

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to the Township’s governmental functions as follows:

Governmental activities:	
General government	\$ 7,444
Recreation and culture	<u>2,179</u>
 Total	 <u>\$ 9,623</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2021, for the Township’s individual major and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Performace deposit</u>	<u>Totals</u>
General	\$ 21,002	\$ 3,005	\$ 20,117	\$ 13,117	\$ 57,241
Road	-	-	68,755	-	68,755
Utility Contracts Debt Service	-	-	56,254	-	56,254
Nonmajor	<u>3,105</u>	<u>-</u>	<u>14,342</u>	<u>-</u>	<u>17,447</u>
 Totals	 <u>\$ 24,107</u>	 <u>\$ 3,005</u>	 <u>\$ 159,468</u>	 <u>\$ 13,117</u>	 <u>\$ 199,697</u>

NOTE 7 - LONG-TERM DEBT

Long-term debt at December 31, 2021, is comprised of the following individual issues:

Note payable:

\$273,000 Note payable (PA 99), due in annual installments through 2024; interest at approximately 5.3% \$ 47,627

Contracts payable:

\$1,418,028 1998 Water and sewer assessments, due to Van Buren County in annual installments through 2021; interest at approximately 5.8% 1,889

\$1,175,297 2000 Water and sewer assessments, due to Van Buren County in annual installments through 2021; interest at approximately 6.3% 4,680

\$532,940 Contracts payable, due to South Haven Area Water Sewer Authority in various annual installments; interest at approximately 6.0% 378,392

Total contracts payable 384,961

Bonds payable:

\$435,000 2006 Special assessment bonds, due in annual installments of \$10,000 to \$25,000 through 2026; interest at approximately 5.49% 100,000

\$150,000 2018 Special assessment bonds, due in annual installments of \$21,000 to \$24,000 through 2025; interest at approximately 3.29% 87,000

Total bonds payable 187,000

Total long-term debt \$ 619,588

NOTE 7 - LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended December 31, 2021, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Note payable - 2008	\$ 70,678	\$ -	\$ (23,051)	\$ 47,627	\$ 24,264
Contracts payable - 1998	2,042	-	(153)	1,889	1,889
Contracts payable - 2000	1,825	3,341	(486)	4,680	4,680
Contracts payable - Unbonded	392,205	31,808	(45,621)	378,392	54,056
Contracts payable - SHARA	22,750	-	(22,750)	-	-
Bonds payable - 2006	120,000	-	(20,000)	100,000	20,000
Bonds payable - 2018	<u>108,000</u>	<u>-</u>	<u>(21,000)</u>	<u>87,000</u>	<u>21,000</u>
Total long-term liabilities	<u>\$ 717,500</u>	<u>\$ 35,149</u>	<u>\$ (133,061)</u>	<u>\$ 619,588</u>	<u>\$ 125,889</u>

Debt service requirements at December 31, 2021, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended December 31:		
2022	\$ 125,889	\$ 35,041
2023	118,419	28,035
2024	95,056	22,105
2025	98,056	16,732
2026	74,056	11,704
2027 - 2028	<u>108,112</u>	<u>10,605</u>
Totals	<u>\$ 619,588</u>	<u>\$ 124,222</u>

All outstanding debt of Township is direct placement or direct borrowing debt. The debt documents contain various provisions that, in the event of default, the Township shall levy a tax on all taxable property for the prompt payment of the principal and interest, subject to applicable legal limitations.

The Township is contingently liable for \$4,682,880 of outstanding water and sewer system contracts payable in excess of the amounts to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

NOTE 8 - PROPERTY TAXES

The 2020 taxable valuation of the Township approximated \$168,141,000, on which ad valorem taxes levied consisted of 0.5575 mills for operating purposes, 0.7460 mills for police, 2.7300 mills for fire and ambulance services, 0.8385 mills for library services, 0.5060 mills for senior services, and 0.2500 mills for recreation activities, and 1.4682 mills for road maintenance raising approximately \$93,000 for operating purposes, \$124,000 for police, \$445,000 for fire and ambulance services, \$142,000 for library services, \$84,000 for senior services, \$42,000 for recreation activities and \$245,000 for road maintenance. These amounts are recognized in the respective fund financial statements as property tax revenue.

The 2021 taxable valuation of the Township approximated \$173,593,000, on which ad valorem taxes levied consisted of 0.5416 mills for operating purposes, 0.7247 mills for police, 2.6000 mills for fire and ambulance services, 1.231 mills for library services, 0.4916 mills for senior services, 0.2474 mills for recreation activities, and 1.4265 mills for road maintenance raising approximately \$93,000 for operating purposes, \$125,000 for police, \$430,000 for fire and ambulance services, \$212,000 for library services, \$84,000 for senior services, \$43,000 for recreation activities, and \$245,000 for road maintenance. These amounts are recognized in the respective fund financial statements as deferred inflows of resources, based upon the period for which the proceeds are budgeted and will be made available for the financing of operations.

NOTE 9 - JOINT VENTURES

The Township, together with the Township of Casco, the City of South Haven and the South Haven and Casco Township Sewage and Wastewater Treatment Authority, established a joint water and sewage treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit the constituent municipalities. The Township has advanced \$839,284 to cover certain costs of the previous Authority. The Township has received reimbursements of \$153,862 thru December 31, 2021. The Township anticipates continued reimbursement in the coming years, including \$254,400 in interest accrued on the advances.

