



CHARTER TOWNSHIP OF KALAMAZOO, MICHIGAN
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022



Vredeveld Haefner LLC
CPAs and Consultants

Charter Township of Kalamazoo

TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Net Position – Fiduciary Funds	15
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	16
Notes to Financial Statements	17-35
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	37
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – American Rescue Plan Act Special Revenue Fund	38
Defined Benefit Pension Plan	
Schedule of Changes in Employers Net Pension Liability and Other Ratios	39
Schedule of Employer Contributions	40
Retiree Health Other Post-Employment Benefits Plan	
Schedule of Changes in Employers Net OPEB Liability and Other Ratios	41
Schedule of Employer Contributions	42
Combining Nonmajor Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	44-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46-47



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

May 8, 2023

Members of the Board of Trustees
Charter Township of Kalamazoo
Kalamazoo, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Kalamazoo, Michigan (the Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 37 through 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Urodevelo Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Charter Township of Kalamazoo (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets of the Township exceeded its liabilities at year end by \$20,892,247 (net position). Unrestricted net position has a deficit balance (\$2,735,283) due to the road bond debt, which is unrelated to capital or restricted assets.
- As of close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$15,231,044, an increase of \$1,195,432 in comparison with the prior year. Less than half of this total amount, \$6,727,040 is unrestricted, undesignated fund balance and will be used to finance the Township's operations in 2023.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund is \$6,727,040. Per the Township's Funds Reserve Policy 35% of total operating costs for General Government, Police, and Fire must be on hand at all times. Total operating costs for General Government, Police, and Fire equal \$9,593,332. 35% of \$9,593,332 equals \$3,357,666 leaving \$3,369,374 to be used to finance future Township operations.
- The Township's total debt decreased by \$1,103,175 during the fiscal year. The decrease in debt is attributable to the payment of principal on the road bonds for \$1,100,000 and the amortization of the principal for the financing lease agreement of \$3,175 for two Xerox copiers.
- The Township added \$687,219 in fixed assets and disposed of \$242,697 in fixed assets. In addition, the Township added a total of \$367,692 for construction in progress in the following areas:
 - \$84,957 for construction in progress projects related to Sewer projects for Woodward Lift Station, Texel Lift Station, and the Lake Street Reconstruction.
 - \$252,735 was added to construction in progress for the design phase of Eastwood Fire Station.
 - \$30,000 was added to the construction in progress for the Police Department Exercise Room.
- There was a prior period adjustment of \$88,162 for construction in progress for projects not captured in previous fiscal years and \$112,542 in assets for vehicles not captured in the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's financial statements. The Township's basic financial statements comprise 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 readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying 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 future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture activities. The Township has no business-type activities.

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. The Township's funds can be divided into two categories: governmental 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-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 near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, American Rescue Plan Act (ARPA) fund, fire capital fund, sewer improvement fund, and road bond fund which are considered major funds.

Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements and schedules*.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules have been provided herein to demonstrate compliance with those budgets.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This consists of this management discussion and analysis, major fund budgetary schedules, and schedules of funding progress for the pension and other post-employment benefit plans.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$20,892,247 at the close of the most recent fiscal year. A summary of net position is as follows:

Net Position

	<u>Governmental activities</u>	
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 27,447,211	\$ 23,591,807
Capital assets	18,196,098	17,863,748
Total assets	<u>45,643,309</u>	<u>41,455,555</u>
Deferred outflows of resources	<u>2,829,937</u>	<u>1,584,137</u>
Current and other liabilities	1,611,185	9,792,615
Long-term liabilities outstanding	12,328,261	4,964,900
Total liabilities	<u>13,939,446</u>	<u>14,757,515</u>
Deferred inflows of resources	<u>13,641,553</u>	<u>9,491,012</u>
Net position:		
Net investment in capital assets	18,191,511	17,855,986
Restricted	5,436,019	7,087,371
Unrestricted	<u>(2,735,283)</u>	<u>(6,152,192)</u>
Total net position	<u>\$20,892,247</u>	<u>\$18,791,165</u>

The largest portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Restricted net position represents 26% of total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used.

The government's net position increased by \$1,438,448 during the current fiscal year.

Changes in Net Position

	<u>Governmental activities</u>	
	<u>2022</u>	<u>2021</u>
Revenue:		
Program revenue:		
Charges for services	\$2,043,434	\$3,754,337
Operating grants and contributions	202,396	519,279
Capital grants and contributions	181,915	-
General revenue:		
Property taxes	8,026,911	5,770,663
State sources	3,294,198	2,682,109
Gain on sale of capital assets	-	238,178
Unrestricted investment earnings	129,161	32,992
Other	57,712	98,032
Total revenue	<u>13,935,727</u>	<u>13,095,590</u>

Expenses:		
General government	2,129,260	1,898,495
Public safety	8,432,360	6,944,960
Public works	1,178,406	1,687,515
Community and economic development	415,364	94,534
Culture and recreation	210,864	32,176
Interest on long-term debt	131,025	152,052
Total expenses	12,497,279	10,809,732
Change in net position	1,438,448	2,285,858
Net position - beginning of year	19,453,799	16,505,307
Net position - end of year	\$20,892,247	\$18,791,165

Prior period adjustments totaling \$662,634 impacted the beginning net position for fiscal year 2022. These consisted of adjustments to the capital assets for \$200,704 and \$461,930 related to the pension liability.

Governmental Activities. During the year the Township invested \$8,432,360 or 67% of governmental activities expenses in public safety. General government expenses amounted to \$2,129,260 or 17% of governmental activities while culture and recreation, public works, community and economic development, and interest on long-term debt made up the remaining 16% of governmental activities expenses.

Financial Analysis of the Government's Funds

As noted earlier, 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 of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$15,231,044, an increase of \$1,195,432 in comparison with the prior year. Of the \$15,231,044, \$6,901,342 is reported in the general fund.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,727,040. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 70% of total general fund expenditures and transfers. The fund balance of the Township's general fund increased by \$675,422 during the current fiscal year.

The American Rescue Plan Act (ARPA) fund was established to account for the proceeds and uses of the ARPA funds. During the year, \$181,915 was transferred to, and used by, the general fund.

The Fire capital fund is used to account for funds used primarily for the construction of a new fire station. The design phase of the construction began in 2021. It is the Township's intent to issue a bond to provide for most of the construction costs.

The Sewer Improvement capital fund is used to account for funds used to provide for improvements and reconstruction to the lift stations and sewer infrastructure within the Township.

The Road Bond debt service fund is used to account for the debt service payments related to bonds issued to improve the Township's roads.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of December 31, 2022, amounted to \$18,196,098 (net of accumulated depreciation).

The Township's capital assets (net of depreciation) are summarized as follows:

	Governmental Activities
Land	\$ 649,931
Construction in progress	527,506
Buildings and improvements	4,052,755
Equipment	3,140,303
Vehicles	5,233,522
Infrastructure	22,497,614
Accumulated depreciation	(17,905,533)
Total	\$ 18,196,098

Additional information on the Township's capital assets can be found in the footnotes to the financial statements.

Debt. The Township entered into a finance lease agreement with Xerox Copiers for two copiers in the administration and police departments. The total cost of the lease payments over five years is \$17,771.

In 2015, the Township issued bonds to finance the rehabilitation of Township roads in poor condition. The total amount of the issuance was \$9,750,000. As of year-end, the outstanding principal on the debt is \$4,950,000. The Township made principal payments on bonds outstanding totaling \$1,100,000 during the year.

