,736
Unearned revenue—expenditure-driven grants	1,153,472	-	1,153,472	-
Bonds and other obligations, due within one year	223,000	220,100	443,100	-
Total current liabilities	1,566,802	349,776	1,916,578	139,739
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	1,024,981	2,273,219	3,298,200	1,580,348
Net other postemployment benefits liability	833,968	-	833,968	-
Total noncurrent liabilities	1,858,949	2,273,219	4,132,168	1,580,348
Total liabilities	3,425,751	2,622,995	6,048,746	1,720,087
DEFERRED INFLOWS OF RESOURCES				
Related to leases	186,657	-	186,657	-
Related to other postemployment benefits	706,026	172,267	878,293	-
Total deferred inflows of resources	892,683	172,267	1,064,950	-
Total liabilities and deferred inflows of resources	4,318,434	2,795,262	7,113,696	1,720,087
NET POSITION				
Net investment in capital assets	1,909,712	12,257,444	14,167,156	-
Restricted				
Public safety	107	-	107	-
Street lights	501,619	-	501,619	-
Unrestricted	3,056,791	4,935,179	7,991,970	(1,387,156)
Total net position	<u>\$ 5,468,229</u>	<u>\$ 17,192,623</u>	<u>\$ 22,660,852</u>	<u>\$ (1,387,156)</u>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport
STATEMENT OF ACTIVITIES
For the year ended March 31, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Governmental activities								
General government	\$ 893,220	\$ 212,213	\$ -	\$ -	\$ (681,007)	\$ -	\$ (681,007)	\$ -
Public safety	2,877,416	238,682	1,296	-	(2,637,438)	-	(2,637,438)	-
Public works	422,069	338,389	13,959	-	(69,721)	-	(69,721)	-
Community and economic development	9,131	64,395	-	-	55,264	-	55,264	-
Culture and recreation	178,776	7,971	-	-	(170,805)	-	(170,805)	-
Interest on long-term debt	37,972	-	-	-	(37,972)	-	(37,972)	-
Total governmental activities	4,418,584	861,650	15,255	-	(3,541,679)	-	(3,541,679)	-
Business-type activities								
Sewer	531,937	357,198	-	171,200	-	(3,539)	(3,539)	-
Water	2,366,623	2,075,494	-	296,607	-	5,478	5,478	-
Total business-type activities	2,898,560	2,432,692	-	467,807	-	1,939	1,939	-
Total primary government	\$ 7,317,144	\$ 3,294,342	\$ 15,255	\$ 467,807	(3,541,679)	1,939	(3,539,740)	-
Component unit								
Downtown Development Authority								
Community and economic development	\$ 943,258	\$ -	\$ -	\$ -	-	-	-	(943,258)
Interest on long-term debt	35,988	-	-	-	-	-	-	(35,988)
Total component unit	\$ 979,246	\$ -	\$ -	\$ -	-	-	-	(979,246)
General revenues								
Property taxes, levied for								
General purposes					814,849	-	814,849	11,799
Specific purposes					1,450,255	-	1,450,255	-
Franchise fees					186,448	-	186,448	-
Grants and contributions not restricted to specific programs					1,776,281	-	1,776,281	-
Unrestricted investment earnings					104,387	88,538	192,925	7,160
Miscellaneous					33,089	-	33,089	-
Total general revenues					4,365,309	88,538	4,453,847	18,959
Change in net position					823,630	90,477	914,107	(960,287)
Net position at beginning of year					4,644,599	17,102,146	21,746,745	(426,869)
Net position at end of year					\$ 5,468,229	\$ 17,192,623	\$ 22,660,852	\$ (1,387,156)

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport
BALANCE SHEET
 Governmental Funds
 March 31, 2023

	General Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,511,437	\$ 1,013,368	\$ 689,900	\$ 6,214,705
Receivables				
Property taxes	30,633	44,304	6,509	81,446
Special assessments	-	-	50,170	50,170
Leases	186,657	-	-	186,657
Other	8,400	-	-	8,400
Due from other governmental units	251,497	26,006	1,699	279,202
Due from component units	10,736	-	-	10,736
Total assets	\$ 4,999,360	\$ 1,083,678	\$ 748,278	\$ 6,831,316
LIABILITIES				
Accounts payable	\$ 13,966	\$ 22,734	\$ 9	\$ 36,709
Accrued liabilities	37,383	74,466	-	111,849
Due to other governmental units	22,982	390	-	23,372
Unearned revenue—expenditure-driven grants	1,141,795	11,677	-	1,153,472
Total liabilities	1,216,126	109,267	9	1,325,402
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues—special assessments	-	-	50,170	50,170
Related to leases	186,657	-	-	186,657
Total deferred inflows of resources	186,657	-	50,170	236,827
FUND BALANCES				
Restricted				
Public safety	-	-	107	107
Street lights	-	-	501,619	501,619
Committed				
Public safety capital purchases	-	974,411	-	974,411
Assigned				
Road improvements	-	-	196,373	196,373
Unassigned	3,596,577	-	-	3,596,577
Total fund balances	3,596,577	974,411	698,099	5,269,087
Total liabilities, deferred inflows of resources and fund balances	\$ 4,999,360	\$ 1,083,678	\$ 748,278	\$ 6,831,316

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, 2023

Total fund balance—governmental funds		\$ 5,269,087
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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	\$ 5,871,825	
Accumulated depreciation	<u>(2,980,215)</u>	2,891,610

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.

