

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022 on our consideration of the Charter Township of Kalamazoo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter Township of Kalamazoo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of Kalamazoo's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Kalamazoo, MI
May 13, 2022

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Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings and structures	40 to 60 years
Land & building improvements	10 to 30 years
Vehicles	5 to 10 years
Equipment	3 to 15 years
Infrastructure	25 to 75 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The Township may report deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and net OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Township also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Compensated absences – It is the Township’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. 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.

Long-term obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Other postemployment benefits (OPEB) – For purposes of measuring the net OPEB liability and deferred inflows and outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Charter Township of Kalamazoo Retiree Health Care Plan (RHCP) and additions to/deductions from RHCP’s fiduciary net position have been determined on the same basis as they are reported by RHCP. For this purpose, RHCP recognizes benefit payments when due and payable in accordance with the benefit terms.

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Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The Township may report deferred inflows of resources as a result of pension or OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability and net OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund Equity – In the fund financial statements, governmental funds may report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form (such as inventory or prepaid items) or are required to be maintained intact.

Restricted – amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and dedicated millages.

Committed – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority (the Board of Trustees); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action (Board resolution) to remove or change the constraint.

Assigned – amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. The Board of Trustees may assign fund balance through an ordinary motion.

Unassigned – is the residual classification of the General Fund, and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the government's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Minimum unrestricted fund balance – General Fund – The fund balance of the Township's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The Township's basic goal is to limit expenditures to anticipated revenue in order to maintain a balanced budget. It is the goal of the Township to achieve and maintain an unrestricted fund balance in the General Fund not less than 35% of its operating expenditures for its Administrative (101), Fire (206) and Police (207) funds. Fund balance can be used to balance the operating budget. If unassigned fund balance is expected to fall below the goal or has a deficiency, the Director of Finance will provide the Township board procedures for replenishing fund balance as well as a timeline to replenish the funds.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the 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. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending December 31, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending December 31, 2023.

The Township is evaluating the impact that the above GASB Statements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the function level. The Director of Finance is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Board of Trustees.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received, or services rendered.

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Note 3 - Deposits and Investments

At year end the government's deposits and investments were reported in the financial statements in the following categories:

	Pooled Cash and Investments
Governmental activities	\$ 19,324,772
Fiduciary funds	6,654,322
Total	\$ 25,979,094

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 14,094,805	\$ 6,418,183	\$ 20,512,988
Investments in securities, mutual funds and similar vehicles	5,229,767	236,139	5,465,906
Petty cash and cash on hand	200	-	200
Total	\$ 19,324,772	\$ 6,654,322	\$ 25,979,094

As of year end, the government had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
Federal National Mortgage Association				
Remic Trust Bonds	\$ 126,835	2042	Aaa	Moody's
U.S. Government Bonds	493,900	2024	Aaa	Moody's
MERS Retiree Health Vehicle Fund	236,139	N/A	N/A	N/A
CLASS - Michigan Investment Pool	4,609,032	N/A	AAA	S&P
	\$ 5,465,906			

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

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Credit risk – State statutes and the Township’s investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers’ acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The Township has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the Township’s deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of year end, \$12,832,072 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, 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. The following investment securities were uninsured and unregistered and held in the following manner:

Investment Type	Carrying Value	How Held
Federal National Mortgage Association Remic Trust Bonds	\$ 126,835	By counterparty in the Township's name
U.S. Government Bonds	<u>493,900</u>	By counterparty in the Government's name
	<u>\$ 620,735</u>	

Note 4 - Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Township has the following recurring fair value measurements as of December 31, 2021:

- U.S. agency securities and U.S. government bonds of \$620,735 are valued using observable fair values of similar assets (Level 2 inputs).

Investments in Entities that Calculate Net Asset Value per Share

The Township’s investments include holdings in the MERS Retiree Health Funding Vehicle Total Market Fund, which is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes,

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including real estate, private equity, and commodities and is carried at net asset value. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers. There is no redemption period and no unfunded commitments.

The Township's investments include holdings in the Cooperative Liquid Assets Securities System – Michigan (CLASS), which is a local government investment pool established under Michigan state statutes for participating Michigan municipalities. This pool, which is a non-risk categorized qualifying investment, is carried at net asset value. There is no redemption period and no unfunded commitments. A separately issued financial statement is available at 15309 Meadowwood Drive, Grand Haven, Michigan 49417.