Additional information on the Township's long-term debt can be found in the footnotes to the financial statements.

Budgetary Highlights

Significant budget adjustments were made for the following:

Actual expenditures were less than budgeted amounts by \$12,243,947, primarily in the areas of general operating, public safety-police, capital improvements – fire, and capital improvements – sewer.

- General Operating \$(466,882) – in the departments of infrastructure maintenance, recreation, and planning/zoning,
- Public Safety – Police Operating \$(861,069) – due to the unavailability of viable candidates for the open police officer positions.
- Capital Improvements – Fire – \$(8,862,894) – Unable to construct the Eastwood fire station.
- Capital Improvements – Sewer – \$(1,805,669) – Unable to complete construction projects due to supply chain issue.

Significant budget adjustments were made for the following:

- \$80,000 increase in General Fund - Road Maintenance
- \$317,000 increase in Public Safety – Police Operating

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2023 fiscal year:

- The Township plans to use revenues and provide for revenue replacement from ARPA funds to finance Township operations in 2023.
- The Township will update its financial software to the latest version of the Uniform Chart of Accounts as set forth by the Michigan Department of Treasury for the 2024 budget fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Kalamazoo Charter Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Director of Finance, Charter Township of Kalamazoo, 1720 Riverview Drive, Kalamazoo, MI 49004 or (269) 381-8080.

BASIC FINANCIAL STATEMENTS

KALAMAZOO CHARTER TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Governmental Activities
Assets	
Cash and pooled investments	\$ 20,900,834
Receivables	
Accounts	309,160
Taxes and assessments	5,188,343
Leases	312,866
Due from other governments	635,314
Prepaid items	<u>100,694</u>
Total current assets	<u>27,447,211</u>
Noncurrent assets	
Capital assets:	
Land	649,931
Construction in progress	527,506
Depreciable capital assets, net	<u>17,018,661</u>
Total noncurrent assets	<u>18,196,098</u>
Total assets	<u>45,643,309</u>
Deferred outflows	
Deferred outflow related to pension	2,531,235
Deferred outflow related to OPEB	<u>298,702</u>
Total deferred outflows	<u>2,829,937</u>
Liabilities	
Accounts payable	312,115
Accrued payroll and benefits	162,949
Accrued interest payable	32,750
Current portion of long-term debt	<u>1,103,371</u>
Total current liabilities	<u>1,611,185</u>
Long-term liabilities	
Pension benefits	5,965,780
Post-employment benefits	1,927,676
Compensated absences	572,109
Unamortized bond premium	11,480
Long-term debt	<u>3,851,216</u>
Total long-term liabilities	<u>12,328,261</u>
Total liabilities	<u>13,939,446</u>
Deferred inflows of resources	
Deferred revenue - taxes	11,428,237
Pension related	472,305
OPEB related	1,428,145
Lease related	<u>312,866</u>
Total deferred inflows of resources	<u>13,641,553</u>
Net position	
Net investment in capital assets	18,191,511
Restricted for	
Fire protection	2,012,781
Transportation	280,054
Police services	494,040
Capital projects	2,649,144
Unrestricted	<u>(2,735,283)</u>
Total net position	<u>\$ 20,892,247</u>

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

KALAMAZOO CHARTER TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 2,129,260	\$ 727,049	\$ 47,304	\$ 181,915	\$ (1,172,992)
Public safety	8,432,360	690,932	155,092	-	(7,586,336)
Public works	1,178,406	493,061	-	-	(685,345)
Community and economic development	415,364	131,894	-	-	(283,470)
Culture and recreation	210,864	498	-	-	(210,366)
Interest on long-term debt	131,025	-	-	-	(131,025)
Total primary government	<u>\$ 12,497,279</u>	<u>\$ 2,043,434</u>	<u>\$ 202,396</u>	<u>\$ 181,915</u>	<u>(10,069,534)</u>
General revenues					
Property taxes					
General purpose					4,460,057
Specific purpose					3,566,854
State shared revenues					3,294,198
Unrestricted investment income (loss)					129,161
Miscellaneous					<u>57,712</u>
Total general revenues and transfers					<u>11,507,982</u>
Change in net position					1,438,448
Net position, beginning of year					<u>19,453,799</u>
Net position, end of year					<u>\$ 20,892,247</u>

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

KALAMAZOO CHARTER TOWNSHIP

GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2022

	<u>General</u>	<u>American Rescue Plan Act</u>	<u>Fire Capital</u>	<u>Sewer Improvement</u>	<u>Road Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets							
Cash and pooled investments	\$ 9,211,766	\$ 2,233,444	\$ 2,254,169	\$ 3,877,210	\$ 972,904	\$ 2,351,341	\$ 20,900,834
Receivables							
Accounts	126,764	-	5,394	129,147	-	47,855	309,160
Taxes	3,703,335	-	296,357	7,838	697,020	483,793	5,188,343
Leases	312,866	-	-	-	-	-	312,866
Due from other governments	606,488	-	-	-	28,826	-	635,314
Prepaid items	94,443	-	-	2,813	-	3,438	100,694
Total assets	<u>\$ 14,055,662</u>	<u>\$ 2,233,444</u>	<u>\$ 2,555,920</u>	<u>\$ 4,017,008</u>	<u>\$ 1,698,750</u>	<u>\$ 2,886,427</u>	<u>\$ 27,447,211</u>
Liabilities, deferred inflows of resources, and fund balances							
Liabilities							
Accounts payable	\$ 166,385	\$ -	\$ -	\$ 8,923	\$ -	\$ 136,807	\$ 312,115
Accrued payroll and benefits	162,949	-	-	-	-	-	162,949
Total liabilities	<u>329,334</u>	<u>-</u>	<u>-</u>	<u>8,923</u>	<u>-</u>	<u>136,807</u>	<u>475,064</u>
Deferred inflows of resources							
Deferred revenue - taxes	6,512,120	2,198,450	543,139	21,821	1,204,710	947,997	11,428,237
Lease related	312,866	-	-	-	-	-	312,866
Fund balances							
Nonspendable							
Prepaid items	94,443	-	-	2,813	-	3,438	100,694
Restricted							
Public Safety	-	-	-	-	-	172,060	172,060
Public Works	-	-	-	-	-	280,054	280,054
Debt Service	-	-	-	-	494,040	-	494,040
Capital projects	-	-	2,012,781	-	-	636,363	2,649,144
Assigned							
Special revenue funds	-	34,994	-	-	-	-	34,994
Public Safety	79,859	-	-	-	-	-	79,859
Capital projects	-	-	-	3,983,451	-	709,708	4,693,159
Unassigned	6,727,040	-	-	-	-	-	6,727,040
Total fund balances	<u>6,901,342</u>	<u>34,994</u>	<u>2,012,781</u>	<u>3,986,264</u>	<u>494,040</u>	<u>1,801,623</u>	<u>15,231,044</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,055,662</u>	<u>\$ 2,233,444</u>	<u>\$ 2,555,920</u>	<u>\$ 4,017,008</u>	<u>\$ 1,698,750</u>	<u>\$ 2,886,427</u>	<u>\$ 27,447,211</u>

