

Charter Township of Fruitport  
Muskegon County, Michigan

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

March 31, 2020



Charter Township of Fruitport

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**INDEPENDENT AUDITOR’S REPORT**

Township Board  
Charter Township of Fruitport  
Fruitport, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management’s Responsibility for the Financial Statements**

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

**Auditor’s Responsibility**

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

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

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

Township Board  
Charter Township of Fruitport  
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**Opinions**

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

**Other Matters**

*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 on pages 3 through 13 and 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.



Muskegon, Michigan  
September 10, 2020

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, 2020. 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/deferred outflows of resources of the Township exceeded liabilities/deferred inflows of resources at the close of the fiscal year by \$20,074,534 (net position). Of this amount, \$3,763,133 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- Governmental activities had net position totaling \$3,820,108 while business-type activities ended the year with \$16,254,426 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.

### **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, 2020, the Township's net position from governmental activities totaled \$3,820,108 (19%) and \$16,254,426 (81%) from business-type activities, creating a total government-wide net position total of \$20,074,534.

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 \$889,146. This represents the amount of discretionary resources that can be used for general governmental operations.

The business-type activities show a total of \$16,254,426 in net position of which \$2,873,987 is unrestricted. The Sewer Fund and Water Fund unrestricted net position are \$1,838,558 and \$1,035,429, respectively.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets and other assets	\$ 3,965,486	\$ 3,469,012	\$ 5,032,643	\$ 4,661,230	\$ 8,998,129	\$ 8,130,242
Capital assets	2,956,897	3,120,597	14,737,019	15,247,748	17,693,916	18,368,345
Total assets	6,922,383	6,589,609	19,769,662	19,908,978	26,692,045	26,498,587
Deferred outflows of resources	49,478	-	12,370	-	61,848	-
Total assets and deferred outflows of resources	6,971,861	6,589,609	19,782,032	19,908,978	26,753,893	26,498,587
Current liabilities	332,805	400,859	581,285	675,593	914,090	1,076,452
Noncurrent liabilities	2,375,900	2,702,938	2,835,559	3,286,574	5,211,459	5,989,512
Total liabilities	2,708,705	3,103,797	3,416,844	3,962,167	6,125,549	7,065,964
Deferred inflows of resources	443,048	72,484	110,762	18,121	553,810	90,605
Total liabilities and deferred inflows of resources	3,151,753	3,176,281	3,527,606	3,980,288	6,679,359	7,156,569
Net position						
Net investment in capital assets	1,861,291	2,015,999	13,380,439	13,478,941	15,241,730	15,494,940
Restricted	1,069,671	874,199	-	-	1,069,671	874,199
Unrestricted	889,146	523,130	2,873,987	2,449,749	3,763,133	2,972,879
Total net position	<b>\$ 3,820,108</b>	<b>\$ 3,413,328</b>	<b>\$ 16,254,426</b>	<b>\$ 15,928,690</b>	<b>\$ 20,074,534</b>	<b>\$ 19,342,018</b>

For governmental activities, the increase in current assets occurred due to no significant capital purchases. Capital assets decreased as current year depreciation exceeded capital asset purchases. Noncurrent liabilities decreased due to normal scheduled debt service payments.

For business-type activities, the increase in current assets occurred due to no significant capital purchases. Capital assets decreased as current year depreciation exceeded capital asset purchases. Noncurrent liabilities decreased due to normal scheduled debt service payments.

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



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

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 922,094	\$ 879,105	\$ 2,264,699	\$ 2,323,091	\$ 3,186,793	\$ 3,202,196
Operating grants	15,884	23,229	-	-	15,884	23,229
Capital grants and contributions	3,000	4,000	855,269	957,871	858,269	961,871
General revenues						
Property taxes	1,958,637	1,946,547	-	-	1,958,637	1,946,547
Franchise fees	171,890	173,993	-	-	171,890	173,993
Grants and contributions not restricted	1,174,571	1,119,733	-	-	1,174,571	1,119,733
Unrestricted investment earnings	73,529	25,464	112,071	85,675	185,600	111,139
Miscellaneous	2,558	43,991	-	-	2,558	43,991
Gain on sale of capital assets	1,528	-	-	-	1,528	-
Total revenues	4,323,691	4,216,062	3,232,039	3,366,637	7,555,730	7,582,699
Expenses:						
General government	832,980	866,336	-	-	832,980	866,336
Public safety	2,575,766	2,445,336	-	-	2,575,766	2,445,336
Public works	289,127	266,787	-	-	289,127	266,787
Community and economic development	11,943	18,995	-	-	11,943	18,995
Culture and recreation	165,143	146,058	-	-	165,143	146,058
Interest on long term debt	41,952	46,537	-	-	41,952	46,537
Sewer	-	-	555,609	562,332	555,609	562,332
Water	-	-	2,350,694	2,229,153	2,350,694	2,229,153
Total expenses	3,916,911	3,790,049	2,906,303	2,791,485	6,823,214	6,581,534
Change in net position	406,780	426,013	325,736	575,152	732,516	1,001,165
Net position - Beginning	3,413,328	2,987,315	15,928,690	15,353,538	19,342,018	18,340,853
Net position - Ending	<b>\$ 3,820,108</b>	<b>\$ 3,413,328</b>	<b>\$ 16,254,426</b>	<b>\$ 15,928,690</b>	<b>\$ 20,074,534</b>	<b>\$ 19,342,018</b>

### **Governmental Activities**

Net position of the Township's governmental activities increased by \$406,780 (11.9%) during the 2020 fiscal year.

Charges for services increased due to the revision of an agreement to provide fire protection services to other governmental entities. Grants and contributions not restricted increased due to additional State revenue sharing. Investment earnings increased due to higher return on investments. Public safety expenses increased due to an additional police officer and inflationary adjustments.

### **Business-type Activities**

At the end of the fiscal year, the net position for business-type activities increased \$325,736 (2%). Two funds comprise the business-type activities. The Sewer Fund and Water Fund experienced an increase in net position for the year of \$212,389 and \$113,347, respectively.

Capital grants and contributions decreased due to less hookups in the current year. Water expenses increased due to an increase in payments for water purchases and the dumping of water due to chlorine residual issues in the Broadway water tower.

### **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 2020 fiscal year, the governmental funds reported a combined unassigned fund balance of \$2,551,126, 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 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 \$2,573,989, an increase of \$454,803 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 121 percent of the General Fund's expenditures and transfers (97 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 \$212,389 and \$113,347, respectively. The result was an overall increase in the proprietary funds of \$325,736.