50,170

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	(18,400)	
Bonds and notes payable	(981,898)	
Compensated absences	(266,083)	
Net other postemployment benefits liability and related deferred outflows/inflows of resources	<u>(1,476,257)</u>	<u>(2,742,638)</u>

Net position of governmental activities		<u>\$ 5,468,229</u>
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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, 2023

	General Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 814,849	\$ 1,450,255	\$ -	\$ 2,265,104
Licenses and permits	257,812	-	-	257,812
Intergovernmental revenues				
Federal	247,056	-	-	247,056
State	1,536,556	9,824	-	1,546,380
Charges for services	258,527	205,951	202,487	666,965
Fines and forfeitures	1,725	10,026	-	11,751
Investment earnings	101,344	-	3,043	104,387
Other	38,844	26,794	91,378	157,016
Total revenues	<u>3,256,713</u>	<u>1,702,850</u>	<u>296,908</u>	<u>5,256,471</u>
EXPENDITURES				
Current				
General government	869,593	-	-	869,593
Public safety	-	2,816,280	-	2,816,280
Public works	203,996	-	196,751	400,747
Community and economic development	10,073	-	-	10,073
Culture and recreation	136,516	-	-	136,516
Debt service				
Principal	21,750	75,533	-	97,283
Interest and fees	33,182	4,690	-	37,872
Capital outlay	111,241	285,367	-	396,608
Total expenditures	<u>1,386,351</u>	<u>3,181,870</u>	<u>196,751</u>	<u>4,764,972</u>
Excess of revenues over (under) expenditures	1,870,362	(1,479,020)	100,157	491,499
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	41,675	-	41,675
Transfers in	-	1,370,785	-	1,370,785
Transfers out	(1,370,785)	-	-	(1,370,785)
Total other financing sources (uses)	<u>(1,370,785)</u>	<u>1,412,460</u>	<u>-</u>	<u>41,675</u>
Net change in fund balances	499,577	(66,560)	100,157	533,174
Fund balances at beginning of year	3,097,000	1,040,971	597,942	4,735,913
Fund balances at end of year	<u>\$ 3,596,577</u>	<u>\$ 974,411</u>	<u>\$ 698,099</u>	<u>\$ 5,269,087</u>

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, 2023

Net change in fund balances—total governmental funds \$ 533,174

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	\$ (245,790)	
Capital outlay	<u>396,608</u>	150,818

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(14,256)
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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	(41,675)	
Repayment of principal on long-term debt	<u>97,283</u>	55,608
Change in accrued interest payable		(100)

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	94,216	
Change in compensated absences	<u>4,170</u>	<u>98,386</u>

Change in net position of governmental activities		<u>\$ 823,630</u>
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The accompanying notes are an integral part of this statement.

Charter Township of Fruitport
STATEMENT OF NET POSITION
Proprietary Funds
March 31, 2023

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
ASSETS			
Current assets			
Cash and investments	\$ 2,006,076	\$ 2,816,373	\$ 4,822,449
Receivables			
Accounts	60,404	288,702	349,106
Special assessments	157,800	49,000	206,800
Due from other governmental units	-	1,387	1,387
Inventories	6,720	126,814	133,534
Prepaid items	-	141	141
Total current assets	<u>2,231,000</u>	<u>3,282,417</u>	<u>5,513,417</u>
Noncurrent assets			
Advances to other funds	-	264,511	264,511
Special assessments receivable, less amounts due within one year	631,044	195,951	826,995
Net other postemployment benefits asset	34,382	309,440	343,822
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
Furniture and equipment	44,790	164,810	209,600
Vehicles	37,515	171,003	208,518
Less accumulated depreciation	<u>(3,266,610)</u>	<u>(7,621,311)</u>	<u>(10,887,921)</u>
Net capital assets	<u>5,457,843</u>	<u>7,816,601</u>	<u>13,274,444</u>
Total noncurrent assets	<u>6,123,269</u>	<u>8,586,503</u>	<u>14,709,772</u>
Total assets	<u>8,354,269</u>	<u>11,868,920</u>	<u>20,223,189</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to other postemployment benefits	2,920	26,287	29,207
Total assets and deferred outflows of resources	<u>8,357,189</u>	<u>11,895,207</u>	<u>20,252,396</u>
LIABILITIES			
Current liabilities			
Accounts payable	839	230	1,069
Accrued liabilities	24,005	48,332	72,337
Due to other governmental units	-	56,270	56,270
Bonds and other obligations, due within one year	45,300	174,800	220,100
Total current liabilities	<u>70,144</u>	<u>279,632</u>	<u>349,776</u>
Noncurrent liabilities			
Advances from other funds	264,511	-	264,511
Bonds and other obligations, less amounts due within one year	978,312	1,294,907	2,273,219
Total noncurrent liabilities	<u>1,242,823</u>	<u>1,294,907</u>	<u>2,537,730</u>
Total liabilities	<u>1,312,967</u>	<u>1,574,539</u>	<u>2,887,506</u>
DEFERRED INFLOWS OF RESOURCES			
Related to other postemployment benefits	17,226	155,041	172,267
Total liabilities and deferred inflows of resources	<u>1,330,193</u>	<u>1,729,580</u>	<u>3,059,773</u>
NET POSITION			
Net investment in capital assets	4,440,843	7,816,601	12,257,444
Unrestricted	2,586,153	2,349,026	4,935,179
Total net position	<u>\$ 7,026,996</u>	<u>\$ 10,165,627</u>	<u>\$ 17,192,623</u>