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

KALAMAZOO CHARTER TOWNSHIP

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2022

Fund balances - total governmental funds	\$ 15,231,044
Amounts reported for <i>governmental activities</i> 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 funds.	
Add - land	649,931
Add - construction in progress	527,506
Add - capital assets (net of accumulated depreciation)	17,018,661
Certain liabilities, deferred outflows, and deferred inflows are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - post-employment benefits	(1,927,676)
Deduct - deferred inflows on OPEB	(1,428,145)
Add - deferred outflows on OPEB	298,702
Deduct - pension benefits	(5,965,780)
Deduct - deferred inflows on pension	(472,305)
Add - deferred outflows on pension	2,531,235
Deduct - compensated absences payable	(572,109)
Deduct - bonds payable	(4,954,587)
Deduct - unamortized bond premium	(11,480)
Deduct - accrued interest on bonds payable	<u>(32,750)</u>
Net position of governmental activities	<u>\$ 20,892,247</u>

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

KALAMAZOO CHARTER TOWNSHIP

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>American Rescue Plan Act</u>	<u>Fire Capital</u>	<u>Sewer Improvement</u>	<u>Road Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues							
Property taxes	\$ 5,324,123	\$ -	\$ 509,147	\$ 1,939	\$ 1,268,454	\$ 923,248	\$ 8,026,911
Licenses and permits	439,378	-	-	-	-	-	439,378
Federal	16,500	181,915	-	-	-	-	198,415
State	3,296,154	-	-	-	-	92,533	3,388,687
Charges for services	1,101,546	-	17,545	401,615	-	91,446	1,612,152
Fines	4,276	-	-	-	-	-	4,276
Interest	55,702	34,932	17,642	33,266	8,127	14,424	164,093
Miscellaneous	62,522	-	26,594	-	-	12,699	101,815
Total revenues	<u>10,300,201</u>	<u>216,847</u>	<u>570,928</u>	<u>436,820</u>	<u>1,276,581</u>	<u>1,134,350</u>	<u>13,935,727</u>
Expenditures							
Current							
General government	1,897,933	-	-	-	-	-	1,897,933
Public safety	6,954,171	-	-	-	-	127,984	7,082,155
Public works	286,185	-	-	143,282	-	766,623	1,196,090
Community and economic development	129,179	-	-	-	-	-	129,179
Culture and recreation	30,229	-	-	-	-	167,957	198,186
Debt service							
Principal	1,492	-	-	-	1,100,000	-	1,101,492
Interest	178	-	-	-	142,500	-	142,678
Capital outlay	188,637	-	395,607	23,400	-	384,938	992,582
Total expenditures	<u>9,488,004</u>	<u>-</u>	<u>395,607</u>	<u>166,682</u>	<u>1,242,500</u>	<u>1,447,502</u>	<u>12,740,295</u>
Revenues over (under) expenditures	<u>812,197</u>	<u>216,847</u>	<u>175,321</u>	<u>270,138</u>	<u>34,081</u>	<u>(313,152)</u>	<u>1,195,432</u>
Other financing sources (uses)							
Transfers in	181,915	-	-	-	-	318,690	500,605
Transfers out	(318,690)	(181,915)	-	-	-	-	(500,605)
Total other financing sources (uses)	<u>(136,775)</u>	<u>(181,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,690</u>	<u>-</u>
Net changes in fund balances	675,422	34,932	175,321	270,138	34,081	5,538	1,195,432
Fund balances, beginning of year	<u>6,225,920</u>	<u>62</u>	<u>1,837,460</u>	<u>3,716,126</u>	<u>459,959</u>	<u>1,796,085</u>	<u>14,035,612</u>
Fund balances, end of year	<u>\$ 6,901,342</u>	<u>\$ 34,994</u>	<u>\$ 2,012,781</u>	<u>\$ 3,986,264</u>	<u>\$ 494,040</u>	<u>\$ 1,801,623</u>	<u>\$ 15,231,044</u>

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

KALAMAZOO CHARTER TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Net changes in fund balances - total governmental funds	\$ 1,195,432
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Add - capital outlay	1,054,911
Deduct - depreciation expense	(914,809)
Deduct - net book value of disposed assets	(8,455)
<p>Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Add - principal payments on debt	1,103,175
Add - premium amortized on bonds	6,115
<p>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 funds.</p>	
Add - decrease in OPEB liability	411,144
Deduct - increase in deferred inflows related to OPEB	(312,547)
Deduct - decrease in deferred outflows related to OPEB	(2,618)
Deduct - increase in pension liability	(2,846,034)
Add - decrease in deferred inflows related to pension	144,662
Add - increase in deferred outflows related to pension	1,619,302
Deduct - increase in compensated absences	(17,367)
Add - decrease in accrued interest	<u>5,537</u>
Change in net position of governmental activities	<u>\$ 1,438,448</u>

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

KALAMAZOO CHARTER TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022

	Other Post-employment Benefits <u>Trust</u>	Custodial <u>Funds</u>
Assets		
Cash and pooled investments	\$ -	\$ 4,643,150
Investments	<u>304,756</u>	<u>-</u>
Total assets	<u>304,756</u>	<u>4,643,150</u>
Liabilities		
Accounts payable	-	34,725
Accrued liabilities	-	323,514
Due to other governmental units	-	4,082,302
Deposits held on behalf of South West Enforcement Team (S.W.E.T.)	<u>-</u>	<u>202,609</u>
Total liabilities	<u>-</u>	<u>4,643,150</u>
Net position		
Restricted for other post-employment benefits	304,756	-
Restricted for other governments	<u>-</u>	<u>-</u>
Total net position	<u>\$ 304,756</u>	<u>\$ -</u>

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

KALAMAZOO CHARTER TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Other Post-employment Benefits Trust	Custodial Funds
Additions		
Contributions:		
Employer	\$ 100,000	\$ -
Property taxes collected for other governments	-	24,611,736
Deposits held for S.W.E.T.	-	202,609
Investment earnings (loss)	<u>(31,383)</u>	<u>-</u>
Total Additions	<u>68,617</u>	<u>24,814,345</u>
Deductions		
Property taxes distributed to other governments	-	24,611,736
Deposits distributed to S.W.E.T.	<u>-</u>	<u>202,609</u>
Total deductions	<u>-</u>	<u>24,814,345</u>
Net increase	68,617	-
Net position, beginning of year	<u>236,139</u>	<u>-</u>
Net position, end of year	<u>\$ 304,756</u>	<u>\$ -</u>

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

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Charter Township of Kalamazoo (the "Township") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present only the Township. Management has determined there are no other entities for which the Township is financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations, so data from these units are combined with data of the primary government. The Township has no blended component units. Discretely presented component units are reported in separate columns in the financial statements to emphasize they are legally separate from the Township. The Township has no discretely presented component units.

Joint Venture

The Township is a member of the Kalamazoo Area Building Authority (the Authority), which is a joint venture of the Charter Townships of Comstock and Kalamazoo. The administrative board of the Authority consists of members appointed by each participating unit and a member-at-large. The Authority was established to administer and enforce the Michigan State Construction Code within its constituent municipalities. Complete audited financial statements for the Authority can be obtained by contacting the Authority at 2322 Nazareth Road, Kalamazoo, MI 49048.

The Township does not expect to receive residual equity from the joint venture. The Township is unaware of any indication that the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Currently, the Township does not report any business-type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when 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.

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 government 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.