Note 5 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 649,931	\$ -	\$ -	\$ -	\$ 649,931
Construction-in-progress	-	71,652	-	-	71,652
Total capital assets not being depreciated	<u>649,931</u>	<u>71,652</u>	<u>-</u>	<u>-</u>	<u>721,583</u>
Capital assets being depreciated					
Buildings and improvements	3,852,734	50,160	3,139	-	3,899,755
Equipment	3,740,781	191,290	719,920	-	3,212,151
Vehicles	4,002,158	868,938	113,486	-	4,757,610
Infrastructure	<u>22,497,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,497,614</u>
Total capital assets being depreciated	<u>34,093,287</u>	<u>1,110,388</u>	<u>836,545</u>	<u>-</u>	<u>34,367,130</u>
Less accumulated depreciation for					
Buildings and improvements	2,363,252	117,937	2,511	8,526	2,487,204
Equipment	2,023,043	313,703	487,806	(8,526)	1,840,414
Vehicles	3,381,131	131,113	113,486	-	3,398,758
Infrastructure	<u>9,230,088</u>	<u>268,501</u>	<u>-</u>	<u>-</u>	<u>9,498,589</u>
Total accumulated depreciation	<u>16,997,514</u>	<u>831,254</u>	<u>603,803</u>	<u>-</u>	<u>17,224,965</u>
Net capital assets being depreciated	<u>17,095,773</u>	<u>279,134</u>	<u>232,742</u>	<u>-</u>	<u>17,142,165</u>
Governmental activities capital assets, net	<u>\$ 17,745,704</u>	<u>\$ 350,786</u>	<u>\$ 232,742</u>	<u>\$ -</u>	<u>\$ 17,863,748</u>

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Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 100,213
Public safety	451,618
Public works	268,501
Community and economic development	<u>10,922</u>
Total governmental activities	<u>\$ 831,254</u>

Note 6 - Interfund Transfers

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor governmental funds	\$ 113,000
Nonmajor governmental funds	General Fund	<u>97,443</u>
		<u>\$ 210,443</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the Township must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Transfers into the General Fund are to close other funds or make reimbursements for amounts paid through the General Fund.

Note 7 - Leases

Capital leases

The Township has a capital lease for copiers. The future minimum lease payments are as follows:

<u>Year ending December 31,</u>	
2022	\$ 3,554
2023	3,554
2024	<u>1,233</u>
Total minimum lease payments	8,341
Less amount representing interest	<u>579</u>
Present value of minimum lease payments	<u>\$ 7,762</u>
Asset	
Equipment	\$ 15,396
Less accumulated depreciation	<u>8,211</u>
Total	<u>\$ 7,185</u>

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Note 8 - Long-Term Debt

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General Fund.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds									
General obligation bonds									
2015 Unlimited Tax Road Bonds	\$ 9,750,000	2026	2.0% - 3.0%	\$1,100,000 - \$1,350,000	\$ 7,050,000	\$ -	\$ 1,000,000	\$ 6,050,000	\$ 1,100,000
Less deferred amounts for issuance premiums					24,877	-	7,282	17,595	7,282
Total					7,074,877	-	1,007,282	6,067,595	1,107,282
Capital leases									
Xerox copiers					10,751	-	2,989	7,762	3,175
Compensated absences					531,430	495,004	471,692	554,742	554,742
Total governmental activities					\$ 7,617,058	\$ 495,004	\$ 1,481,963	\$ 6,630,099	\$ 1,665,199

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending December 31,	Governmental Activities	
	Bonds	
	Principal	Interest
2022	\$ 1,100,000	\$ 142,000
2023	1,100,000	118,625
2024	1,200,000	91,250
2025	1,300,000	58,375
2026	1,350,000	20,250
	<u>\$ 6,050,000</u>	<u>\$ 430,500</u>

Note 9 - Risk Management

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10 - Employee Retirement and Benefit Systems

Defined contribution pension plan

The Township and its employees contribute to the Kalamazoo Township Pension Plan, a defined contribution pension, individual account plan, which is administered by a third-party administrator. The plan covers four classes of employees, as allowed under Internal Revenue Code Section 401(a). The first class of employees includes all elected officials. The second class of employees includes paid on-call firefighters. The third class includes all full-time employees, except elected officials and police hired after January 1, 2013. The fourth class includes all full-time employees, except elected officials and police hired before January 1, 2013.

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Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 10% of compensation to the first class of qualifying employees. The Township contributes 6.20% of compensation to the second class of qualifying employees, with an equal percentage contributed by all covered employees in the second class. The Township contributes 10% of compensation to the third class. The Township contributes 12% of compensation to the fourth class. Employees are permitted to make contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2021, the Township and eligible employees made contributions of \$205,917 and \$32,041, respectively. At December 31, 2021, the Township reported no accrued liability as part of the contributions to the plan.