### **General Fund Budget**

During the current fiscal year, the Township made several amendments to its original General Fund budget. The most significant of those are listed below:

- Intergovernmental revenues – State were amended up by \$195,215 due to higher than anticipated revenue sharing.
- Investment earnings were amended up by \$57,419 due to higher than anticipated returns.
- Proceeds from sale of capital assets were amended up by \$66,029 for the payoff of a land contract.

### **Budget Variations**

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

- Intergovernmental revenues – State were under budget by \$83,798 due to revenue sharing being lower than calculated.
- Assessing expenditures were under budget by \$16,025 due to staff turnover.
- General office expenditures were under budget by \$17,340 due to wages being lower than calculated.
- Roads expenditures were under budget by \$22,677 due to projects costing less than expected.
- Bike path expenditures were under budget by \$16,076 due to expected projects being delayed.
- Capital outlay expenditures were under budget by \$35,093 due to expected projects being delayed.

### **Capital Assets**

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2020 totaled \$17,693,916 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, vehicles and utility systems.

The only significant capital asset events during the current year was the purchase of a police vehicle for \$50,775.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 423,870	\$ 423,870	\$ 111,129	\$ 111,129	\$ 534,999	\$ 534,999
Land improvements	510,477	547,804	6,923	7,639	517,400	555,443
Buildings and improvements	1,236,190	1,281,085	444,115	457,781	1,680,305	1,738,866
Furniture and equipment	285,769	338,209	13,360	24,478	299,129	362,687
Vehicles	500,591	529,629	34,661	55,735	535,252	585,364
Utility systems	-	-	14,126,831	14,590,986	14,126,831	14,590,986
<b>Total</b>	<b>\$ 2,956,897</b>	<b>\$ 3,120,597</b>	<b>\$ 14,737,019</b>	<b>\$ 15,247,748</b>	<b>\$ 17,693,916</b>	<b>\$ 18,368,345</b>

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

**Long-Term Debt**

At the end of the fiscal year, the Township had total outstanding debt of \$4,641,283 consisting of general obligation bonds, intergovernmental obligations, special assessment debt, installment purchase agreements, capital leases, and compensated absences. The special assessment debt of \$45,000 is backed by the full-faith and credit of the Township.

Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 848,250	\$ 870,000	\$ 2,851,750	\$ 2,995,000	\$ 3,700,000	\$ 3,865,000
Bond premium	-	-	115,199	135,199	115,199	135,199
Intergovernmental obligations	-	-	209,830	413,608	209,830	413,608
Special assessment bonds	-	-	45,000	90,000	45,000	90,000
Installment purchase agreements	223,975	200,653	-	-	223,975	200,653
Capital lease agreements	23,381	33,945	-	-	23,381	33,945
Compensated absences	270,618	250,611	53,280	88,767	323,898	339,378
<b>Total</b>	<b>\$ 1,366,224</b>	<b>\$ 1,355,209</b>	<b>\$ 3,275,059</b>	<b>\$ 3,722,574</b>	<b>\$ 4,641,283</b>	<b>\$ 5,077,783</b>

The Township’s total debt decreased by \$436,500 during the fiscal year due to normal scheduled debt payments net of a new installment purchase agreement.

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

**General Economic Overview**

The Township’s General Fund has two major revenue sources, state revenue sharing and property tax revenue. Those two sources comprised approximately 75% of the General Fund revenue sources. For fiscal year 2020-21 state revenue sharing is projected to decrease due to funding reductions by the State of Michigan related to the COVID-19 pandemic. This is also true for property tax revenues with decreases expected as businesses file to lower their tax and assessed value with the Michigan Tax Tribunal. The Township believes the loss of revenue, due to COVID-19 will continue through the next couple of years.

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 Township will be reviewing the progress with this new program and determine how it is working.

Last fiscal year the Township budgeted General Fund transfers of \$1,014,653 to the Public Safety Fund and has budgeted \$1,175,647 to supplement operations for fiscal year 2020-21.

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 expectations 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 Township is hopeful that the decrease in revenue due to the COVID-19 pandemic will not cause a delay in the schedule. A new FOB security system was installed at all public safety buildings. This fiscal year, the public safety department will begin a project to maintain and replace driveway(s) for their buildings. Fire gear has far exceeded the NFPA guidelines and will be replaced this year to ensure compliance measurers are met.
3. The Township approved a Business Registration Program and will review how it is working.
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 \$100 million casino proposal is moving on for federal review by the U.S. Bureau of Indian Affairs (BOIA). If approved, the former Great Lakes Down racetrack property would include stores, hotels and a large retail facility in addition to the casino. The Township has heard that the COVID-19 pandemic has put the Federal Government behind schedule.
5. The Township continues to experience a significant improvement in economic development with various retail, residential and light industrial projects approved or in the planning and/or staff review stages. The Charrette Group is planning to begin their PUD 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.
8. The DPW Department budgeted last fiscal year for a 2021 GMC truck with toolbox and plow purchase with the cost to be shared between the Water and Sewer funds. The plow purchase was made, however the truck order was pushed out due to delays caused by the COVID-19 pandemic. The funds were rolled over into this fiscal year.
9. DPW projects for the coming years include the golf course project mentioned above. This may break ground this year. The Odeno residential project, owned by the Little River Band of Ottawa Indians, has completed phase I and is anticipating the begin of phase II. Platium Pines has completed phase I and have plans to complete phase II. Chestnut Fields development has most of the infrastructure in for senior cottages. They have completed the single housing and the senior independent and senior assisted living center.
10. The Township is monitoring a Water Authority water main along Lake Michigan that is eroding and is looking for a permanent remedy to the problem.
11. The Township increased sewer rates in the last fiscal year. There has been a recent water rate increase by the Township's wholesale provider, the City of Muskegon, by 18 cents per thousand. The DPW committee is discussing whether to increase water rates.
12. The Township has been watching the progress, or lack thereof, at The Lakes Mall. It was recently sold to a new company, Namdar LLC, and continues to lose retail vendors.

13. In upcoming years, the Township has secured funding for several road projects, one of which is Sheridan from Shettler to Airline Road. The first phase of the Sheridan Road project stretching from Shettler Road to Hile Road has been completed. The second phase of the Sheridan Road project from Hile to Airline has been scheduled into the future. The Township is working with the Muskegon County Road Commission to enhance Township roads and has budgeted nearly \$69,000 in fiscal 2020-21 for chip seal on the following roads: Shettler Road from Sheridan to Walker, Walker to Cline and Cline to Dangl. Also, Walker Road between Pontaluna and Fruitport Road; Sheringer from Dangl to end of pavement; Sheridan from Sternberg to Mt. Garfield Road. The Township budgeted additional funds to have available for culvert repairs. The final project is a special assessment gravel upgrade for the residents on Mt Garfield Road from Maple Island to the dead end. This project will be shared between the Township, Sullivan Township and MCRC.
14. The Township continues to monitor its OPEB liability and is looking at ways to decrease it.
15. The Township is discussing a Business Registration Ordinance.
16. The Township is in partnership with Fruitport Community Schools for the funding of a school liaison resource officer.
17. The Township provides fire services for Sullivan Township and has updated the services agreement.
18. The City of Muskegon has approached the Township with a request to annex property belonging to the State Land Bank where the former prison was located. The City is purchasing the prison property, some of which is in the City limits and 26 acres in the Township limits. There is ongoing discussion between the Township board and the City regarding a potential Act 425 Agreement for the property.