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, 2023

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
OPERATING REVENUES			
Charges for services	\$ 357,198	\$ 2,075,494	\$ 2,432,692
OPERATING EXPENSES			
Administration	12,830	115,549	128,379
Operations	297,233	1,896,251	2,193,484
Depreciation	174,610	313,256	487,866
Total operating expenses	<u>484,673</u>	<u>2,325,056</u>	<u>2,809,729</u>
Operating loss	(127,475)	(249,562)	(377,037)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	38,157	50,381	88,538
Connection fees	171,200	296,607	467,807
Interest expense	(47,264)	(41,567)	(88,831)
Total nonoperating revenues (expenses)	<u>162,093</u>	<u>305,421</u>	<u>467,514</u>
Change in net position	34,618	55,859	90,477
Net position at beginning of year	<u>6,992,378</u>	<u>10,109,768</u>	<u>17,102,146</u>
Net position at end of year	<u>\$ 7,026,996</u>	<u>\$ 10,165,627</u>	<u>\$ 17,192,623</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, 2023

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 366,650	\$ 2,087,268	\$ 2,453,918
Receipts from interfund services provided	-	3,288	3,288
Payments to suppliers	(239,856)	(1,258,812)	(1,498,668)
Payments to employees	(68,186)	(613,652)	(681,838)
Payments for interfund services used	(12,800)	(114,030)	(126,830)
Net cash provided by (used for) operating activities	45,808	104,062	149,870
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees	263,287	300,041	563,328
Advances from other funds (net)	(19,639)	19,639	-
Principal paid on capital debt	(28,250)	(156,000)	(184,250)
Interest paid on capital debt	(47,830)	(43,900)	(91,730)
Net cash provided by (used for) capital and related financing activities	167,568	119,780	287,348
CASH FLOW FROM INVESTING ACTIVITIES			
Investment earnings	38,157	50,381	88,538
Net increase (decrease) in cash and investments	251,533	274,223	525,756
Cash and investments at beginning of year	1,754,543	2,542,150	4,296,693
Cash and investments at end of year	\$ 2,006,076	\$ 2,816,373	\$ 4,822,449
Reconciliation of operating loss to net cash provided by (used for) operating activities			
Operating loss	\$ (127,475)	\$ (249,562)	\$ (377,037)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Depreciation expense	174,610	313,256	487,866
Change in assets and liabilities			
Accounts receivable	9,452	15,062	24,514
Inventories	374	18,370	18,744
Prepaid items	714	6,425	7,139
Accounts payable	(15,549)	(52,960)	(68,509)
Accrued liabilities	3,682	53,471	57,153
Net cash provided by (used for) operating activities	\$ 45,808	\$ 104,062	\$ 149,870

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport
STATEMENT OF NET POSITION
 Fiduciary Funds
 March 31, 2023

	Other Post- Employment Benefit Trust Funds	Custodial Fund Tax Collection
ASSETS		
Cash	\$ -	\$ 251,818
MERS Total Market Portfolio	935,907	-
Total assets	935,907	251,818
LIABILITIES		
Deposits held for others	-	118,685
Due to other governmental units	-	133,133
Total liabilities	-	251,818
NET POSITION		
Restricted for individuals, organizations, and other governments	\$ 935,907	\$ -

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, 2023

	Other Post- Employment Benefit Trust Funds	Custodial Fund Tax Collection
ADDITIONS		
Property tax collections for other governments	\$ -	\$ 18,371,019
Employer contributions	72,430	-
Investment earnings	(24,728)	-
	47,702	18,371,019
Total additions	47,702	18,371,019
DEDUCTIONS		
Payments of property taxes to other governments	-	18,371,019
Benefit payments	47,430	-
Administrative expenses	1,593	-
	49,023	18,371,019
Total deductions	49,023	18,371,019
Change in net position	(1,321)	-
Net position at beginning of year	937,228	-
Net position at end of year	\$ 935,907	\$ -

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

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 charter township 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, 2023

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, 2023

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, 2023

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.