Taxes, state revenue, grants, charges for services, 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. Only the portion of special assessment receivable due within 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 Township.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general *revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township reports the following major governmental funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *American Rescue Plan Act (ARPA)*, a special revenue fund, accounts for the revenues and expenditures related to the grant funds.

The *Fire Capital Fund*, a capital projects fund, accounts for the construction or purchase of major fire improvements. Revenues are primarily derived from special tax assessments.

The *Sewer Improvement Fund*, a capital projects fund, accounts for the construction or purchase of major sewer improvements. Revenues are primarily derived from special tax assessments.

The *Road Bond Fund*, a debt service fund, accounts for the debt service payments related to bonds issued to improve the Township's roads. Revenues are primarily derived from property taxes.

Additionally, the Township reports the following fund types:

The *Nonmajor Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes because of legal or regulatory provisions or administrative requirements.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The *Nonmajor Capital Projects Funds* are used to account for the outlays related to restricted or assigned fund balance for special capital outlays.

The *Fiduciary Funds* are used to account for the operations of the Township's Other Post-employment Benefits Plan for which assets are held in trust, and for the collection and disbursement of taxes and other funds that are collected on behalf of outside governments or other parties.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Superintendent submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution.
4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year-end.

The appropriated budget is prepared by fund, activity, department, and line items. 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. The legal level of budgetary control is the activity level. Supplemental appropriations were made during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the Township's cash and pooled investments are considered to be cash equivalents because the balances are readily available similar to a demand deposit account. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are stated at fair value at the balance sheet date. Pooled investment income is proportionately allocated to all funds.

State statutes and Township policy authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The OPEB Trust may also invest in corporate debt and equity securities.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The Township follows the consumption method of accounting for prepaid items.

Capital Assets

Capital assets, which include land, buildings and equipment, vehicles, improvements, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and structures	40-60
Land and building improvements	10-30
Vehicles	5-10
Equipment	3-15
Infrastructure	25-75

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Township may report certain pension or other post-employment benefits related costs as deferred outflows. The pension and other post-employment benefits are discussed in Note 8 and Note 9.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. The governmental funds and governmental activities report deferred revenues from property taxes levied for the following year. The Township may also report deferred inflows related to certain pension and other post-employment benefits items. The pension and other post-employment benefits are discussed in Note 8 and Note 9. The Township may also report deferred inflows related to leases. The leases are discussed in Note 6.

Long-Term Obligations

In the government-wide financial statements, the 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 related bonds using the effective interest method.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures/expenses regardless of fund or activity.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated compensated absences of governmental funds is recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. 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.

Pension

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 Post-employee 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 recognized benefit payments when due and payable in accordance with the benefit terms.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Net Position and Fund Balance Reporting

In the fund financial statements, governmental funds may report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. 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.

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.

Property Taxes

Township property taxes and special tax assessments attach as an enforceable lien on property as of December 1 of each year and are due without penalty on or before February 14. Tax bills include the Township's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the county for collection, which advances the Township 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer. The December 1 levy is recorded as a receivable and unearned revenue at the end of the year and is intended to fund expenditures of the following year.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Risk Management

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

2. STATUTORY COMPLIANCE

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a departmental basis. The approved budgets of the Township for these budgeted funds were adopted at the department level.

During the year ended December 31, 2022, the following department expenditures were in excess of the amount appropriated.

	<u>Amended Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Clerk	\$ 193,725	\$ 193,936	\$ 211
Fire Protection	2,032,063	2,035,107	3,044
Debt Service	1,405	1,492	87
Capital Outlay	133,000	188,637	55,637
Transfers out	223,115	318,690	95,575

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$20,900,834	\$4,643,150	\$25,543,984
Investments	-	304,756	304,756
	\$20,900,834	\$4,947,906	\$25,848,740

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The cash and investments making up the above balances are as follows:

Deposits	\$21,231,486
Investments	<u>4,617,254</u>
Total	<u>\$25,848,740</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts except as noted are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require, and the Township does not have, a policy for deposit custodial credit risk. As of year-end, \$10,164,688 of the Township's bank balance of \$23,233,902 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The Township chooses to disclose its investments by type. As of year-end, the Township had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Federated Hermes	N/A	\$ 131,166	N/A	N/A
FNMA REMIC Pools	2042	94,007	Aaa	Moody's
FHLB Bonds	2024	464,340	Aaa	Moody's
MERS Retiree Health Vehicle Fund	N/A	304,756	N/A	N/A
CLASS – Michigan Investment Pool	N/A	<u>3,622,985</u>	AAA	S&P
Total		<u>\$4,617,254</u>		

The Township categorizes its fair value measurements of investments 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; Level 3 inputs are significant unobservable inputs.

The Township has the following recurring fair value measurements as of year-end.

- The Township does not have any investments that are valued using quoted market prices (Level 1 inputs).
- MI Class Investment Pool and MERS investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs). The U.S. agency pools and bonds are valued using observable fair values of similar assets (Level 2 inputs).
- The Township does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Investment and deposit risk

Interest Rate Risk. State law and Township policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk 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. State law does not require, and the Township does not have, a policy for investment custodial credit risk. The above investment securities were uninsured, unregistered and held by the counterparty for the Township. For the above funds on deposit with MERS and MI Class investments, the Township's custodial credit risk exposure cannot be determined because the Township's participation in the pools/funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

4. INTERFUND TRANSACTIONS

Transfers in and out for the year consisted of transfers from the general fund to various nonmajor funds, and moving ARPA funds to the general fund where they were expended.

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 649,931	\$ -	\$ -	\$ 649,931
CIP	159,814	367,692	-	527,506
Total capital assets, not being depreciated	809,745	367,692	-	1,177,437
Capital assets, being depreciated				
Buildings and improvements	3,899,755	153,000	-	4,052,755
Equipment	3,212,151	170,849	242,697	3,140,303
Vehicles	4,870,152	363,370	-	5,233,522
Infrastructure	22,497,614	-	-	22,497,614
Total capital assets, being depreciated	34,479,672	687,219	242,697	34,924,194
Less accumulated depreciation for				
Buildings and improvements	2,470,152	123,320	-	2,593,472
Equipment	1,857,467	312,551	234,242	1,935,776
Vehicles	3,398,758	210,437	-	3,609,195
Infrastructure	9,498,589	268,501	-	9,767,090
Total accumulated depreciation	17,224,966	914,809	234,242	17,905,533
Net capital assets, being depreciated	17,254,706	(227,590)	8,455	17,018,661
Governmental Activities capital assets, net	\$18,064,451	\$140,102	\$8,455	\$18,196,098

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

Governmental Activities	
General government	\$ 123,861
Public safety	509,769
Public works	268,501
Community and economic development	12,678
Total depreciation expense - governmental activities	\$914,809

6. LEASES

The Township has entered into a finance lease as lessee for two copiers. The future minimum payments are as follows:

Year ending December 31,	
2023	\$3,554
2024	1,232
Total minimum lease payments	4,786
Less amount representing interest	199
Present value of minimum lease payments	\$4,587

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Asset	
Equipment	\$15,396
Less accumulated depreciation	<u>11,291</u>
Total	<u>\$ 4,105</u>

The Township has entered into lease arrangements as lessor with two companies to lease a portion of the Township's land for the purpose of cellular services. Both leases have an initial term of five years with renewal terms of up to four additional five-year terms with a three percent increase each year. The first lease is in the third renewal term and the second lease is in the second renewal term.