The Township’s contributions for each employee (and investment earnings allocated to the employee’s account) are fully vested on the day the employee is eligible to participate in the plan, which occurs after 48 months of service.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

Defined benefit pension plan

Plan description – The government participates in the Michigan Municipal Employees’ Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided includes a plan with a multiplier of 2.50%. The vesting period is 10 years. Normal retirement age is 60 with early retirement at 53 with 25 years of service (unreduced), 50 with 25 years of service (reduced) and 55 with 15 years of service (reduced). Final average compensation is calculated based on 3 years. Member contributions are 16.4%.

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

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to, but not yet receiving benefits	5
Active employees	<u>32</u>
	<u>56</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 17.5% based on annual payroll for open divisions.

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Net pension liability – The employer’s net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

Mortality rates used were based on the Pub-2010 or PubG-2010 mortality tables.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study, which was completed in 2020 and covered the years 2013 through 2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.00%	3.75%	0.75%	2.50%	0.25%
Private investments	20.00%	9.75%	1.95%	2.50%	1.45%
	<u>100.00%</u>		<u>7.75%</u>		<u>4.85%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability

Total Pension Liability

Service cost	\$	315,591
Interest on the total pension liability		1,154,468
Experience differences		58,709
Changes in actuarial assumptions		644,476
Benefit changes		(45,746)
Benefit payments and refunds		<u>(821,039)</u>

Net change in total pension liability		1,306,459
Total pension liability - beginning		<u>15,443,091</u>

Total pension liability - ending (a)	<u>\$</u>	<u>16,749,550</u>
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Plan Fiduciary Net Position

Employer contributions	\$	390,059
Employee contributions		150,087
Pension plan net investment income		1,472,114
Benefit payments and refunds		(821,039)
Pension plan administrative expense		<u>(23,301)</u>

Net change in plan fiduciary net position		1,167,920
Plan fiduciary net position - beginning		<u>11,629,070</u>

Plan fiduciary net position - ending (b)	<u>\$</u>	<u>12,796,990</u>
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Net pension liability (a-b)	<u>\$</u>	<u>3,952,560</u>
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Plan fiduciary net position as a percentage of total pension liability		76.40%
Covered payroll	\$	2,164,544
Net pension liability as a percentage of covered payroll		182.60%

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 6,167,923</u>	<u>\$ 3,952,560</u>	<u>\$ 2,130,445</u>

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Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended December 31, 2021, the employer recognized pension expense of \$416,724. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 48,924	\$ (204,688)	\$ (155,764)
Differences in assumptions	863,009	-	863,009
Net difference between projected and actual earning on plan investments	-	(412,279)	(412,279)
Contributions subsequent to the measurement date*	370,884	-	-
Total	\$ 1,282,817	\$ (616,967)	\$ 294,966

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2022.

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

Year ended December 31,	
2022	\$ 54,286
2023	160,213
2024	(105,006)
2025	68,278
2026	117,195
	\$ 294,966

Note 11 - Other Postemployment Benefits

Plan description – The Township administers the Charter Township of Kalamazoo Retiree Health Care Plan – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible retirees and their spouses.

Benefits provided – The Plan provides medical, dental and prescription coverage. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The Township Board of Trustees has the authority to make amendments to the plan.

Township officers and employees:

Retiree – Three months of health insurance coverage for each complete year of full-time Township service (either as an employee or elected official) up to a maximum of sixty months of coverage.

Dependent – Three months of health insurance coverage for each complete year of full-time Township service (completed by either an employee or elected official) up to a maximum of sixty months of coverage.

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Police officers:

Retiree – Four and one-quarter months for each complete year of continuous Township service.

Dependent – Three months for each complete year of continuous Township service.