Leases Receivable

The Township is a lessor for certain noncancelable leases. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements for each lease.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Township uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of a lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

Capital Assets—Continued

Land and construction in progress are not depreciated. The other property, plant, and equipment 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
Buildings and improvements	20-40
Utility systems	50
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.

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. The Township also reports unavailable revenues from one source: leases. These amounts are long-term leases entered into by the Township in which the Township is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

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.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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

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.

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.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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 2022 state taxable value for real/personal property of the Township totaled approximately \$581,804,000. 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.

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.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

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, 2023, actual expenditures exceeded appropriations for for public safety – police and debt service – principal in the Public Safety Fund by \$25,086 and \$11,152, respectively. These over-expenditures were funded with available fund balance.

NOTE C—DEPOSITS AND INVESTMENTS

As of March 31, 2023, the Township had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Months)	S&P	Percent
Negotiable certificates of deposit	\$ 142,336	19	not rated	3.2 %
US agency obligations	186,820	28	AA+	4.1
External investment pool	3,237,678	2	AAAm	71.9
MERS investment funds	935,907	N/A	not rated	20.8
Total fair value	\$ 4,502,741			100.0 %
Portfolio weighted average maturity		N/A		

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.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE C—DEPOSITS AND INVESTMENTS—Continued

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, 2023, \$7,374,247 of the Township's bank balance of \$8,643,862 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, 2023

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, 2023.

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, 2023

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, 2023:

	Assets at Fair Value as of March 31, 2023			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ 142,336	\$ -	\$ -	\$ 142,336
US agency obligations	186,820	-	-	186,820
External investment pool	-	3,237,678	-	3,237,678
MERS investment funds	-	935,907	-	935,907
Total assets at fair value	\$ 329,156	\$ 4,173,585	\$ -	\$ 4,502,741

NOTE E—LEASES RECEIVABLE

The Township leases the right to use land to a third party. The lease is for 5 years and the Township receives monthly payments totaling approximately \$1,050, increasing 2 percent each year. The lease has an automatic renewal for 3 additional 5-year terms. The Township recognized \$7,956 in lease revenue and \$4,566 in interest revenue during the year ended March 31, 2023. The Township has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of March 31, 2023, the balance of the deferred inflow of resources was \$186,657.

Year Ending	Governmental Activities	
	Principal	Interest
March 31,		
2024	\$ 8,384	\$ 4,389
2025	8,846	4,182
2026	9,324	3,965
2027	9,819	3,736
2028	10,331	3,495
2029-2033	59,986	13,401
2034-2038	75,724	5,302
2039	4,243	17
	\$ 186,657	\$ 38,487

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE F—CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023 was as follows:

	Balance April 1, 2022	Additions	Deductions	Balance March 31, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 428,708	\$ -	\$ -	\$ 428,708
Construction in progress	-	243,692	-	243,692
Total capital assets, not being depreciated	428,708	243,692	-	672,400
Capital assets, being depreciated:				
Land improvements	818,656	-	-	818,656
Buildings and improvements	1,937,002	33,451	-	1,970,453
Furniture and equipment	644,180	77,790	-	721,970
Vehicles	1,674,671	41,675	28,000	1,688,346
Total capital assets, being depreciated	5,074,509	152,916	28,000	5,199,425
Less accumulated depreciation:				
Land improvements	326,744	47,834	-	374,578
Buildings and improvements	788,877	43,745	-	832,622
Furniture and equipment	416,097	30,739	-	446,836
Vehicles	1,230,707	123,472	28,000	1,326,179
Total accumulated depreciation	2,762,425	245,790	28,000	2,980,215
Total capital assets, being depreciated, net	2,312,084	(92,874)	-	2,219,210
Capital assets, net	\$ 2,740,792	\$ 150,818	\$ -	\$ 2,891,610

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE F—CAPITAL ASSETS—Continued

	Balance April 1, 2022	Additions	Deductions	Balance March 31, 2023
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 111,129	\$ -	\$ -	\$ 111,129
Capital assets, being depreciated:				
Land improvements	14,323	-	-	14,323
Buildings and improvements	546,605	-	-	546,605
Utility systems	23,072,190	-	-	23,072,190
Furniture and equipment	209,600	-	-	209,600
Vehicles	208,518	-	-	208,518
Total capital assets, being depreciated	24,051,236	-	-	24,051,236
Less accumulated depreciation:				
Land improvements	8,832	716	-	9,548
Buildings and improvements	129,820	13,665	-	143,485
Utility systems	9,873,667	464,154	-	10,337,821
Furniture and equipment	207,912	723	-	208,635
Vehicles	179,824	8,608	-	188,432
Total accumulated depreciation	10,400,055	487,866	-	10,887,921
Total capital assets, being depreciated, net	13,651,181	(487,866)	-	13,163,315
Capital assets, net	\$ 13,762,310	\$ (487,866)	\$ -	\$ 13,274,444

Depreciation

Depreciation expense has been charged to functions as follows:

Governmental activities:

General government	\$ 38,547
Public safety	141,776
Public works	21,323
Culture and recreation	44,144
	\$ 245,790

Business-type activities:

Sewer	\$ 174,610
Water	313,256
	\$ 487,866

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE G—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Advances To/From Other Funds:

The Water Fund has advanced \$264,511 to the Sewer Fund to fund early debt retirement.