### **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 call (231) 865-3151.

Charter Township of Fruitport  
**STATEMENT OF NET POSITION**  
 March 31, 2020

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 3,582,659	\$ 3,523,487	\$ 7,106,146
Receivables	59,956	553,479	613,435
Due from other governmental units	221,799	5,144	226,943
Inventories	-	116,290	116,290
Prepaid items	24,468	9,546	34,014
Total current assets	3,888,882	4,207,946	8,096,828
Noncurrent assets			
Special assessments receivable, less amounts due within one year	76,604	677,536	754,140
Net other postemployment benefits asset	-	147,161	147,161
Capital assets, net			
Nondepreciable	423,870	111,129	534,999
Depreciable	2,533,027	14,625,890	17,158,917
Total noncurrent assets	3,033,501	15,561,716	18,595,217
Total assets	6,922,383	19,769,662	26,692,045
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	49,478	12,370	61,848
Total assets and deferred outflows of resources	6,971,861	19,782,032	26,753,893
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	118,274	73,282	191,556
Due to other governmental units	30,323	68,503	98,826
Unearned revenue - unspent grant	4,208	-	4,208
Bonds and other obligations, due within one year	180,000	439,500	619,500
Total current liabilities	332,805	581,285	914,090
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	1,186,224	2,835,559	4,021,783
Net other postemployment benefits liability	1,189,676	-	1,189,676
Total noncurrent liabilities	2,375,900	2,835,559	5,211,459
Total liabilities	2,708,705	3,416,844	6,125,549
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	443,048	110,762	553,810
Total liabilities and deferred inflows of resources	3,151,753	3,527,606	6,679,359
<b>NET POSITION</b>			
Net investment in capital assets	1,861,291	13,380,439	15,241,730
Restricted			
Public safety	662,844	-	662,844
Street lights	406,827	-	406,827
Unrestricted	889,146	2,873,987	3,763,133
Total net position	<b>\$ 3,820,108</b>	<b>\$ 16,254,426</b>	<b>\$ 20,074,534</b>

The accompanying notes are an integral part of this statement.



Charter Township of Fruitport  
**STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 832,980	\$ 264,421	\$ -	\$ -	\$ (568,559)	\$ -	\$ (568,559)
Public safety	2,575,766	400,332	5,710	-	(2,169,724)	-	(2,169,724)
Public works	289,127	199,853	10,174	-	(79,100)	-	(79,100)
Community and economic development	11,943	45,674	-	-	33,731	-	33,731
Culture and recreation	165,143	11,814	-	3,000	(150,329)	-	(150,329)
Interest on long-term debt	41,952	-	-	-	(41,952)	-	(41,952)
Total governmental activities	3,916,911	922,094	15,884	3,000	(2,975,933)	-	(2,975,933)
Business-type activities							
Sewer	555,609	348,810	-	364,465	-	157,666	157,666
Water	2,350,694	1,915,889	-	490,804	-	55,999	55,999
Total business-type activities	2,906,303	2,264,699	-	855,269	-	213,665	213,665
Total government	<b>\$ 6,823,214</b>	<b>\$ 3,186,793</b>	<b>\$ 15,884</b>	<b>\$ 858,269</b>	(2,975,933)	213,665	(2,762,268)
General revenues							
Property taxes, levied for							
General purposes					711,873	-	711,873
Specific purposes					1,246,764	-	1,246,764
Franchise fees					171,890	-	171,890
Grants and contributions not restricted to specific programs					1,174,571	-	1,174,571
Unrestricted investment earnings					73,529	112,071	185,600
Miscellaneous					2,558	-	2,558
Gain on sale of capital assets					1,528	-	1,528
Total general revenues					3,382,713	112,071	3,494,784
Change in net position					406,780	325,736	732,516
Net position at beginning of year					3,413,328	15,928,690	19,342,018
Net position at end of year					<b>\$ 3,820,108</b>	<b>\$ 16,254,426</b>	<b>\$ 20,074,534</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**BALANCE SHEET**  
 Governmental Funds  
 March 31, 2020

	<u>General Fund</u>	<u>Public Safety Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,403,028	\$ 652,664	\$ 526,967	\$ 3,582,659
Receivables				
Property taxes	19,005	31,421	4,267	54,693
Special assessments	-	-	76,604	76,604
Other	5,263	-	-	5,263
Due from other governmental units	187,929	32,500	1,370	221,799
Prepaid items	4,505	19,963	-	24,468
	<b>\$ 2,619,730</b>	<b>\$ 736,548</b>	<b>\$ 609,208</b>	<b>\$ 3,965,486</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,601	\$ 12,844	\$ 14,553	\$ 37,998
Accrued liabilities	19,402	42,174	-	61,576
Due to other governmental units	15,738	14,585	-	30,323
Unearned revenue - unspent grant	-	4,208	-	4,208
	45,741	73,811	14,553	134,105
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - special assessments	-	-	76,604	76,604
<b>FUND BALANCES</b>				
Nonspendable - prepaid items	4,505	19,963	-	24,468
Restricted				
Public safety	-	642,774	107	642,881
Street lights	-	-	406,827	406,827
Committed for parks	18,358	-	-	18,358
Assigned - road improvements	-	-	111,117	111,117
Unassigned	2,551,126	-	-	2,551,126
	2,573,989	662,737	518,051	3,754,777
	<b>\$ 2,619,730</b>	<b>\$ 736,548</b>	<b>\$ 609,208</b>	<b>\$ 3,965,486</b>
Total liabilities, deferred inflows of resources and fund balances				

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, 2020

Total fund balance—governmental funds \$ 3,754,777

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	\$ 5,344,189	
Accumulated depreciation	<u>(2,387,292)</u>	2,956,897

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.