Employees covered by benefit terms – As of the December 31, 2020 valuation, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	18
Active employees	<u>57</u>
	<u>75</u>

Contributions – The Kalamazoo Township Other Post-Employment Benefit Plan was established and is being funded under the authority of the Township and under agreements with unions representing various classes of employees. The plan's funding policy is that the Township will contribute at least \$100,000 to the trust annually and continue to pay benefits from general operating funds until the plan is fully funded. There are no long-term contracts for contributions to the plan.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	2.0% (for purpose of allocating liability)
Investment rate of return	7.35% (including inflation)
20-year Aa Municipal bond rate	2.25% (S&P Municipal Bond 20-Year High Grade Rate Index)
Healthcare cost trend rates	Pre-65 - 8.25% in 2021 graded down to 7.5% after one year and then by .25% per year to an ultimate rate of 4.5%
	Medicare eligible - 6.5% in 2021 graded down to 5.75% after one year and then by .25% per year to an ultimate rate of 4.5%
	Dental - 3.0%
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted

Charter Township of Kalamazoo
Notes to the Financial Statements
December 31, 2021

The long-term expected 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 retirement plan investment 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 retirement plan's target asset allocation 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	60.00%	4.95%
Global fixed income	20.00%	2.40%
Private investments	20.00%	7.00%

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

Discount rate – The discount rate used to measure the total OPEB liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that the Township will contribute at least \$100,000 to the trust annually and continue to pay benefits from general operating funds until the plan is fully funded. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"; not applicable for this plan), 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.

Charter Township of Kalamazoo
Notes to the Financial Statements
December 31, 2021

Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$	87,697
Interest		189,112
Differences between expected and actual experience		(46,550)
Changes in assumptions		(91,674)
Benefit payments		<u>(97,752)</u>

Net change in total OPEB liability 40,833

Total OPEB liability - beginning 2,534,126

Total OPEB liability - ending \$ 2,574,959

Plan Fiduciary Net Position

Employer contributions	\$	197,752
Net investment income		25,781
Benefit payments		(97,752)
Administrative expense		<u>(376)</u>

Net change in plan fiduciary net position 125,405

Plan fiduciary net position - beginning 110,734

Plan fiduciary net position - ending (b) \$ 236,139

Net OPEB liability (a-b) \$ 2,338,820

Plan fiduciary net position as a percentage of
the total OPEB liability 9.17%

Covered payroll \$ 3,526,987

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the Township, as well as what the Township’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.35%) or 1% higher (8.35%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 2,574,093</u>	<u>\$ 2,338,820</u>	<u>\$ 2,130,938</u>

Charter Township of Kalamazoo
Notes to the Financial Statements
December 31, 2021

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the Township, as well as what the Township’s net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower (7.25%) or 1% higher (9.25%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,066,006	\$ 2,338,820	\$ 2,661,413

OPEB expense and deferred inflows and outflows of resources related to OPEB – For the year ended December 31, 2021 the employer recognized OPEB expense of \$155,626. The employer reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ 301,320	\$ (94,720)	\$ 206,600
Differences in assumptions	-	(1,013,123)	(1,013,123)
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>(7,755)</u>	<u>(7,755)</u>
Total	<u>\$ 301,320</u>	<u>\$ (1,115,598)</u>	<u>\$ (814,278)</u>

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

<u>Year ended December 31,</u>	
2022	\$ (106,084)
2023	(106,084)
2024	(106,083)
2025	(106,248)
2026	(104,186)
Thereafter	<u>(285,593)</u>
	<u>\$ (814,278)</u>

Charter Township of Kalamazoo
Notes to the Financial Statements
December 31, 2021

Note 12 - Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2021 was as follows:

	<u>Governmental Activities</u>
Capital assets	
Capital assets not being depreciated	\$ 721,583
Capital assets, net of accumulated depreciation	<u>17,142,165</u>
Total capital assets	17,863,748
Related debt	
Capital leases	<u>(7,762)</u>
Net investment in capital assets	<u>\$ 17,855,986</u>