Interfund Transfers:

The General Fund has transferred \$1,370,785 to the Public Safety Fund as an operation subsidy.

NOTE H—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, 2023.

	<u>Balance April 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance March 31, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Public placement debt					
General obligation bonds	\$ 804,750	\$ -	\$ 21,750	\$ 783,000	\$ 33,000
Direct borrowings and direct placements					
Installment purchase agreements	232,756	41,675	75,533	198,898	57,000
Compensated absences	270,253	152,903	157,073	266,083	133,000
Governmental activities long-term liabilities	<u>\$ 1,307,759</u>	<u>\$ 194,578</u>	<u>\$ 254,356</u>	<u>\$ 1,247,981</u>	<u>\$ 223,000</u>
Business-type activities:					
Public placement debt					
General obligation bonds	\$ 2,530,250	\$ -	\$ 168,250	\$ 2,362,000	\$ 187,000
Premium	81,199	-	16,000	65,199	-
Compensated absences	42,537	104,966	81,383	66,120	33,100
Business-type activities long-term liabilities	<u>\$ 2,653,986</u>	<u>\$ 104,966</u>	<u>\$ 265,633</u>	<u>\$ 2,493,319</u>	<u>\$ 220,100</u>
Component unit:					
Public placement debt					
General obligation bonds	\$ 1,560,000	\$ -	\$ -	\$ 1,560,000	\$ -
Premium	21,948	-	1,600	20,348	-
Component unit long-term liabilities	<u>\$ 1,581,948</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ 1,580,348</u>	<u>\$ -</u>

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE H—LONG-TERM DEBT—Continued

Summary of Changes in Long-Term Liabilities—Continued

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 installment purchase 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.

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

	Interest Rate	Date of Maturity	Balance
Governmental activities:			
Public placement debt			
General obligation bonds			
2013 General Obligation Bonds	4-4.5%	April 2039	\$ 783,000
Direct borrowings and direct placements			
Installment purchase agreements			
2017 Installment Purchase Agreement	2.50%	February 2027	87,084
2020 Installment Purchase Agreement	2.40%	March 2024	13,144
2020 Installment Purchase Agreement #2	2.40%	October 2024	22,991
2021 Installment Purchase Agreement	2.40%	September 2025	34,004
2022 Installment Purchase Agreement	2.40%	April 2026	41,675
			198,898
			\$ 981,898
Business-type activities:			
Public placement debt			
General obligation bonds			
2013 General Obligation Bonds	4-4.5%	April 2039	\$ 1,017,000
2018 General Obligation Bonds	4%	November 2030	1,345,000
			\$ 2,362,000
Component unit:			
Public placement debt			
General obligation bonds			
2021 General Obligation Bonds	3%	April 2041	\$ 1,560,000

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, 2023

NOTE H—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, 2023 was \$66,978. 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, 2023 follow:

Year Ending March 31,	Governmental Activities			
	Public Placement Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 32,600	\$ 31,877	\$ 57,300	\$ 2,692
2025	32,600	30,572	51,800	3,551
2026	32,600	29,267	53,100	2,251
2027	43,500	27,745	36,698	924
2028	43,500	26,005	-	-
2029-2033	217,500	103,897	-	-
2034-2038	272,000	53,287	-	-
2039-2042	108,700	4,859	-	-
	\$ 783,000	\$ 307,509	\$ 198,898	\$ 9,418

Year Ending March 31,	Business-type Activities		Component Unit	
	Public Placement Debt		Public Placement Debt	
	Principal	Interest	Principal	Interest
2024	\$ 187,000	\$ 95,203	\$ -	\$ 37,088
2025	192,000	87,709	30,000	36,638
2026	202,000	80,014	35,000	35,663
2027	222,000	71,636	40,000	34,538
2028	227,000	62,776	50,000	33,188
2029-2033	840,000	179,745	340,000	140,165
2034-2038	355,000	69,212	510,000	94,148
2039-2042	137,000	6,312	555,000	27,371
	\$ 2,362,000	\$ 652,607	\$ 1,560,000	\$ 438,799

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

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, 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, 2023, the Township recognized pension expense of \$262,223.

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

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:

	General		
	<u>Government</u>	<u>Utility</u>	<u>Total</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>22</u>	<u>8</u>	<u>30</u>

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Contributions

The OPEB Plan’s funding policy is that the Township will make annual contributions of \$25,000 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, 2023, the Township made payments for postemployment healthcare benefits for current retirees of \$47,430. The Township also made contributions to the OPEB Plan trust of \$25,000.