76,604

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	(18,700)	
Bonds and notes payable	(1,095,606)	
Compensated absences	(270,618)	
Net other postemployment benefits liability and related deferred outflows/inflows of resources	<u>(1,583,246)</u>	<u>(2,968,170)</u>

Net position of governmental activities	<u><b>\$ 3,820,108</b></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, 2020

	<b>General Fund</b>	<b>Public Safety Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 711,873	\$ 1,246,764	\$ -	\$ 1,958,637
Licenses and permits	226,561	-	-	226,561
Intergovernmental revenues - State	1,177,517	10,907	-	1,188,424
Charges for services	271,266	353,610	172,965	797,841
Fines and forfeitures	5,114	20,720	-	25,834
Investment earnings	71,976	-	3,551	75,527
Other	25,000	24,531	19,563	69,094
Total revenues	2,489,307	1,656,532	196,079	4,341,918
<b>EXPENDITURES</b>				
Current				
General government	733,579	-	-	733,579
Public safety	-	2,427,305	-	2,427,305
Public works	110,675	-	176,799	287,474
Community and economic development	11,932	-	-	11,932
Culture and recreation	118,925	-	-	118,925
Other governmental functions	55,227	-	-	55,227
Debt service				
Principal	21,750	37,997	-	59,747
Interest and fees	35,792	7,360	-	43,152
Capital outlay	-	50,775	-	50,775
Total expenditures	1,087,880	2,523,437	176,799	3,788,116
Excess of revenues over (under) expenditures	1,401,427	(866,905)	19,280	553,802
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	68,029	-	-	68,029
Long-term debt issued	-	50,755	-	50,755
Transfers in	-	1,014,653	-	1,014,653
Transfers out	(1,014,653)	-	-	(1,014,653)
Total other financing sources (uses)	(946,624)	1,065,408	-	118,784
Net change in fund balances	454,803	198,503	19,280	672,586
Fund balances at beginning of year	2,119,186	464,234	498,771	3,082,191
Fund balances at end of year	<b>\$2,573,989</b>	<b>\$ 662,737</b>	<b>\$ 518,051</b>	<b>\$ 3,754,777</b>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended March 31, 2020

Net change in fund balances—total governmental funds \$ 672,586

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	\$ (214,475)	
Capital outlay	<u>50,775</u>	(163,700)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Special assessments	(17,759)	
Land contract receivable	<u>(68,499)</u>	(86,258)

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	(50,755)	
Repayment of principal on long-term debt	<u>59,747</u>	8,992
Change in accrued interest payable		1,200

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	(6,033)	
Change in compensated absences	<u>(20,007)</u>	<u>(26,040)</u>

Change in net position of governmental activities		<u><b>\$ 406,780</b></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, 2020

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 1,389,863	\$ 2,133,624	\$ 3,523,487
Receivables			
Accounts	60,263	323,832	384,095
Special assessments	148,106	21,278	169,384
Due from other governmental units	2,088	3,056	5,144
Inventories	6,960	109,330	116,290
Prepaid items	940	8,606	9,546
Total current assets	<u>1,608,220</u>	<u>2,599,726</u>	<u>4,207,946</u>
Noncurrent assets			
Advances to other funds	-	322,411	322,411
Special assessments receivable, less amounts due within one year	592,423	85,113	677,536
Net other postemployment benefits asset	14,716	132,445	147,161
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	14,641,841	23,219,336
Equipment	44,790	169,853	214,643
Vehicles	29,357	140,620	169,977
Less accumulated depreciation	<u>(2,739,973)</u>	<u>(6,799,021)</u>	<u>(9,538,994)</u>
Net capital assets	<u>5,976,322</u>	<u>8,760,697</u>	<u>14,737,019</u>
Total noncurrent assets	<u>6,583,461</u>	<u>9,300,666</u>	<u>15,884,127</u>
Total assets	<u>8,191,681</u>	<u>11,900,392</u>	<u>20,092,073</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	1,237	11,133	12,370
Total assets and deferred outflows of resources	<u>8,192,918</u>	<u>11,911,525</u>	<u>20,104,443</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	205	2,352	2,557
Accrued liabilities	24,775	45,950	70,725
Due to other governmental units	14,243	54,260	68,503
Bonds and other obligations, due within one year	62,500	377,000	439,500
Total current liabilities	<u>101,723</u>	<u>479,562</u>	<u>581,285</u>
Noncurrent liabilities			
Advances from other funds	322,411	-	322,411
Bonds and other obligations, less amounts due within one year	1,076,522	1,759,037	2,835,559
Total noncurrent liabilities	<u>1,398,933</u>	<u>1,759,037</u>	<u>3,157,970</u>
Total liabilities	<u>1,500,656</u>	<u>2,238,599</u>	<u>3,739,255</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to other postemployment benefits	11,076	99,686	110,762
Total liabilities and deferred inflows of resources	<u>1,511,732</u>	<u>2,338,285</u>	<u>3,850,017</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,842,628	8,537,811	13,380,439
Unrestricted	1,838,558	1,035,429	2,873,987
Total net position	<u>\$ 6,681,186</u>	<u>\$ 9,573,240</u>	<u>\$ 16,254,426</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, 2020

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 348,810	\$ 1,915,889	\$ 2,264,699
<b>OPERATING EXPENSES</b>			
Administration	13,458	117,155	130,613
Operations	311,837	1,832,313	2,144,150
Depreciation	176,222	334,507	510,729
Total operating expenses	501,517	2,283,975	2,785,492
Operating loss	(152,707)	(368,086)	(520,793)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	54,723	57,348	112,071
Connection fees	364,465	490,804	855,269
Gain on disposal of capital assets	350	3,150	3,500
Interest expense	(54,442)	(69,869)	(124,311)
Total nonoperating revenues (expenses)	365,096	481,433	846,529
Change in net position	212,389	113,347	325,736
Net position at beginning of year	6,468,797	9,459,893	15,928,690
Net position at end of year	<b>\$ 6,681,186</b>	<b>\$ 9,573,240</b>	<b>\$ 16,254,426</b>

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, 2020

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 373,602	\$ 1,930,396	\$ 2,303,998
Receipts from interfund services provided	-	2,467	2,467
Payments to suppliers	(243,446)	(1,292,744)	(1,536,190)
Payments to employees	(79,945)	(719,624)	(799,569)
Payments for interfund services used	(12,800)	(114,100)	(126,900)
Net cash provided by (used for) operating activities	37,411	(193,605)	(156,194)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Connection fees	511,186	616,707	1,127,893
Advances from other funds (net)	(18,635)	18,635	-
Principal paid on capital debt	(60,194)	(351,834)	(412,028)
Interest paid on capital debt	(55,406)	(80,885)	(136,291)
Proceeds from sale of capital assets	350	3,150	3,500
Net cash provided by (used for) capital and related financing activities	377,301	205,773	583,074
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment earnings	54,723	57,348	112,071
Net increase (decrease) in cash and investments	469,435	69,516	538,951
Cash and investments at beginning of year	920,428	2,064,108	2,984,536
Cash and investments at end of year	<b>\$ 1,389,863</b>	<b>\$ 2,133,624</b>	<b>\$ 3,523,487</b>
Reconciliation of operating loss to net cash provided by (used for) operating activities			
Operating loss	\$ (152,707)	\$ (368,086)	\$ (520,793)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Depreciation expense	176,222	334,507	510,729
Change in assets and liabilities			
Accounts receivable	24,792	16,974	41,766
Inventories	(2,372)	(23,238)	(25,610)
Prepaid items	4	33	37
Accounts payable	(1,404)	(89,688)	(91,092)
Accrued liabilities	(7,124)	(64,107)	(71,231)
Net cash provided by (used for) operating activities	<b>\$ 37,411</b>	<b>\$ (193,605)</b>	<b>\$ (156,194)</b>

The accompanying notes are an integral part of this statement.