2022 is the first year of implementation of the new guidance under GASB Statement 87. The Township has recognized a total deferred inflow of resources of \$312,866 in the current fiscal year along with the corresponding lease receivable of the same amount. The Township recognized a total of \$34,343 in lease revenue and no interest revenue for the current fiscal year.

The Township also leases space for tower space which has been assigned to the Kalamazoo County Consolidated Dispatch Authority. The Township is currently in the initial ten-year term of the lease and has two five-year renewal terms available. The Township can terminate the lease at any time with 90 days' notice to the lessor. No receivable or deferred inflow has been recorded for this lease because of the assignment to another party.

7. 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.

The following is a summary of the debt transactions of the Township for the year ended December 31, 2022:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>	<u>Due Within One Year</u>
Governmental Activities					
\$9,750,000 General Obligation Bonds of 2015; due in annual installments of \$1,100,000 to \$1,350,000 plus interest at 2.0-3.0% through 2026*	\$6,050,000	\$ -	\$1,100,000	\$4,950,000	\$1,100,000
Bond premium	17,595	-	6,115	11,480	4,892
Financing lease – Xerox Copiers	7,762	-	3,175	4,587	3,371
Accrued employee benefits	554,742	483,401	466,034	572,109	-
Total Governmental Activities	<u>\$6,630,099</u>	<u>\$ 483,401</u>	<u>\$1,575,324</u>	<u>\$5,538,176</u>	<u>\$1,108,263</u>

* Indicates public offering for GASB 88 purposes.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The annual requirements to amortize all debt outstanding (excluding bond discount, bond premium, leases, and accrued employee benefits) as of December 31, 2022 are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2023	\$ 1,100,000	\$ 118,625
2024	1,200,000	91,250
2025	1,300,000	58,375
2026	1,350,000	20,250
Total	\$4,950,000	\$288,500

8. PENSION PLANS

Defined Contribution Pension Plan

The Township maintains a defined contribution pension plan administered by the Municipal Employees Retirement System (MERS) of Michigan, that covers elected officials, paid on-call firefighters, and substantially all full-time employees except police. 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 except for paid on-call firefighters who are immediately vested. The Township contributes 6.20 to 12 percent of each eligible employee's salary to the plan. Paid on-call firefighters are required to contribute 6.20 percent. All other employees are permitted to make voluntary contributions up to applicable Internal Revenue Code limits. Plan provision and contribution requirements are established and may be amended by the Township Board. The Township's contribution for 2022 was \$211,833 and the employees' contribution was \$46,158. The Township recognized forfeiture income of \$2,227 during the year. At December 31, 2022, the Township reported an accrued liability of \$6,906 as part of the contributions to the plan.

The Township is not a trustee of the defined contribution 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.

Deferred Compensation Plan

The Township offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All Assets of the plan are held in trust for employees and the related assets and liabilities are not included in this report.

MERS Defined Benefit Plan

Plan Description

The Township participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Benefits Provided

Pension benefits approved by the Township Board are provided to full-time sworn police officers and dispatcher. Eligible employees participate in a defined benefit plan which includes a multiplier of 2.50 times final average compensation, vesting period of 10 years, normal retirement age is 60, 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). Benefits are calculated using highest 3 years of consecutive compensation and includes a non-compounding cost of living adjustment of 1.0 percent.

Membership of the defined benefit plans consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

Active plan members	32
Inactive employees entitled but not yet receiving benefits	17
Inactive employees or beneficiaries currently receiving benefits	<u>20</u>
Total	<u><u>69</u></u>

Contributions

The Township is required to contribute at an actuarially determined rate, which for the current year was 17.5% of annual covered payroll. Contributions are determined based on participating employees. Participating employees are required to contribute 16.40% of gross wages to the Plan. The contribution requirements of the Township are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements. At December 31, 2022, the Township reported an accrued liability of \$71,437 as part of the contributions to the plan.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability at December 31, 2022 was determined by an annual actuarial valuation as of December 31, 2021 (which included roll forward procedures to December 31, 2022).

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 6.7% based on age)

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of MP-2019 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of MP-2019 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Discount rate			7.25%

Discount rate. The discount rate used to measure the total pension liability is 7.25% (7.60% in the prior year). 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 plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at December 31, 2021	\$17,474,727	\$14,354,981	\$3,119,746
Changes for the Year:			
Service cost	351,551	-	351,551
Interest	1,225,795	-	1,225,795
Change in benefits	16,855	-	16,855
Differences between expected and actual experience	(398,840)	-	(398,840)
Change in assumptions	750,110	-	750,110
Contributions: employer	-	633,141	(633,141)
Contributions: employee	-	-	-
Net investment income (loss)	-	(898,046)	898,046
Benefit payments, including refunds	(1,485,993)	(1,485,993)	-
Administrative expense	-	(26,377)	26,377
Other changes	609,281	-	609,281
Net changes	1,068,759	(1,777,275)	2,846,034
Balance at December 31, 2022	<u>\$18,543,486</u>	<u>\$12,577,706</u>	<u>\$5,965,780</u>

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$20,990,775	\$18,543,486	\$16,524,331
Fiduciary net position	12,577,706	12,577,706	12,577,706
Net pension liability	\$ 8,413,069	\$ 5,965,780	\$ 3,946,625

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2022 the employer recognized pension expense of \$1,715,209. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 39,139	\$472,305
Differences in assumptions	1,299,201	-
Excess (deficit) investment returns	1,192,895	-
Total	\$2,531,235	\$472,305

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

2023	\$ 600,141
2024	334,919
2025	508,203
2026	557,122
2027	58,545
Thereafter	-
Total	\$2,058,930

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The Township administers the Charter Township of Kalamazoo Retiree Health Care Plan (the Retiree Health Plan), a single-employer defined benefit healthcare plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible retirees and their spouses. The Township Board of Trustees has authority to make amendments to the plan.

Benefits Provided. The plan provides medical, dental and prescription coverage provided through a third-party insurer, and the full cost of benefits is covered by 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.

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Dependent - 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.

Police officers (with 25 years of service, retiring after attaining age of 53:

Shall be entitled to continuation of coverage subject to employer/employee 80%/20% cost sharing for him/her and his/her eligible dependents until eligible for Medicare; supplemental coverage will continue beyond date of Medicare eligibility only during such period of continued cover, if under "Old Formula" (below) employee qualifies for coverage past employee's 65th birthday.

Police officers (with 25 years of service, retiring before age of 53) – "Old Formula":

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.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (December 31, 2022):

Inactive employees or beneficiaries receiving benefits	17
Active plan members	<u>62</u>
Total	<u>79</u>

Contributions

The 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. The Plan has no legally required reserves.

Net OPEB Liability

The employer's net OPEB liability was measured as December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of that date.

The total OPEB liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 3.5% (for purpose of allocating liability)

Investment rate of return: 7.00%, net of investment expense, including inflation

20-year Aa Municipal bond rate: 4.31% (S&P Municipal Bond 20-Year High Grade Rate Index)

Healthcare cost trend rates:

Pre-Medicare - 7.25% graded down by .25% per year to an ultimate rate of 4.5%;

Medicare eligible – 5.5% graded down by .25% per year to an ultimate rate of 4.5%;

Dental – 3.0% per annum

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Mortality rates: Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 Improvement Scale

An actuarial experience study is not required because the plan has fewer than 100 participants.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Global Equity	60.00%	4.50%
Global fixed income	20.00%	2.00%
Private investments	20.00%	7.00%

The sum of each target allocation times its a long- term expected real rate, plus inflation, is 7.00%.