Net OPEB Liability

The Township’s net OPEB liability was measured as of March 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of April 1, 2021, which was rolled forward to March 31, 2023.

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	7.00 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent for two years, then graded down by 0.25% per year to an ultimate rate of 4.5%
	Post-Medicare: 5.5 percent for two years, then 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.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Private Assets	20.0%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.0 percent.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the Township will make contributions of \$25,000 per year while continuing to pay retiree benefits from general operating funds. 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 7.35 percent.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Net OPEB Liability (a)-(b)
Balance at beginning of year	\$ 1,268,198	\$ 937,228	\$ 330,970
Changes for the year			
Service cost	50,645	-	50,645
Interest	95,192	-	95,192
Difference between expected and actual experience	(9,371)	-	(9,371)
Changes of assumptions	68,819	-	68,819
Contributions - employer	-	72,430	(72,430)
Net investment income (loss)	-	(24,728)	24,728
Administrative expenses	-	(1,593)	1,593
Benefit payments including refund of employee contributions	(47,430)	(47,430)	-
Net changes	157,855	(1,321)	159,176
Balance at end of year	\$ 1,426,053	\$ 935,907	\$ 490,146

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Township's net OPEB liability	\$ 635,462	\$ 490,146	\$ 361,147

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE J—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

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:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Township's net OPEB liability	\$ 339,352	\$ 490,146	\$ 296,279

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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2023, the Township recognized OPEB expense of \$419. At March 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 508,384
Differences in assumptions	63,903	369,909
Net difference between projected and actual net investment income	29,041	-
Total	\$ 92,944	\$ 878,293

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

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—Continued

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

Year Ending March 31,	Amount
2024	\$ (77,650)
2025	(93,339)
2026	(59,057)
2027	(61,353)
2028	(80,110)
Thereafter	(413,840)

Payables to the OPEB Plan

At March 31, 2023, the Township did not have a payable to the OPEB Plan.

NOTE K—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, 2023

NOTE K—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, 2023 was \$4,027,800, or 29.4 percent of the bonds. During the year ended March 31, 2023, the Township paid \$996,066 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).

Commitment

In April 2022, the Township entered an agreement to purchase a fire truck for \$611,428 with \$361,371 remaining as of March 31, 2023.

NOTE L—ECONOMIC DEPENDENCY

State of Michigan shared revenues represent 47 percent of General Fund revenue.

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
 March 31, 2023

NOTE M—CHANGE IN ACCOUNTING PRINCIPLE

For the year ended March 31, 2023, the Township implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase 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 the 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.

The restatement of beginning of the year has no impact on net position or fund balance. The change in receivables and deferred inflows are as follows:

	Governmental Activities	
	Lease Receivable	Deferred Inflows
Balances as of April 1, 2022, as previously stated	\$ -	\$ 833,560
Adoption of GASB Statement 87	194,613	194,613
Balances as of April 1, 2022, as restated	\$ 194,613	\$ 1,028,173
	General Fund	
	Lease Receivable	Deferred Inflows
Balances as of April 1, 2022, as previously stated	\$ -	\$ -
Adoption of GASB Statement 87	194,613	194,613
Balances as of April 1, 2022, as restated	\$ 194,613	\$ 194,613

Charter Township of Fruitport
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENTS

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 O—SUBSEQUENT EVENT

In April 2023, the Township entered into agreements with the Muskegon County Road Commission for road projects to be performed in the summer of 2023. The portion of these costs to be paid by the Township is expected to be approximately \$415,000. The Township will use American Rescue Plan Act funds for its share of the projects.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Fruitport
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
General Fund
For the year ended March 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 766,700	\$ 816,373	\$ 814,849	\$ (1,524)
Licenses and permits	233,500	258,166	257,812	(354)
Intergovernmental revenues				
Federal	-	247,500	247,056	(444)
State	1,274,342	1,536,562	1,536,556	(6)
Charges for services	274,900	280,248	258,527	(21,721)
Fines and forfeitures	2,000	2,575	1,725	(850)
Investment earnings	13,000	97,652	101,344	3,692
Other	17,900	22,788	38,844	16,056
Total revenues	<u>2,582,342</u>	<u>3,261,864</u>	<u>3,256,713</u>	<u>(5,151)</u>
EXPENDITURES				
Current				
General government				
Township board	65,342	72,460	77,489	(5,029)
Supervisor	111,843	107,493	106,793	700
Elections	47,230	50,230	41,254	8,976
Assessing	179,071	179,071	165,707	13,364
Clerk	82,091	79,916	80,528	(612)
Treasurer	175,023	189,334	189,227	107
General office	100,888	122,225	118,302	3,923
Board of review	3,465	2,872	2,363	509
Building and grounds	112,134	93,907	49,278	44,629
Other	40,150	40,150	38,652	1,498
Public works				
Roads	38,500	165,032	165,030	2
Cemetery	79,990	77,027	31,716	45,311
Bike path	6,000	7,250	7,250	-
Community and economic development				
Planning	21,406	21,406	7,308	14,098
Zoning	7,644	6,623	1,744	4,879
Brownfield Authority	-	1,021	1,021	-
Culture and recreation				
Recreation and parks	127,500	131,113	136,516	(5,403)
Debt service				
Principal	38,015	21,750	21,750	-
Interest and fees	17,200	33,465	33,182	283
Capital outlay	20,500	115,606	111,241	4,365
Total expenditures	<u>1,273,992</u>	<u>1,517,951</u>	<u>1,386,351</u>	<u>131,600</u>
Excess of revenues over expenditures	1,308,350	1,743,913	1,870,362	126,449
OTHER FINANCING USES				
Transfers out	(1,370,785)	(1,370,785)	(1,370,785)	-
Net change in fund balance	<u>\$ (62,435)</u>	<u>\$ 373,128</u>	499,577	<u>\$ 126,449</u>
Fund balance at beginning of year			<u>3,097,000</u>	
Fund balance at end of year			<u>\$ 3,596,577</u>	