Note 13 - Contingent Liabilities

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

Charter Township of Kalamazoo
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 4,167,275	\$ 4,167,275	\$ 4,140,305	\$ (26,970)
Other taxes	718,725	718,725	845,825	127,100
Penalties and interest	7,500	7,500	5,694	(1,806)
Administration fee	275,000	275,000	286,147	11,147
Licenses and permits	483,600	483,600	473,384	(10,216)
Federal grants	14,000	14,000	30,700	16,700
State-shared revenue	2,329,495	2,329,495	2,682,109	352,614
State grants	173,000	173,000	250,396	77,396
Local contributions	19,500	19,500	18,425	(1,075)
Charges for services	722,300	722,300	574,022	(148,278)
Fines and forfeitures	3,750	3,750	2,385	(1,365)
Interest income	25,000	25,000	10,767	(14,233)
Rental income	38,500	38,500	36,951	(1,549)
Other revenue	35,550	35,550	54,758	19,208
Sale of capital assets	2,500	2,500	-	(2,500)
Insurance recoveries	-	-	22,072	22,072
Transfers in	-	-	97,443	97,443
Total revenues	<u>9,015,695</u>	<u>9,015,695</u>	<u>9,531,383</u>	<u>515,688</u>
Expenditures				
General government				
Legislative	89,085	93,085	87,650	(5,435)
Supervisor	247,725	250,725	252,591	1,866
Finance director	251,620	251,620	238,180	(13,440)
Clerk	140,905	158,905	144,616	(14,289)
Treasurer	42,135	44,135	40,197	(3,938)
Assessor	225,740	227,240	213,052	(14,188)
Buildings and grounds	298,260	298,260	255,032	(43,228)
General services administration	553,505	526,505	449,397	(77,108)
Information technology	117,005	117,005	99,004	(18,001)
Cemetery	36,015	36,015	27,734	(8,281)
Total general government	<u>2,001,995</u>	<u>2,003,495</u>	<u>1,807,453</u>	<u>(196,042)</u>
Public safety				
Police protection	5,109,020	5,142,620	4,414,467	(728,153)
Fire protection	1,875,925	1,875,925	1,907,373	31,448
Total public safety	<u>6,984,945</u>	<u>7,018,545</u>	<u>6,321,840</u>	<u>(696,705)</u>
Public works				
Sidewalks	70,000	70,000	131,704	61,704
Streets	259,650	284,650	227,398	(57,252)
Total public works	<u>329,650</u>	<u>354,650</u>	<u>359,102</u>	<u>4,452</u>

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community and economic development				
Planning and zoning	\$ 124,500	\$ 124,500	\$ 83,413	\$ (41,087)
Recreation and culture				
Parks and golf course	104,525	104,525	32,099	(72,426)
Capital outlay	7,500	7,500	-	(7,500)
Debt service				
Principal retirement	2,965	2,965	2,989	24
Interest and fiscal charges	600	600	861	261
Total debt service	3,565	3,565	3,850	285
Transfers out	263,000	213,400	113,000	(100,400)
Total expenditures	9,819,680	9,830,180	8,720,757	(1,109,423)
Excess (deficiency) of revenues over expenditures	(803,985)	(814,485)	810,626	1,625,111
Fund balance - beginning of year	5,415,294	5,415,294	5,415,294	-
Fund balance - end of year	\$ 4,611,309	\$ 4,600,809	\$ 6,225,920	\$ 1,625,111

**Charter Township of Kalamazoo
 Required Supplementary Information
 Budgetary Comparison Schedule
 ARPA Fund
 For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Interest income	\$ -	\$ -	\$ 62	\$ 62
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 62	\$ 62

Charter Township of Kalamazoo
Required Supplementary Information
Municipal Employees Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
December 31, 2021

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 315,591	\$ 255,235	\$ 243,525
Interest on the total pension liability	1,154,468	1,138,288	1,101,472
Benefit changes	(45,746)	(111,574)	(35,847)
Difference between expected and actual experience	58,709	(52,269)	(166,007)
Changes in assumptions	644,476	488,918	-
Benefit payments and refunds	<u>(821,039)</u>	<u>(752,979)</u>	<u>(624,611)</u>
Net change in total pension liability	1,306,459	965,619	518,532
Total pension liability - beginning	<u>15,443,091</u>	<u>14,477,472</u>	<u>13,958,940</u>
Total pension liability - ending (a)	<u>\$ 16,749,550</u>	<u>\$ 15,443,091</u>	<u>\$ 14,477,472</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 390,059	\$ 354,338	\$ 389,278
Employee contributions	150,087	69,840	68,011
Pension plan net investment income (loss)	1,472,114	1,425,286	(438,876)
Benefit payments and refunds	(821,039)	(752,979)	(624,611)
Pension plan administrative expense	<u>(23,301)</u>	<u>(24,562)</u>	<u>(21,722)</u>
Net change in plan fiduciary net position	1,167,920	1,071,923	(627,920)
Plan fiduciary net position - beginning	<u>11,629,070</u>	<u>10,557,147</u>	<u>11,185,067</u>
Plan fiduciary net position - ending (b)	<u>\$ 12,796,990</u>	<u>\$ 11,629,070</u>	<u>\$ 10,557,147</u>
Net pension liability (a-b)	<u>\$ 3,952,560</u>	<u>\$ 3,814,021</u>	<u>\$ 3,920,325</u>
Plan fiduciary net position as a percentage of total pension liability	76.40%	75.30%	72.92%
Covered payroll	\$ 2,164,544	\$ 1,972,451	\$ 2,012,606
Net pension liability as a percentage of covered employee payroll	182.60%	193.36%	194.79%

Note: GASB Statement No. 68 was implemented for the fiscal year ended December 31, 2015 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