Charter Township of Fruitport  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
March 31, 2020

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$    79,550</u>
<b>LIABILITIES</b>	
Deposits held for others	\$    46,745
Due to other governmental units	<u>          32,805</u>
Total liabilities	<u>\$    79,550</u>

The accompanying notes are an integral part of this statement.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

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

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

**Reporting Entity**

The Township is a municipal corporation governed by an elected seven-member Board. Generally accepted accounting principles require that if the Township is considered to be financially accountable for other organizations, those organizations should be included as component units in the Township's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**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 Township. 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.

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 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.

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.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

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

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

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 type:

The Agency Fund is custodial in nature and used to account for assets held by the Township as an agent for another organization or individual.

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, 2020

**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 funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**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.

***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.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**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—Continued***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

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

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

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

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

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

***Other Postemployment Benefit Costs***

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

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

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

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

***Fund Balance Flow Assumptions***

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

***Fund Balance Policies***

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

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

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

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

***Fund Balance Policies—Continued***

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

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

**Revenues and Expenditures/Expenses**

***Program Revenues***

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

***Property Taxes***

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

The Township bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and lien on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31.

Uncollectible real property taxes as of the following March 1 are turned over by the Township to the County for collection. The County advances the Township all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Township. The Township recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2019 state taxable value for real/personal property of the Township totaled approximately \$506,455,000. The ad valorem taxes levied consisted of .9962 and 2.5 mills for the Township's general operating and public safety, respectively. These amounts are recognized in the General Fund and Public Safety Fund, respectively.

***Compensated Absences***

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

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

**Revenues and Expenditures/Expenses—Continued**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Budgetary Information**

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

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

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

**Excess of Expenditures over Appropriations**

During the year ended March 31, 2020, actual expenditures exceeded appropriations for capital outlay – police in the Public Safety Fund by \$40,775. This overexpenditure was funded with an unbudgeted debt issuance.

**NOTE C—DEPOSITS AND INVESTMENTS**

As of March 31, 2020, the Township had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Months)</b>	<b>S&amp;P</b>	<b>Percent</b>
Negotiable certificates of deposit	\$ 206,384	28	not rated	11.1 %
Municipal bonds	122,579	21	AAm	6.5
External investment pool	<u>1,537,236</u>	<u>2</u>	AAAm	<u>82.4</u>
Total fair value	<u><b>\$ 1,866,199</b></u>			<u><b>100.0 %</b></u>
Portfolio weighted average maturity		<u><b>6</b></u>		

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, 2020

**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. More than 5 percent of the Township's investments are in Wells Fargo National Bank of Sioux Falls negotiable certificates of deposit. These investments are 11 percent of the Township's total investments.

***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, 2020, \$4,795,904 of the Township's bank balance of \$5,796,702 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, 2020

**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 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, 2020.

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

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

The assets managed by others are valued monthly by the Pool and are allocated based upon each organization's calculated share of the Pool's 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 Pool based on the estimated fair value of the underlying assets. The Pool control the investments and make all management and investment decisions.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**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, 2020:

	<b>Assets at Fair Value as of March 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Negotiable certificates of deposit	\$ 206,384	\$ -	\$ -	\$ 206,384
Municipal bonds	122,579	-	-	122,579
External investment pool	-	1,537,236	-	1,537,236
<b>Total assets at fair value</b>	<b>\$ 328,963</b>	<b>\$ 1,537,236</b>	<b>\$ -</b>	<b>\$ 1,866,199</b>

**NOTE E—CAPITAL ASSETS**

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

	<b>Balance April 1, 2019</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance March 31, 2020</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 423,870	\$ -	\$ -	\$ 423,870
<b>Capital assets, being depreciated:</b>				
Land improvements	746,534	-	-	746,534
Buildings and improvements	1,937,002	-	-	1,937,002
Furniture and equipment	612,217	-	-	612,217
Vehicles	1,573,791	50,775	-	1,624,566
Total capital assets, being depreciated	4,869,544	50,775	-	4,920,319
<b>Less accumulated depreciation:</b>				
Land improvements	198,730	37,327	-	236,057
Buildings and improvements	655,917	44,895	-	700,812
Furniture and equipment	274,008	52,440	-	326,448
Vehicles	1,044,162	79,813	-	1,123,975
Total accumulated depreciation	2,172,817	214,475	-	2,387,292
Total capital assets, being depreciated, net	2,696,727	(163,700)	-	2,533,027
Capital assets, net	<b>\$ 3,120,597</b>	<b>\$ (163,700)</b>	<b>\$ -</b>	<b>\$ 2,956,897</b>

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**NOTE E—CAPITAL ASSETS—Continued**

	<b>Balance April 1, 2019</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance March 31, 2020</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 111,129	\$ -	\$ -	\$ 111,129
<b>Capital assets, being depreciated:</b>				
Land improvements	14,323	-	-	14,323
Buildings and improvements	546,605	-	-	546,605
Utility systems	23,219,336	-	-	23,219,336
Equipment	214,643	-	-	214,643
Vehicles	169,977	-	-	169,977
Total capital assets, being depreciated	24,164,884	-	-	24,164,884
<b>Less accumulated depreciation:</b>				
Land improvements	6,684	716	-	7,400
Buildings and improvements	88,824	13,666	-	102,490
Utility systems	8,628,350	464,155	-	9,092,505
Equipment	190,165	11,118	-	201,283
Vehicles	114,242	21,074	-	135,316
Total accumulated depreciation	9,028,265	510,729	-	9,538,994
Total capital assets, being depreciated, net	15,136,619	(510,729)	-	14,625,890
Capital assets, net	<b>\$ 15,247,748</b>	<b>\$ (510,729)</b>	<b>\$ -</b>	<b>\$ 14,737,019</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 38,547
Public safety	108,512
Public works	21,341
Culture and recreation	46,075
	<b>\$ 214,475</b>

**Business-type activities:**

Sewer	\$ 176,222
Water	334,507
	<b>\$ 510,729</b>

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

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

**Advances To/From Other Funds:**

The Water Fund has advanced \$322,411 to the Sewer Fund to fund early debt retirement.