Discount rate. The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that the employer 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 OPEB plan's fiduciary net position was projected to be available to pay all 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 the benefit payments were not projected to be covered by the projected assets, projected benefits were discounted at a discount rate reflecting a 20 year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate was that yields the same present value of benefits is calculated. The discount rate is used to determine the total OPEB liability. As of December 31, 2021 the discount rate used to value OPEB liabilities was 7.35%.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at 12/31/21	\$2,574,959	\$236,139	\$2,338,820
Changes for the Year:			
Service cost	79,543	-	79,543
Interest	191,377	-	191,377
Differences between expected and actual experience	(508,034)	-	(508,034)
Change in assumptions	(3,971)	-	(3,971)
Contributions to OPEB trust	-	100,000	(100,000)
Contributions/benefit from general operating funds	-	101,442	(101,442)
Net investment income (loss)	-	(30,836)	30,836
Benefit payments, including refunds	(101,442)	(101,442)	-
Administrative expense	-	(547)	547
Other	-	-	-
Net changes	(342,527)	68,617	(411,144)
Balance at 12/31/22	\$2,232,432	\$304,756	\$1,927,676

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (6.00%) or higher (8.00%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$2,415,948	\$2,232,432	\$2,068,099
Fiduciary net position	304,756	304,756	304,756
Net OPEB liability	\$2,111,192	\$1,927,676	\$1,763,343
Plan fiduciary position as a percentage of the total OPEB liability		13.65%	

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 7.25% graded down 0.25% per year to 4.5%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$2,024,866	\$2,232,432	\$2,477,650
Fiduciary net position	304,756	304,756	304,756
Net OPEB liability	\$1,720,110	\$1,927,676	\$2,172,894

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

For the year ended December 31, 2022 the employer recognized OPEB expense of \$105,463. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$263,081	\$ 540,388
Changes in assumptions	-	887,757
Excess(deficit) investment returns	35,621	-
Total	\$298,702	\$1,428,145

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

2023	\$ (144,993)
2024	(144,992)
2025	(145,157)
2026	(143,093)
2027	(153,464)
Thereafter	(397,744)
Total	<u>\$(1,129,443)</u>

CHARTER TOWNSHIP OF KALAMAZOO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the 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.

11. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2022, is as follows:

	Governmental Activities
Capital assets	
Capital assets not being depreciated	\$ 1,177,437
Capital assets, net of accumulated depreciation	17,018,661
Total capital assets	18,196,098
Related debt	
Capital leases	(4,587)
Net investment in capital assets	\$18,191,511

12. TAX ABATEMENTS

The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years for real property and 6 years for personal property as determined by the local unit of government. The agreements entered into by the Township include claw back provisions should the recipient of the tax abatement cease operations and no successor employer is providing employment during the term of the abatement. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended December 31, 2022 the Township abated property tax revenues of approximately \$4,287.

13. COMMITMENTS

The Township has various ongoing construction projects with total estimated commitments of approximately \$3,650,000 outstanding at December 31, 2022.

14. RESTATEMENT OF NET POSITION

The beginning of year net position was adjusted by \$200,704 to properly reflect the capital asset additions relating to the prior year and by \$461,930 to properly reflect the pension liability for the prior year.

(This page left intentionally blank)

REQUIRED SUPPLEMENTARY INFORMATION

KALAMAZOO CHARTER TOWNSHIP

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts		Actual	Variance
	Original	Final	Amount	Positive (Negative)
Revenues				
Property taxes	\$ 5,293,903	\$ 5,293,903	\$ 5,324,123	\$ 30,220
Licenses and permits	489,500	489,500	439,378	(50,122)
Federal	221,000	221,000	16,500	(204,500)
State	2,620,228	3,094,728	3,296,154	201,426
Charges for services	1,007,397	1,007,397	1,101,546	94,149
Fines	4,500	4,500	4,276	(224)
Interest	10,000	10,000	55,702	45,702
Miscellaneous	13,300	13,300	62,522	49,222
Total revenues	<u>9,659,828</u>	<u>10,134,328</u>	<u>10,300,201</u>	<u>165,873</u>
Expenditures				
Current				
General government				
Township board	102,800	101,800	90,730	11,070
Supervisor	38,100	38,600	35,263	3,337
Manager	221,935	221,835	212,122	9,713
Administrative services	577,839	582,589	442,398	140,191
Assessor	223,880	247,680	245,508	2,172
Clerk	154,950	193,725	193,936	(211)
Finance	286,465	286,465	248,553	37,912
Information technology	123,085	118,085	86,799	31,286
Treasurer	48,540	48,540	42,235	6,305
Maintenance	299,270	299,695	268,379	31,316
Cemetery	35,930	35,680	32,010	3,670
Public Safety				
Police protection	5,374,298	5,670,298	4,806,944	863,354
Fire protection	1,962,063	2,032,063	2,035,107	(3,044)
Code enforcement	108,212	116,712	112,120	4,592
Public works				
Infrastructure maintenance	320,000	400,500	286,185	114,315
Community and economic development				
Planning and zoning	171,390	164,835	129,179	35,656
Culture and recreation				
Parks and golf course	34,300	39,800	30,229	9,571
Debt Service				
Principal	1,405	1,405	1,492	(87)
Interest and fees	265	180	178	2
Capital outlay	<u>110,000</u>	<u>133,000</u>	<u>188,637</u>	<u>(55,637)</u>
Total expenditures	<u>10,194,727</u>	<u>10,733,487</u>	<u>9,488,004</u>	<u>1,245,483</u>
Revenues over (under) expenditures	<u>(534,899)</u>	<u>(599,159)</u>	<u>812,197</u>	<u>1,411,356</u>
Other financing sources (uses)				
Transfers in	-	-	181,915	181,915
Transfers out	<u>(203,115)</u>	<u>(223,115)</u>	<u>(318,690)</u>	<u>(95,575)</u>
Total other financing sources (uses)	<u>(203,115)</u>	<u>(223,115)</u>	<u>(136,775)</u>	<u>86,340</u>
Net changes in fund balances	(738,014)	(822,274)	675,422	1,497,696
Fund balances, beginning of year	<u>6,225,920</u>	<u>6,225,920</u>	<u>6,225,920</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,487,906</u>	<u>\$ 5,403,646</u>	<u>\$ 6,901,342</u>	<u>\$ 1,497,696</u>

KALAMAZOO CHARTER TOWNSHIP

AMERICAN RESCUE PLAN ACT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Federal	\$ -	\$ -	\$ 181,915	\$ 181,915
Investment earnings	-	-	34,932	34,932
Total revenues	-	-	216,847	216,847
Expenditures				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	-	-	216,847	216,847
Other financing sources (uses)				
Transfers out	-	-	(181,915)	(181,915)
Net changes in fund balances	-	-	34,932	34,932
Fund balances, beginning of year	62	62	62	-
Fund balances, end of year	<u>\$ 62</u>	<u>\$ 62</u>	<u>\$ 34,994</u>	<u>\$ 34,932</u>