2018	2017	2016	2015
\$ 270,325	\$ 258,547	\$ 249,075	\$ 246,772
1,044,156	998,036	916,469	855,303
(14,947)	(17,082)	(9,555)	-
(13,823)	(213,149)	79,189	-
-	-	530,931	-
<u>(487,117)</u>	<u>(424,372)</u>	<u>(383,830)</u>	<u>(339,834)</u>
798,594	601,980	1,382,279	762,241
<u>13,160,346</u>	<u>12,558,366</u>	<u>11,176,087</u>	<u>10,413,846</u>
<u>\$ 13,958,940</u>	<u>\$ 13,160,346</u>	<u>\$ 12,558,366</u>	<u>\$ 11,176,087</u>
\$ 411,289	\$ 379,573	\$ 370,953	\$ 360,234
-	-	-	-
1,322,517	1,031,054	(140,110)	547,289
(487,117)	(424,372)	(383,830)	(339,834)
<u>(20,919)</u>	<u>(20,338)</u>	<u>(20,232)</u>	<u>(20,166)</u>
1,225,770	965,917	(173,219)	547,523
<u>9,959,297</u>	<u>8,993,380</u>	<u>9,166,599</u>	<u>8,619,076</u>
<u>\$ 11,185,067</u>	<u>\$ 9,959,297</u>	<u>\$ 8,993,380</u>	<u>\$ 9,166,599</u>
<u>\$ 2,773,873</u>	<u>\$ 3,201,049</u>	<u>\$ 3,564,986</u>	<u>\$ 2,009,488</u>
80.13%	75.68%	71.61%	82.02%
\$ 2,273,545	\$ 2,223,101	\$ 2,276,321	\$ 2,225,472
122.01%	143.99%	156.61%	90.29%

Charter Township of Kalamazoo
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
December 31, 2021

Fiscal Year Ended	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 301,309	\$ 301,309	\$ -	\$ 2,008,353	15.0%
2013	322,156	322,156	-	2,127,448	15.1%
2014	360,234	360,234	-	2,223,172	16.2%
2015	370,953	370,953	-	2,225,472	16.7%
2016	379,573	379,573	-	2,276,321	16.7%
2017	411,289	411,289	-	2,350,224	17.5%
2018	389,278	389,278	-	2,273,545	17.1%
2019	356,986	356,986	-	2,044,596	17.5%
2020	390,920	390,920	-	2,233,828	17.5%
2021	370,884	370,884	-	2,419,017	15.3%

Notes to Schedule of Employer Contributions:

Valuation date: December 31, 2019

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry-age normal cost
Amortization method: Level percentage of pay, open
Remaining amortization period: 20 years
Asset valuation method: 5-year smoothed market
Inflation: 2.50%
Salary increases: 3.75%
Investment rate of return: 7.75%, net of investment and administrative expenses, including inflation
Retirement age: 60
Mortality: 50% female / 50% male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%

Charter Township of Kalamazoo
Required Supplementary Information
Other Post Employment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 87,697	\$ 129,864	\$ 139,571	\$ 135,506
Interest	189,112	105,834	95,769	93,757
Differences between expected and actual experience	(46,550)	377,798	(35,658)	(46,967)
Changes in assumptions	(91,674)	(1,147,885)	(23,598)	-
Benefit payments	(97,752)	(96,113)	(128,395)	(110,177)
Net change in total OPEB liability	40,833	(630,502)	47,689	72,119
Total OPEB liability - beginning	2,534,126	3,164,628	3,116,939	3,044,820
Total OPEB liability - ending (a)	<u>\$ 2,574,959</u>	<u>\$ 2,534,126</u>	<u>\$ 3,164,628</u>	<u>\$ 3,116,939</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 197,752	\$ 205,652	\$ -	\$ -
Net investment income (loss)	25,781	1,197	-	-
Benefit payments and refunds	(97,752)	(96,113)	-	-
Administrative expense	(376)	(2)	-	-
Net change in plan fiduciary net position	125,405	110,734	-	-
Plan fiduciary net position - beginning	110,734	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 236,139</u>	<u>\$ 110,734</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (a-b)	<u>\$ 2,338,820</u>	<u>\$ 2,423,392</u>	<u>\$ 3,164,628</u>	<u>\$ 3,116,939</u>
Plan fiduciary net position as a percentage of total OPEB liability	9.17%	4.37%	- %	- %
Covered payroll	\$ 3,526,987	\$ 3,436,792	\$ 3,231,324	\$ 3,383,428
Net OPEB liability as a percentage of covered payroll	66.31%	70.51%	97.94%	92.12%