**Interfund Transfers:**

The General Fund has transferred \$1,014,653 to the Public Safety Fund as an operation subsidy.

**NOTE G—LONG-TERM DEBT**

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

The following is a summary of long-term liabilities activity for the Township for the year ended March 31, 2020.

	<b>Balance April 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance March 31, 2020</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Public placement debt					
General obligation bonds	\$ 870,000	\$ -	\$ 21,750	\$ 848,250	\$ 21,750
Direct borrowings and direct placements					
Installment purchase agreements	200,653	50,755	27,433	223,975	12,000
Capital lease agreements	33,945	-	10,564	23,381	11,250
Compensated absences	250,611	181,688	161,681	270,618	135,000
	<hr/>				
Governmental activities long-term liabilities	<b>\$ 1,355,209</b>	<b>\$ 232,443</b>	<b>\$ 221,428</b>	<b>\$ 1,366,224</b>	<b>\$ 180,000</b>
	<hr/>				
<b>Business-type activities:</b>					
Public placement debt					
General obligation bonds	\$ 2,995,000	\$ -	\$ 143,250	\$ 2,851,750	\$ 158,500
Premium	135,199	-	20,000	115,199	-
Intergovernmental obligations	413,608	-	203,778	209,830	210,000
Special assessment bonds	90,000	-	45,000	45,000	44,500
Compensated absences	88,767	75,794	111,281	53,280	26,500
	<hr/>				
Business-type activities long-term liabilities	<b>\$ 3,722,574</b>	<b>\$ 75,794</b>	<b>\$ 523,309</b>	<b>\$ 3,275,059</b>	<b>\$ 439,500</b>
	<hr/>				

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

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**NOTE G—LONG-TERM DEBT—Continued**

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

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

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

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
<b>Governmental activities:</b>			
Public placement debt			
General obligation bonds			
2013 General Obligation Bonds	4-4.5%	April 2039	\$ 848,250
Direct borrowings and direct placements			
Installment purchase agreements			
2017 Installment Purchase Agreement	2.50%	February 2027	173,220
2020 Installment Purchase Agreement	2.40%	March 2024	50,755
Capital leases			
2016 Capital Lease	5.95%	June 2021	<u>23,381</u>
			<u><b>\$ 1,095,606</b></u>
<b>Business-type activities:</b>			
Public placement debt			
General obligation bonds			
2013 General Obligation Bonds	4-4.5%	April 2039	\$ 1,101,750
2018 General Obligation Bonds	4%	November 2030	1,750,000
Intergovernmental obligations			
2010 Muskegon County Water System Bonds	3%	May 2020	209,830
Special assessment bonds			
2000 Special Assessment Sewer Bonds	5%	January 2021	31,944
2000 Special Assessment Water Bonds	5%	January 2021	<u>13,056</u>
			<u><b>\$ 3,106,580</b></u>

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

The Muskegon County Water System Number One Refunding Bonds, Series 2010 issue is a joint debt agreement entered into by the Township and the City of Norton Shores. Under the agreement, the County issued debt and constructed a water supply system for the benefit of both governmental units. The County owns and maintains the system and upon full payment by either local unit of its allocated portion of the debt, the County may convey full ownership of the respective portions of the system to the local unit. Each local unit's share of the debt is based on user charges and the state's equalized valuation on real property. The Township's current estimated share of the obligation is 40.352 percent.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**NOTE G—LONG-TERM DEBT—Continued**

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

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The Township has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The Township's portion of the debt on March 31, 2020 was \$92,316. 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, 2020 follow:

Year Ending March 31,	Governmental Activities				Business-type Activities	
	Public Placement Debt		Direct Borrowings and Direct Placements		Public Placement Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 21,750	\$ 34,705	\$ 23,250	\$ 2,843	\$ 413,000	\$ 120,473
2022	21,750	33,835	52,250	6,211	163,000	108,746
2023	21,750	32,965	41,250	4,352	168,000	102,216
2024	32,625	31,877	42,375	3,306	187,000	95,203
2025	32,625	30,572	30,375	2,242	192,000	87,709
2026-2030	206,625	129,807	57,856	2,125	1,130,000	312,398
2031-2035	239,250	85,348	-	-	503,000	118,454
2036-2040	271,875	29,905	-	-	350,580	38,843
	<b>\$ 848,250</b>	<b>\$ 409,014</b>	<b>\$ 247,356</b>	<b>\$ 21,079</b>	<b>\$ 3,106,580</b>	<b>\$ 984,042</b>

**NOTE H—OTHER INFORMATION**

**Risk Management**

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

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**NOTE H—OTHER INFORMATION—Continued**

**Risk Management—Continued**

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

**Contingent Liabilities**

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

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

**Capitalized Leases**

Included in vehicles and equipment are the following assets held under capital leases as of March 31, 2020:

**Governmental activities:**

Vehicles and equipment	\$ 46,322
Less accumulated amortization	<u>27,021</u>
	<b><u>\$ 19,301</u></b>

Future minimum lease payments for assets under capital leases through 2022 are as follows:

<b>Year Ending March 31,</b>	<b>Amount</b>
2021	\$ 12,923
2022	<u>12,923</u>
Total minimum lease payments	25,846
Less amount representing interest	<u>(2,465)</u>
Present value of net minimum lease payments	23,381
Less current maturities	<u>(11,250)</u>
Long-term obligation	<b><u>\$ 12,131</u></b>



Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

**NOTE H—OTHER INFORMATION—Continued**

**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, 2020 was \$4,395,300, or 29.4 percent of the bonds. During the year ended March 31, 2020, the Township paid \$1,032,100 to the Authority for water. The Township is unaware of any circumstances that would cause a shortfall in the near future. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements can be obtained from the Authority (4814 Henry Street, Norton Shores, MI 49441).

**NOTE I—RETIREMENT PLAN**

**Defined Contribution Pension Plan**

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

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Township Board. For each employee in the Plan, the Township is required to contribute 10 percent of gross earnings. Employees are not required to contribute to the Plan. For the year ended March 31, 2020, the Township recognized pension expense of \$214,505.