KALAMAZOO CHARTER TOWNSHIP

DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 246,772	\$ 249,075	\$ 258,547	\$ 270,325	\$ 243,525	\$ 255,235	\$ 315,591	\$ 351,551
Interest	855,303	916,469	998,036	1,044,156	1,101,472	1,138,288	1,154,468	1,225,795
Changes in benefit terms	-	(9,555)	(17,082)	(14,947)	(35,847)	(111,574)	(45,746)	16,855
Difference between expected and actual experience	-	79,189	(213,149)	(13,823)	(166,007)	(52,269)	58,709	(398,840)
Changes in assumptions	-	530,931	-	-	-	488,918	644,476	750,110
Benefit payments including employee refunds	(339,834)	(383,830)	(424,372)	(487,117)	(624,611)	(752,979)	(821,039)	(1,485,993)
Other	-	-	-	-	-	-	-	609,281
Net change in total pension liability	<u>762,241</u>	<u>1,382,279</u>	<u>601,980</u>	<u>798,594</u>	<u>518,532</u>	<u>965,619</u>	<u>1,306,459</u>	<u>1,068,759</u>
Total pension liability, beginning of year	<u>10,413,846</u>	<u>11,176,087</u>	<u>12,558,366</u>	<u>13,160,346</u>	<u>13,958,940</u>	<u>14,477,472</u>	<u>15,443,091</u>	<u>17,474,727</u>
Total pension liability, end of year	<u>\$ 11,176,087</u>	<u>\$ 12,558,366</u>	<u>\$ 13,160,346</u>	<u>\$ 13,958,940</u>	<u>\$ 14,477,472</u>	<u>\$ 15,443,091</u>	<u>\$ 16,749,550</u>	<u>\$ 18,543,486</u>
Plan fiduciary net position								
Contributions-employer	\$ 360,234	\$ 370,953	\$ 379,573	\$ 411,289	\$ 389,278	\$ 354,338	\$ 390,059	\$ 633,141
Contributions-employee	-	-	-	-	68,011	69,840	150,087	-
Net investment income	547,289	(140,110)	1,031,054	1,322,517	(438,876)	1,425,286	1,472,114	(898,046)
Benefit payments including employee refunds	(339,834)	(383,830)	(424,372)	(487,117)	(624,611)	(752,979)	(821,039)	(1,485,993)
Administrative expense	(20,166)	(20,232)	(20,338)	(20,919)	(21,722)	(24,562)	(23,301)	(26,377)
Net change in plan fiduciary net position	<u>547,523</u>	<u>(173,219)</u>	<u>965,917</u>	<u>1,225,770</u>	<u>(627,920)</u>	<u>1,071,923</u>	<u>1,167,920</u>	<u>(1,777,275)</u>
Plan fiduciary net position, beginning of year	<u>8,619,076</u>	<u>9,166,599</u>	<u>8,993,380</u>	<u>9,959,297</u>	<u>11,185,067</u>	<u>10,557,147</u>	<u>11,629,070</u>	<u>14,354,981</u>
Plan fiduciary net position, end of year	<u>\$ 9,166,599</u>	<u>\$ 8,993,380</u>	<u>\$ 9,959,297</u>	<u>\$ 11,185,067</u>	<u>\$ 10,557,147</u>	<u>\$ 11,629,070</u>	<u>\$ 12,796,990</u>	<u>\$ 12,577,706</u>
Employer net pension liability	<u>\$ 2,009,488</u>	<u>\$ 3,564,986</u>	<u>\$ 3,201,049</u>	<u>\$ 2,773,873</u>	<u>\$ 3,920,325</u>	<u>\$ 3,814,021</u>	<u>\$ 3,952,560</u>	<u>\$ 5,965,780</u>
Plan fiduciary net position as a percentage of the total pension liability	82%	72%	76%	80%	73%	75%	76%	68%
Covered employee payroll	\$ 2,225,472	\$ 2,276,321	\$ 2,223,101	\$ 2,273,545	\$ 2,012,606	\$ 1,972,451	2,164,544	2,123,903
Employer's net pension liability as a percentage of covered employee payroll	90%	157%	144%	122%	195%	193%	183%	281%

KALAMAZOO CHARTER TOWNSHIP

DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarial determined contributions	\$ 370,953	\$ 379,573	\$ 411,289	\$ 389,278	\$ 356,986	\$ 390,920	\$ 370,884	\$ 633,141
Contributions in relation to the actuarially determined contribution	<u>370,953</u>	<u>379,573</u>	<u>411,289</u>	<u>389,278</u>	<u>356,986</u>	<u>390,920</u>	<u>370,884</u>	<u>633,141</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,225,472	\$ 2,276,321	\$ 2,223,101	\$ 2,273,545	\$ 2,012,606	\$ 1,972,451	\$ 2,164,544	\$ 2,123,903
Contributions as a percentage of covered employee payroll	16.7%	16.7%	18.5%	17.1%	17.7%	19.8%	17.1%	29.8%
Notes to schedule								
Actuarial cost method	Entry Age							
Amortization method	Level percentage of payroll, open							
Remaining amortization period	17 years							
Asset valuation method	5 year smoothed							
Inflation	2.50%							
Salary increases	3.00% (3.75% for 2015 through 2019)							
Investment rate of return	7.00% (7.35% through 2021, 7.75% for 2019)							
Retirement age	Varies depending on plan adoption							
Mortality table	50% female/ 50% male MP-2019							

Notes to required supplementary information

Budgets and Budgetary Accounting

The Township adopts annual budgets for the general and special revenue funds following the GAAP basis of accounting. Unexpended appropriations lapse at year-end.

Pension Schedules

Pension schedules are being accumulated prospectively until ten years of data is presented.

Prior Period Adjustment

Beginning total pension liability for 2022 was increased by \$725,177 to utilize rolled forward information provided by the actuary. Beginning fiduciary net position for 2022 was increased by \$1,557,991 to utilize financial information for the same period as that used for the total pension liability.

KALAMAZOO CHARTER TOWNSHIP

DEFINED BENEFIT OPEB PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 135,506	\$ 139,571	\$ 129,864	\$ 87,697	\$ 79,543
Interest	93,757	95,769	105,834	189,112	191,377
Difference between expected and actual experience	(46,967)	(35,658)	377,798	(46,550)	(508,034)
Changes in assumptions	-	(23,598)	(1,147,885)	(91,674)	(3,971)
Benefit payments including employee refunds	(110,177)	(128,395)	(96,113)	(97,752)	(101,442)
Net change in total OPEB liability	72,119	47,689	(630,502)	40,833	(342,527)
Total OPEB liability, beginning of year	3,044,820	3,116,939	3,164,628	2,534,126	2,574,959
Total OPEB liability, end of year	<u>\$ 3,116,939</u>	<u>\$ 3,164,628</u>	<u>\$ 2,534,126</u>	<u>\$ 2,574,959</u>	<u>\$ 2,232,432</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ -	\$ -	\$ 205,652	\$ 197,752	\$ 201,442
Contributions-employee	-	-	-	-	-
Net investment income	-	-	1,197	25,781	(30,836)
Benefit payments including employee refunds	-	-	(96,113)	(97,752)	(101,442)
Administrative expense	-	-	(2)	(376)	(547)
Other	-	-	-	-	-
Net change in plan fiduciary net position	-	-	110,734	125,405	68,617
Plan fiduciary net position, beginning of year	-	-	-	110,734	236,139
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,734</u>	<u>\$ 236,139</u>	<u>\$ 304,756</u>
Employer net OPEB liability	<u>\$ 3,116,939</u>	<u>\$ 3,164,628</u>	<u>\$ 2,423,392</u>	<u>\$ 2,338,820</u>	<u>\$ 1,927,676</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	4.4%	9.2%	13.7%
Covered employee payroll	\$ 3,383,428	\$ 3,231,324	\$ 3,436,792	\$ 3,526,987	\$ 3,772,958
Employer's net OPEB liability as a percentage of covered employee payroll	92.1%	97.9%	70.5%	66.3%	51.1%

Notes to schedule:

The OPEB schedules are being accumulated prospectively until 10 years of information is presented.