Note: GASB Statement No. 75 was implemented for the fiscal year ended December 31, 2018 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Charter Township of Kalamazoo
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions**

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 378,551	\$ 110,177	\$ 268,374	\$ 3,383,428	3.26%
2019	403,436	128,395	275,041	3,231,324	3.97%
2020	420,187	205,652	214,535	3,436,792	5.98%
2021	347,789	197,752	150,037	3,526,987	5.61%

Notes to Schedule of Employer Contributions

Valuation date: December 31, 2020

Notes: The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll
Remaining amortization period	14 years
Asset valuation method	Market value
Inflation	Implicit in expected payroll increases
Healthcare cost trend rates	Pre-65 - 8.25% graded down to 7.5% after one year and then by .25% per year to an ultimate rate of 4.5%
	Medicare eligible - 6.5% graded down to 5.75% after one year and then by .25% per year to an ultimate rate of 4.5%
	Dental - 3.0%
Salary increases	2.00%
Investment rate of return	7.35%
Mortality	Police and Fire: Public Safety 2020 Employee and Healthy Retiree, headcount-weighted, MP-2020 improvement
	Spouses and General Employees: Public General 2010 Employee and Healthy Retiree, headcount-weighted, MP-2020 improvement

**Charter Township of Kalamazoo
 Required Supplementary Information
 Other Post Employment Benefits
 Schedule of Investment Returns**

Fiscal Year Ended December 31,	Annual Return % *
2020	3.78%
2021	13.98%

* Annual money-weighted rate of return, net of investment expenses

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2020 as that is the first year a trust was established.

GASB Statement No. 74 does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

Charter Township of Kalamazoo
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	<u>Special Revenue Funds</u>		
	<u>SWET Grant</u>	<u>Police Training</u>	<u>Drug Enforcement</u>
Assets			
Pooled cash and investments	\$ -	\$ 13,736	\$ 101,954
Receivables			
Taxes and assessments	-	-	-
Customers	-	-	-
Due from other units of government	<u>23,665</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 23,665</u>	<u>\$ 13,736</u>	<u>\$ 101,954</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Checks written against future deposits	23,665	-	-
Accrued and other liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>23,665</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Taxes and assessments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for			
Public safety	-	13,736	101,954
Public works	-	-	-
Capital projects	-	-	-
Assigned			
Public works	-	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>13,736</u>	<u>101,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,665</u>	<u>\$ 13,736</u>	<u>\$ 101,954</u>

Special Revenue Funds

<u>Street Lighting</u>	<u>Recycling</u>	<u>Disaster Contingency</u>
\$ 349,374	\$ 455,477	\$ 50,686
82,898	203,973	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 432,272</u>	<u>\$ 659,450</u>	<u>\$ 50,686</u>
\$ 21,027	\$ 40,639	\$ 125
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>21,027</u>	<u>40,639</u>	<u>125</u>
<u>204,491</u>	<u>565,561</u>	<u>-</u>
-	-	50,561
206,754	53,250	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>206,754</u>	<u>53,250</u>	<u>50,561</u>
<u>\$ 432,272</u>	<u>\$ 659,450</u>	<u>\$ 50,686</u>

Charter Township of Kalamazoo
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	<u>Capital Projects Funds</u>		
	<u>Police Capital</u>	<u>Street</u>	<u>Water</u>
Assets			
Cash and cash equivalents	\$ 1,064,294	\$ 38,487	\$ 399,540
Receivables			
Taxes and assessments	62,220	-	3,781
Customers	-	-	21,975
Due from other units of government	-	-	-
Total assets	<u>\$ 1,126,514</u>	<u>\$ 38,487</u>	<u>\$ 425,296</u>
Liabilities			
Accounts payable	\$ 121,174	\$ -	\$ -
Checks written against future deposits	-	-	-
Accrued and other liabilities	-	-	126
Total liabilities	<u>121,174</u>	<u>-</u>	<u>126</u>
Deferred Inflows of Resources			
Taxes and assessments	<u>153,230</u>	<u>-</u>	<u>1,826</u>
Fund Balances			
Restricted for			
Public safety	-	-	-
Public works	-	-	-
Capital projects	852,110	-	-
Assigned			
Public works	-	38,487	423,344
Capital projects	-	-	-
Total fund balances	<u>852,110</u>	<u>38,487</u>	<u>423,344</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,126,514</u>	<u>\$ 38,487</u>	<u>\$ 425,296</u>