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

**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, 2019 valuation, the following employees were covered by the benefit terms:

	<b>General Government</b>	<b>Utility</b>	<b>Total</b>
Inactive employees or beneficiaries currently receiving benefits	4	1	5
Inactive employees entitled to but not yet receiving benefits	-	-	-
Active employees	18	15	33
Total employees covered by OPEB Plan	22	16	38

***Contributions***

The OPEB Plan’s funding policy is that the Township will make annual contributions of \$78,500 to the OPEB Plan trust. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. The Township participates in the MERS Retiree Health Funding Vehicle, a legally established trust under section 401(a) of the Internal Revenue Code. For the year ended March 31, 2020, the Township made payments for postemployment healthcare benefits for current retirees of \$63,351. The Township also made contributions to the OPEB Plan trust of \$78,500.

***Net OPEB Liability***

The Township’s net OPEB liability was measured as of March 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of April 1, 2019.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

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

**Retiree Healthcare Plan—Continued**

*Actuarial Assumptions*

The total OPEB liability in the April 1, 2019 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	5.28 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 8.25 percent graded down to 4.5 percent over 15 years Post-Medicare: 6.5 percent graded down to 4.5% over 8 years

*Mortality*

Mortality rates for Public Safety Employees and Retirees were as set forth in Public Safety 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale. Mortality rates for Frutipro

*Investment Rate of Return*

The long-term rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of April 1, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	25.0%	0.50%
Global fixed income	12.5%	1.60%
Real assets	12.5%	1.50%
Diversifying strategies	25.0%	4.20%
Cash	25.0%	4.85%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 5.28 percent.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

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

**Retiree Healthcare Plan—Continued**

*Actuarial Assumptions—Continued*

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.88 percent. The projection of cash flows used to determine the discount rate assumed that the Township will make contributions of \$78,500 per year. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make future benefit payments of current plan members through 2052 (the cross-over point). 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 3.63 percent.

*Changes in the Net OPEB Liability*

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balance at April 1, 2019	\$ 2,022,540	\$ 543,693	\$ 1,478,847
Changes for the year			
Service cost	102,440	-	102,440
Interest	75,987	-	75,987
Difference between expected and actual experience	(466,387)	-	(466,387)
Changes of assumptions	(43,202)	-	(43,202)
Contributions - employer	-	141,851	(141,851)
Net investment income	-	(35,655)	35,655
Administrative expenses	-	(1,026)	1,026
Benefit payments including refund of employee contributions	(63,351)	(63,351)	-
Net changes	(394,513)	41,819	(436,332)
Balance at March 31, 2020	<b>\$ 1,628,027</b>	<b>\$ 585,512</b>	<b>\$ 1,042,515</b>

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

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

**Retiree Healthcare Plan—Continued**

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

The following presents the net OPEB liability of the Township, calculated using the discount rate of 4.88 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 (3.88 percent) or 1-percentage-point higher (5.88 percent) than the current rate:

	<b>1% Decrease (3.88%)</b>	<b>Current Discount Rate (4.88%)</b>	<b>1% Increase (5.88%)</b>
Township's net OPEB liability	\$ 1,212,925	\$ 1,042,515	\$ 893,306

***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 8.25 percent, 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 (7.25 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.25 percent decreasing to 5.5 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Township's net OPEB liability	\$ 903,321	\$ 1,042,515	\$ 1,207,966

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Township’s fiduciary net position have been determined on the same basis as they are reported by the Township. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
 March 31, 2020

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

**Retiree Healthcare Plan—Continued**

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

For the year ended March 31, 2020, the Township recognized OPEB expense of \$106,877. At March 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ -	\$ 495,387
Differences in assumptions	-	58,423
Net difference between projected and actual net investment income	61,848	-
Total	<b>\$ 61,848</b>	<b>\$ 553,810</b>

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

<b>Year Ending March 31,</b>	<b>Amount</b>
2021	\$ (29,769)
2022	(29,769)
2023	(29,767)
2024	(29,463)
2025	(45,154)
Thereafter	(328,040)

***Payables to the OPEB Plan***

At March 31, 2020, the Township did not have a payable to the OPEB Plan.

**NOTE K—ECONOMIC DEPENDENCY**

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

Charter Township of Fruitport  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2020

**NOTE L—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the Township’s 2021 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the Township’s 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible 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.

**NOTE M—SUBSEQUENT EVENT**

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact that it will have on the economy and the Township’s operations. As of September 10, 2020, the Township is in the process of implementing risk mitigation tactics including all aspects of the Township’s operations.

**REQUIRED SUPPLEMENTARY INFORMATION**



Charter Township of Fruitport  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended March 31, 2020

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 686,700	\$ 701,564	\$ 711,873	\$ 10,309
Licenses and permits	215,100	228,740	226,561	(2,179)
Intergovernmental revenues - State	1,066,100	1,261,315	1,177,517	(83,798)
Charges for services	265,900	277,215	271,266	(5,949)
Fines and forfeitures	2,700	4,865	5,114	249
Investment earnings	9,000	66,419	71,976	5,557
Other	11,900	25,601	25,000	(601)
Total revenues	2,257,400	2,565,719	2,489,307	(76,412)
<b>EXPENDITURES</b>				
Current				
General government				
Township board	61,020	61,392	61,389	3
Supervisor	95,997	95,625	91,720	3,905
Elections	30,870	30,870	24,000	6,870
Assessing	135,835	135,835	119,810	16,025
Clerk	73,432	73,432	73,043	389
Treasurer	163,002	163,002	156,326	6,676
General office	105,182	105,182	87,842	17,340
Board of review	4,050	4,050	2,037	2,013
Building and grounds	70,097	70,097	61,920	8,177
Cemetery	57,097	58,828	55,492	3,336
Public works				
Roads	125,492	125,492	102,815	22,677
Bike path	23,936	23,936	7,860	16,076
Community and economic development				
Planning	17,595	17,595	7,769	9,826
Rental	625	625	73	552
Zoning	6,900	6,900	4,090	2,810
Brownfield Authority	100	100	-	100
Culture and recreation				
Recreation and parks	120,000	125,859	118,925	6,934
Other governmental functions	56,000	56,000	55,227	773
Debt service				
Principal	21,750	21,750	21,750	-
Interest and fees	35,820	35,820	35,792	28
Capital outlay	25,400	35,093	-	35,093
Total expenditures	1,230,200	1,247,483	1,087,880	159,603
Excess of revenues over expenditures	1,027,200	1,318,236	1,401,427	83,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	2,000	68,029	68,029	-
Transfers out	(1,014,653)	(1,014,653)	(1,014,653)	-
Total other financing sources (uses)	(1,012,653)	(946,624)	(946,624)	-
Net change in fund balance	<b>\$ 14,547</b>	<b>\$ 371,612</b>	454,803	<b>\$ 83,191</b>
Fund balance at beginning of year			2,119,186	
Fund balance at end of year			<b>\$ 2,573,989</b>	