Charter Township of Fruitport
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
Public Safety Fund
For the year ended March 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,401,843	\$ 1,452,918	\$ 1,450,255	\$ (2,663)
Intergovernmental revenues				
Federal	500	500	-	(500)
State	12,600	13,228	9,824	(3,404)
Charges for services	197,660	213,656	205,951	(7,705)
Fines and forfeitures	9,000	10,026	10,026	-
Other	19,250	32,914	26,794	(6,120)
Total revenues	<u>1,640,853</u>	<u>1,723,242</u>	<u>1,702,850</u>	<u>(20,392)</u>
EXPENDITURES				
Current				
Public safety				
Police	1,581,848	1,581,848	1,579,725	2,123
Fire	1,274,017	1,274,017	1,236,555	37,462
Debt service				
Principal	64,381	64,381	75,533	(11,152)
Interest and fees	5,392	5,392	4,690	702
Capital outlay				
Police	24,000	24,000	-	24,000
Fire	62,000	285,692	285,367	325
Total expenditures	<u>3,011,638</u>	<u>3,235,330</u>	<u>3,181,870</u>	<u>53,460</u>
Excess of revenues under expenditures	(1,370,785)	(1,512,088)	(1,479,020)	33,068
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	41,675	41,675
Transfers in	1,370,785	1,370,785	1,370,785	-
Total other financing sources	<u>1,370,785</u>	<u>1,370,785</u>	<u>1,412,460</u>	<u>41,675</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (141,303)</u>	(66,560)	<u>\$ 74,743</u>
Fund balance at beginning of year			<u>1,040,971</u>	
Fund balance at end of year			<u>\$ 974,411</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)

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service cost	\$ 50,645	\$ 69,293	\$ 80,336	\$ 102,440	\$ 101,796	\$ 98,928
Interest	95,192	83,871	81,867	75,987	72,916	72,140
Differences between expected and actual experience	(9,371)	(104,225)	(45,960)	(466,387)	(75,333)	(194,762)
Changes of assumptions	68,819	(264,769)	(128,450)	(43,202)	(21,945)	103,116
Benefit payments, including refunds of employee contributions	(47,430)	(70,292)	(61,500)	(63,351)	(60,999)	(59,330)
Net change in total OPEB liability	157,855	(286,122)	(73,707)	(394,513)	16,435	20,092
Total OPEB liability at beginning of year	1,268,198	1,554,320	1,628,027	2,022,540	2,006,105	1,986,013
Total OPEB liability at end of year (a)	\$ 1,426,053	\$ 1,268,198	\$ 1,554,320	\$ 1,628,027	\$ 2,022,540	\$ 2,006,105
PLAN FIDUCIARY NET POSITION						
Contributions-employer	\$ 72,430	\$ 105,792	\$ 140,990	\$ 141,851	\$ 165,499	\$ 102,830
Net investment income (loss)	(24,728)	35,250	204,398	(35,655)	16,635	30,195
Benefit payments, including refunds or employee contributions	(47,430)	(70,292)	(61,500)	(63,351)	(60,999)	(59,330)
Administrative expense	(1,593)	(1,650)	(1,272)	(1,026)	(976)	(882)
Net change in plan fiduciary net position	(1,321)	69,100	282,616	41,819	120,159	72,813
Plan fiduciary net position at beginning of year	937,228	868,128	585,512	543,693	423,534	350,721
Plan fiduciary net position at end of year (b)	\$ 935,907	\$ 937,228	\$ 868,128	\$ 585,512	\$ 543,693	\$ 423,534
Township's net OPEB liability at end of year (a)-(b)	\$ 490,146	\$ 330,970	\$ 686,192	\$ 1,042,515	\$ 1,478,847	\$ 1,582,571
Plan fiduciary net position as a percentage of the total OPEB liability	65.6%	73.9%	55.9%	36.0%	26.9%	21.1%
Covered employee payroll	\$ 2,689,937	\$ 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	18.22%	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.