KALAMAZOO CHARTER TOWNSHIP

DEFINED BENEFIT OPEB PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ 378,551	\$ 403,436	\$ 420,187	\$ 347,789	\$ 343,111
Contributions in relation to the actuarially determined contribution	110,177	128,395	205,652	197,752	201,442
Contribution excess (deficiency)	\$ (268,374)	\$ 4,410	\$ (214,535)	\$ (150,037)	\$ (141,669)
Covered employee payroll	\$ 3,383,428	\$ 3,231,324	\$ 3,436,792	\$ 3,526,987	\$ 3,772,958
Contributions as a percentage of covered employee payroll	3.26%	7.33%	5.98%	5.61%	5.34%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	13 years
Asset valuation method	Market value
Salary increases	3.5% (for purpose of allocating liability)
Investment rate of return	7.0% (7.35% in 2021)
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted
Medical inflation rate	Pre-Medicare: 7.25% graded down .25% per year to rate of 4.5%
	Medicare eligible: 5.55% graded down .25% per year to rate of 4.5%
	Dental: 3% per annum

DEFINED BENEFIT OPEB PLAN SCHEDULE OF INVESTMENT RETURNS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2020	2021	2022
Annual money-weighted rate of return net of investment expense	3.78%	13.98%	-7.42%

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2020 as that is the first year a trust was established. Data will be added as information is available until 10 years of such data is available.

**COMBINING FUND FINANCIAL
STATEMENTS**

(This page left intentionally blank)

KALAMAZOO CHARTER TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

DECEMBER 31, 2022

	Special Revenue Funds					
	<u>SWET Grant</u>	<u>Police Training</u>	<u>Drug Enforcement</u>	<u>Street Lighting</u>	<u>Recycling</u>	<u>Disaster Contingency</u>
Assets						
Cash and pooled investments	\$ (20,085)	\$ 20,984	\$ 101,954	\$ 306,887	\$ 439,701	\$ 49,247
Receivables						
Accounts	22,085	-	-	-	-	-
Taxes	-	-	-	118,819	276,162	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 2,000</u>	<u>\$ 20,984</u>	<u>\$ 101,954</u>	<u>\$ 425,706</u>	<u>\$ 715,863</u>	<u>\$ 49,247</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities						
Accounts payable	\$ 2,000	\$ -	\$ -	\$ 18,963	\$ 57,389	\$ 125
Deferred inflows of resources						
Deferred revenue - taxes	-	-	-	218,338	566,825	-
Fund balances						
Nonspendable						
Prepays	-	-	-	-	-	-
Assigned	-	20,984	101,954	188,405	91,649	49,122
Total fund balances	<u>-</u>	<u>20,984</u>	<u>101,954</u>	<u>188,405</u>	<u>91,649</u>	<u>49,122</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,000</u>	<u>\$ 20,984</u>	<u>\$ 101,954</u>	<u>\$ 425,706</u>	<u>\$ 715,863</u>	<u>\$ 49,247</u>

Capital Projects Funds

<u>Police Capital</u>	<u>Streets</u>	<u>Water</u>	<u>Building and Grounds</u>	<u>Total</u>
\$ 725,385	\$ 38,817	\$ 478,499	\$ 209,952	\$ 2,351,341
-	-	25,770	-	47,855
88,812	-	-	-	483,793
<u>-</u>	<u>-</u>	<u>3,438</u>	<u>-</u>	<u>3,438</u>
<u>\$ 814,197</u>	<u>\$ 38,817</u>	<u>\$ 507,707</u>	<u>\$ 209,952</u>	<u>\$ 2,886,427</u>
<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,330</u>	<u>\$ 136,807</u>
<u>162,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947,997</u>
-	-	3,438	-	3,438
<u>636,363</u>	<u>38,817</u>	<u>504,269</u>	<u>166,622</u>	<u>1,798,185</u>
<u>636,363</u>	<u>38,817</u>	<u>507,707</u>	<u>166,622</u>	<u>1,801,623</u>
<u>\$ 814,197</u>	<u>\$ 38,817</u>	<u>\$ 507,707</u>	<u>\$ 209,952</u>	<u>\$ 2,886,427</u>

KALAMAZOO CHARTER TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds					
	<u>SWET Grant</u>	<u>Police Training</u>	<u>Drug Enforcement</u>	<u>Street Lighting</u>	<u>Recycling</u>	<u>Disaster Contingency</u>
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 204,469	\$ 565,561	\$ -
State	89,861	2,672	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	2,117	2,069	-
Miscellaneous	-	2,699	-	-	-	-
Total revenues	<u>89,861</u>	<u>5,371</u>	<u>-</u>	<u>206,586</u>	<u>567,630</u>	<u>-</u>
Expenditures						
Current						
Public safety	89,861	38,123	-	-	-	-
Public works	-	-	-	224,935	529,231	1,439
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>89,861</u>	<u>38,123</u>	<u>-</u>	<u>224,935</u>	<u>529,231</u>	<u>1,439</u>
Revenues over (under) expenditures	-	(32,752)	-	(18,349)	38,399	(1,439)
Other financing sources (uses)						
Transfers in	-	40,000	-	-	-	-
Net changes in fund balances	-	7,248	-	(18,349)	38,399	(1,439)
Fund balances, beginning of year	<u>-</u>	<u>13,736</u>	<u>101,954</u>	<u>206,754</u>	<u>53,250</u>	<u>50,561</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 20,984</u>	<u>\$ 101,954</u>	<u>\$ 188,405</u>	<u>\$ 91,649</u>	<u>\$ 49,122</u>

Capital Projects Funds				
<u>Police Capital</u>	<u>Streets</u>	<u>Water</u>	<u>Building and Grounds</u>	<u>Total</u>
\$ 153,218	\$ -	\$ -	\$ -	\$ 923,248
-	-	-	-	92,533
-	-	91,446	-	91,446
5,973	330	3,935	-	14,424
<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,699</u>
<u>169,191</u>	<u>330</u>	<u>95,381</u>	<u>-</u>	<u>1,134,350</u>
-	-	-	-	127,984
-	-	11,018	-	766,623
-	-	-	167,957	167,957
<u>384,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,938</u>
<u>384,938</u>	<u>-</u>	<u>11,018</u>	<u>167,957</u>	<u>1,447,502</u>
(215,747)	330	84,363	(167,957)	(313,152)
<u>-</u>	<u>-</u>	<u>-</u>	<u>278,690</u>	<u>318,690</u>
(215,747)	330	84,363	110,733	5,538
<u>852,110</u>	<u>38,487</u>	<u>423,344</u>	<u>55,889</u>	<u>1,796,085</u>
<u>\$ 636,363</u>	<u>\$ 38,817</u>	<u>\$ 507,707</u>	<u>\$ 166,622</u>	<u>\$ 1,801,623</u>