<u>Capital Project Fund</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Building and Grounds</u>		
\$ 55,889	\$	2,529,437
-		352,872
-		21,975
-		23,665
<u>\$ 55,889</u>	<u>\$</u>	<u>2,927,949</u>
\$ -	\$	182,965
-		23,665
-		126
-		206,756
-		925,108
-		166,251
-		260,004
-		852,110
-		461,831
55,889		55,889
55,889		1,796,085
<u>\$ 55,889</u>	<u>\$</u>	<u>2,927,949</u>

Charter Township of Kalamazoo
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds		
	SWET Grant	Police Training	Drug Enforcement
Revenues			
Taxes and assessments	\$ -	\$ -	\$ -
Federal grants	93,425	-	-
Other state grants	-	6,400	-
Local contributions	-	598	-
Charges for services	-	-	-
Fines and forfeitures	-	-	1,200
Interest income	-	-	-
Other revenue	-	495	-
Total revenues	<u>93,425</u>	<u>7,493</u>	<u>1,200</u>
Expenditures			
Current			
Public safety	93,425	17,815	-
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>93,425</u>	<u>17,815</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(10,322)</u>	<u>1,200</u>
Other Financing Sources (Uses)			
Transfers in	-	13,000	-
Transfers out	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>-</u>	<u>13,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>2,678</u>	<u>1,200</u>
Fund balance (deficit) - beginning of year	<u>-</u>	<u>11,058</u>	<u>100,754</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 13,736</u>	<u>\$ 101,954</u>

Special Revenue Funds

<u>Street Lighting</u>	<u>Recycling</u>	<u>Disaster Contingency</u>
\$ 249,576	\$ 542,488	\$ -
-	-	10,636
-	-	16,924
-	-	-
-	-	-
907	796	-
-	-	-
<u>250,483</u>	<u>543,284</u>	<u>27,560</u>
-	-	6,002
260,550	500,787	-
-	-	5,745
<u>260,550</u>	<u>500,787</u>	<u>11,747</u>
<u>(10,067)</u>	<u>42,497</u>	<u>15,813</u>
-	100,000	-
-	-	-
-	-	-
<u>-</u>	<u>100,000</u>	<u>-</u>
(10,067)	142,497	15,813
<u>216,821</u>	<u>(89,247)</u>	<u>34,748</u>
<u>\$ 206,754</u>	<u>\$ 53,250</u>	<u>\$ 50,561</u>

Charter Township of Kalamazoo
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	<u>Capital Projects Funds</u>		
	<u>Police Capital</u>	<u>Street</u>	<u>Water</u>
Revenues			
Taxes	\$ 298,850	\$ -	\$ 4,567
Federal grants	-	-	-
Other state grants	-	-	-
Local contributions	-	-	-
Charges for services	-	-	7,000
Fines and forfeitures	-	-	84,311
Interest income	2,218	72	1,308
Other revenue	-	-	-
	<u>301,068</u>	<u>72</u>	<u>97,186</u>
Total revenues			
Expenditures			
Current			
Public safety	-	-	-
Public works	-	-	14,354
Capital outlay	<u>376,086</u>	<u>-</u>	<u>-</u>
	<u>376,086</u>	<u>-</u>	<u>14,354</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(75,018)</u>	<u>72</u>	<u>82,832</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(97,443)	-	-
Sale of capital assets	<u>462,875</u>	<u>-</u>	<u>-</u>
	<u>365,432</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses			
Net change in fund balance	290,414	72	82,832
Fund balance (deficit) - beginning of year	<u>561,696</u>	<u>38,415</u>	<u>340,512</u>
Fund balance - end of year	<u>\$ 852,110</u>	<u>\$ 38,487</u>	<u>\$ 423,344</u>

<u>Capitol Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Building and Grounds</u>		
\$ -	\$	1,095,481
-		104,061
-		23,324
-		598
-		7,000
-		85,511
-		5,301
-		495
-		1,321,771
-		117,242
110,996		886,687
-		381,831
110,996		1,385,760
(110,996)		(63,989)
-		113,000
-		(97,443)
-		462,875
-		478,432
(110,996)		414,443
166,885		1,381,642
\$ 55,889	\$	1,796,085



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the Board of Trustees
Charter Township of Kalamazoo
Kalamazoo, MI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Charter Township of Kalamazoo's basic financial statements, and have issued our report thereon dated May 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter Township of Kalamazoo's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Kalamazoo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Kalamazoo's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Kalamazoo's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Kalamazoo, MI
May 13, 2022