Charter Township of Fruitport  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Public Safety Fund  
For the year ended March 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,218,608	\$ 1,218,608	\$ 1,246,764	\$ 28,156
Intergovernmental revenues				
Federal	500	500	-	(500)
State	4,000	11,538	10,907	(631)
Charges for services	349,000	351,726	353,610	1,884
Fines and forfeitures	15,000	20,721	20,720	(1)
Other	15,000	22,133	24,531	2,398
Total revenues	1,602,108	1,625,226	1,656,532	31,306
<b>EXPENDITURES</b>				
Current				
Public safety				
Police	1,374,857	1,374,857	1,349,985	24,872
Fire	1,176,478	1,176,478	1,077,320	99,158
Debt service				
Principal	36,566	37,997	37,997	-
Interest and fees	8,860	7,429	7,360	69
Capital outlay				
Police	10,000	10,000	50,775	(40,775)
Fire	10,000	10,000	-	10,000
Total expenditures	2,616,761	2,616,761	2,523,437	93,324
Excess of revenues under expenditures	(1,014,653)	(991,535)	(866,905)	124,630
<b>OTHER FINANCING SOURCES</b>				
Long-term debt issued	-	50,755	50,755	-
Transfers in	1,014,653	1,014,653	1,014,653	-
Total other financing sources	1,014,653	1,065,408	1,065,408	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 73,873</u>	198,503	<u>\$ 124,630</u>
Fund balance at beginning of year			464,234	
Fund balance at end of year			<u>\$ 662,737</u>	

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>			
Service cost	\$ 102,440	\$ 101,796	\$ 98,928
Interest	75,987	72,916	72,140
Differences between expected and actual experience	(466,387)	(75,333)	(194,762)
Changes of assumptions	(43,202)	(21,945)	103,116
Benefit payments, including refunds of employee contributions	(63,351)	(60,999)	(59,330)
Net change in total OPEB liability	(394,513)	16,435	20,092
Total OPEB liability at beginning of year	2,022,540	2,006,105	1,986,013
Total OPEB liability at end of year (a)	<b>\$ 1,628,027</b>	<b>\$ 2,022,540</b>	<b>\$ 2,006,105</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions-employer	\$ 141,851	\$ 165,499	\$ 102,830
Net investment income	(35,655)	16,635	30,195
Benefit payments, including refunds or employee contributions	(63,351)	(60,999)	(59,330)
Administrative expense	(1,026)	(976)	(882)
Net change in plan fiduciary net position	41,819	120,159	72,813
Plan fiduciary net position at beginning of year	543,693	423,534	350,721
Plan fiduciary net position at end of year (b)	<b>\$ 585,512</b>	<b>\$ 543,693</b>	<b>\$ 423,534</b>
Township's net OPEB liability at end of year (a)-(b)	<b>\$ 1,042,515</b>	<b>\$ 1,478,847</b>	<b>\$ 1,582,571</b>
Plan fiduciary net position as a percentage of the total OPEB liability	<b>36.0%</b>	<b>26.9%</b>	<b>21.1%</b>
Covered employee payroll	<b>\$ 2,471,695</b>	<b>\$ 2,014,200</b>	<b>Not Available</b>
Township's net OPEB liability as a percentage of covered employee payroll	<b>42.18%</b>	<b>73.42%</b>	<b>Not Available</b>

**Notes to Schedule**

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 220,017	\$ 218,393	\$ 215,424	\$ 261,138	\$ 225,597	\$ 194,852	\$ 191,444	\$ 177,061	\$ 241,727	\$ 241,727
Contributions in relation to the actuarially determined contribution	141,851	165,499	102,830	102,309	76,165	59,115	61,877	21,539	46,465	45,192
Contribution deficiency (excess)	<b>\$ 78,166</b>	<b>\$ 52,894</b>	<b>\$ 112,594</b>	<b>\$ 158,829</b>	<b>\$ 149,432</b>	<b>\$ 135,737</b>	<b>\$ 129,567</b>	<b>\$ 155,522</b>	<b>\$ 195,262</b>	<b>\$ 196,535</b>
Covered employee payroll	\$ 2,471,695	\$2,014,200	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Contributions as percentage of covered employee payroll	<b>8.9%</b>	<b>10.8%</b>	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available

**Notes to Schedule**

Valuation Date:

Actuarially determined contribution rates are calculated as of March 31, 2020.

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       14 years

Asset valuation method                Equal to market value of assets

Inflation                                 2.5 percent

Salary increases                        3.0 percent

Investment rate of return             5.28 percent (including inflation), net of administrative and investment expenses

Retirement age                        55 years of age

Mortality                                Public Safety Employees and Retirees were as set forth in Public Safety 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale. General Employees, Retirees, and Spouses were as set forth in Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale.

**OTHER SUPPLEMENTARY INFORMATION**

Charter Township of Fruitport  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 March 31, 2020

	<b>Total Other Governmental Funds</b>	<b>Special Revenue</b>		<b>Capital Projects</b>
		<b>Street Light</b>	<b>Drug Forfeiture</b>	<b>Revolving Road</b>
<b>ASSETS</b>				
Cash and investments	\$ 526,967	\$ 417,113	\$ 107	\$ 109,747
Receivables				
Property taxes	4,267	4,267	-	-
Special assessments	76,604	-	-	76,604
Due from other governmental units	1,370	-	-	1,370
Total assets	<b>\$ 609,208</b>	<b>\$ 421,380</b>	<b>\$ 107</b>	<b>\$ 187,721</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 14,553	\$ 14,553	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - special assessments	76,604	-	-	76,604
<b>FUND BALANCES</b>				
Restricted				
Public safety	107	-	107	-
Street lights	406,827	406,827	-	-
Assigned for road improvements	111,117	-	-	111,117
Total fund balances	518,051	406,827	107	111,117
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 609,208</b>	<b>\$ 421,380</b>	<b>\$ 107</b>	<b>\$ 187,721</b>

Charter Township of Fruitport  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended March 31, 2020

	<b>Total Other Governmental Funds</b>	<b>Special Revenue</b>		<b>Capital Projects</b>
		<b>Street Light</b>	<b>Drug Forfeiture</b>	<b>Revolving Road</b>
<b>REVENUES</b>				
Charges for services	\$ 172,965	\$ 172,965	\$ -	\$ -
Investment earnings	3,551	-	-	3,551
Other	19,563	-	-	19,563
Total revenues	196,079	172,965	-	23,114
<b>EXPENDITURES</b>				
Current				
Public works	176,799	175,996	-	803
Net change in fund balances	19,280	(3,031)	-	22,311
Fund balances at beginning of year	498,771	409,858	107	88,806
Fund balances at end of year	<b>\$ 518,051</b>	<b>\$ 406,827</b>	<b>\$ 107</b>	<b>\$ 111,117</b>