See the following page for significant changes to actuarial assumptions.

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

Notes to Schedule—Continued

The following were significant changes to actuarial assumptions

2021 Valuation

Discount rate updated from 4.88 percent to 5.28 percent.
Mortality improvement scale updated.
Medical trend updated.

2022 Valuation

Discount rate updated from 5.28 percent to 7.35 percent.
Mortality improvement scale updated from MP-2020 to MP-2021.
Trend rates updated to those prescribed by PA 202 for 2022.

2023 Valuation

Discount rate updated from 7.35 percent to 7.0 percent.
Medical trend updated.

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>2023</u>	<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>
Actuarially determined contribution	\$ 84,107	\$ 125,891	\$ 158,296	\$ 220,017	\$ 218,393	\$ 215,424	\$ 261,138	\$ 225,597	\$ 194,852	\$ 191,444
Contributions in relation to the actuarially determined contribution	72,430	105,792	140,990	141,851	165,499	102,830	102,309	76,165	59,115	61,877
Contribution deficiency (excess)	\$ 11,677	\$ 20,099	\$ 17,306	\$ 78,166	\$ 52,894	\$ 112,594	\$ 158,829	\$ 149,432	\$ 135,737	\$ 129,567
Covered employee payroll	\$ 2,689,937	\$ 2,558,063	\$ 2,360,548	\$2,471,695	\$2,014,200	Not available	Not available	Not available	Not available	Not available
Contributions as percentage of covered employee payroll	3.1%	4.9%	6.7%	8.9%	10.8%	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 rolled forward to March 31, 2023.

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	7.0 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)

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-2.61%	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, 2023

	Total Other Governmental Funds	Special Revenue		Capital Projects
		Street Light	Drug Forfeiture	Revolving Road
ASSETS				
Cash and investments	\$ 689,900	\$ 495,119	\$ 107	\$ 194,674
Receivables				
Property taxes	6,509	6,509	-	-
Special assessments	50,170	-	-	50,170
Due from other governmental units	1,699	-	-	1,699
Total assets	\$ 748,278	\$ 501,628	\$ 107	\$ 246,543
LIABILITIES				
Accounts payable	\$ 9	\$ 9	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - special assessments	50,170	-	-	50,170
FUND BALANCES				
Restricted				
Public safety	107	-	107	-
Street lights	501,619	501,619	-	-
Assigned for road improvements	196,373	-	-	196,373
Total fund balances	698,099	501,619	107	196,373
Total liabilities, deferred inflows of resources and fund balances	\$ 748,278	\$ 501,628	\$ 107	\$ 246,543

Charter Township of Fruitport
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**
Other Governmental Funds
For the year ended March 31, 2023

	Total Other Governmental Funds	Special Revenue		Capital Projects Revolving Road
		Street Light	Drug Forfeiture	
REVENUES				
Charges for services	\$ 202,487	\$ 202,487	\$ -	\$ -
Investment earnings	3,043	-	-	3,043
Other	91,378	-	-	91,378
Total revenues	296,908	202,487	-	94,421
EXPENDITURES				
Current				
Public works	196,751	160,343	-	36,408
Net change in fund balances	100,157	42,144	-	58,013
Fund balances at beginning of year	597,942	459,475	107	138,360
Fund balances at end of year	\$ 698,099	\$ 501,619	\$ 107	\$ 196,373

Charter Township of Fruitport
COMBINING STATEMENT OF NET POSITION
 Other Post-Employment Benefit Trust Funds
 March 31, 2023

	Total Other Post-Employment Benefit Trust Funds	General Employees Trust	Utilities Employees Trust
ASSETS			
MERS Total Market Portfolio	\$ 935,907	\$ 357,331	\$ 578,576
LIABILITIES			
	-	-	-
NET POSITION			
Restricted for individuals, organizations, and other governments	\$ 935,907	\$ 357,331	\$ 578,576

Charter Township of Fruitport
COMBINING STATEMENT OF CHANGES IN NET POSITION
 Other Post-Employment Benefit Trust Funds
 For the year ended March 31, 2023

	Total Other Post-Employment Benefit Trust Funds	General Employees Trust	Utilities Employees Trust
ADDITIONS			
Employer contributions	\$ 72,430	\$ 72,430	\$ -
Investment earnings	(24,728)	(8,836)	(15,892)
Total additions	47,702	63,594	(15,892)
DEDUCTIONS			
Benefit payments	47,430	47,430	-
Administrative expenses	1,593	583	1,010
Total deductions	49,023	48,013	1,010
Change in net position	(1,321)	15,581	(16,902)
Net position at beginning of year	937,228	341,750	595,478
Net position at end of year	\$ 935,907	\$ 357,331	\$ 578,576