The Township has joined the City of South Haven and the Townships of Casco and Geneva in establishing a joint emergency services authority (the Emergency Authority) to provide fire and ambulance services in the Authority's area of operation, which includes the Charter Township of South Haven. The operations of the Authority are financed by taxes levied annually within the participating units of government. The Township expended \$342,630 for services provided by the Emergency Authority in 2021.

The Township has joined the Cities of South Haven and Bangor and the Townships of Casco, Geneva, and Covert in establishing a joint regional airport authority (the Airport Authority) to provide airfield services in the Airport Authority's area of operation, which includes the Charter Township of South Haven. The operations of the Airport Authority are financed by annual contributions within the participating units of government, as well as hangar rentals and fuel sales. During the year ended December 31, 2021, the Township contributed \$24,370 toward the Airport Authority's operations.

There is no equity interest by any participating unit in the joint ventures. Except as disclosed in Note 6 regarding the contingent liability for outstanding water and sewer contacts payable, the Township is unaware of any indication that the joint ventures are accumulating significant financial resources or are experiencing fiscal stress that may cause an additional financial benefit or burden on the Township in the near future.

Separate audited financial statements for the above joint ventures are available at the Township offices.

NOTE 10 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

The Township contributes to the South Haven Charter Township Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. The plan covers all elected officials, along with the Deputy Clerk, Deputy Treasurer, and Deputy Supervisor, who are eligible to participate from the date they are elected or appointed to office.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. The Township contributes 5% of each qualified employee’s total earnings or \$300, whichever is more, to the plan. Employees are permitted to make voluntary contributions to the Plan, up to applicable Internal Revenue Code limits. For the year ended December 31, 2021, the Township and eligible employees made contributions of \$5,798 and \$ -0-, respectively. At December 31, 2021, the Township reported a \$1,434 accrued liability as part of the contributions to the plan. The Township’s contributions for each employee (and investment earnings allocated to the employee’s account) are fully vested immediately.

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

NOTE 12 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended December 31, 2021, is as follows:

Accumulated excess, beginning of year	\$ <u>784</u>
Revenues	79,573
Expenses	<u>(86,763)</u>
Deficiency of revenues over expenses	<u>(7,190)</u>
Accumulated excess, end of year	<u><u>\$ -</u></u>

NOTE 13 - PENDING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for periods beginning after June 15, 2021. The objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

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Charter Township of South Haven

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 118,792	118,792	\$ 168,197	\$ 49,405
Licenses and permits	87,700	128,200	136,230	8,030
Federal grants	-	209,000	5,967	(203,033)
State grants	357,500	406,600	428,405	21,805
Charges for services	10,800	19,570	24,709	5,139
Interest and rentals	6,048	3,714	3,098	(616)
Other	78,384	88,484	5,495	(82,989)
Total revenues	659,224	974,360	772,101	(202,259)
EXPENDITURES				
General government:				
Legislative	6,212	6,212	5,894	318
Supervisor	45,823	43,973	43,603	370
Elections	1,740	1,340	1,415	(75)
Assessor	41,432	31,842	34,094	(2,252)
Clerk	22,635	22,065	23,048	(983)
Board of review	2,449	2,449	1,586	863
Treasurer	24,717	25,347	25,492	(145)
Hall and grounds	46,850	54,250	77,110	(22,860)
Other	74,910	82,925	89,863	(6,938)
Total general government	266,768	270,403	302,105	(31,702)
Public safety:				
Police	102,911	93,911	100,886	(6,975)
Building inspections	35,000	74,850	86,763	(11,913)
Total public safety	137,911	168,761	187,649	(18,888)
Public works:				
Drains at large	1,000	12,232	12,232	-
Street lights	12,000	10,500	9,305	1,195
Transfer station	18,000	20,500	22,174	(1,674)
Evergreen bluff	-	-	3,570	(3,570)
Airport authority	24,471	24,371	24,370	1
Total public works	55,471	67,603	71,651	(4,048)

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	\$ 40,683	\$ 34,603	\$ 28,641	\$ 5,962
Debt service:				
Principal	23,040	23,040	23,051	(11)
Interest	3,106	3,106	3,106	-
Total expenditures	526,979	567,516	616,203	(48,687)
NET CHANGES IN FUND BALANCES	132,245	406,844	155,898	(250,946)
FUND BALANCES - BEGINNING	1,764,231	1,764,231	1,764,231	-
FUND BALANCES - ENDING	<u>\$ 1,896,476</u>	<u>\$ 2,171,075</u>	<u>\$ 1,920,129</u>	<u>\$ (250,946)</u>

BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 438,071	\$ 438,071	\$ 447,239	\$ 9,168
EXPENDITURES				
Public safety - fire protection	337,594	336,244	336,242	2
Health and welfare - ambulance	99,238	99,238	99,238	-
Total expenditures	<u>436,832</u>	<u>435,482</u>	<u>435,480</u>	<u>2</u>
NET CHANGES IN FUND BALANCES	1,239	2,589	11,759	9,170
FUND BALANCES - BEGINNING	<u>12,506</u>	<u>12,506</u>	<u>12,506</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 13,745</u>	<u>\$ 15,095</u>	<u>\$ 24,265</u>	<u>\$ 9,170</u>

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BUDGETARY COMPARISON SCHEDULE - Road Fund

Year ended December 31, 2021

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 242,375	\$ 242,375	\$ 246,372	\$ 3,997
EXPENDITURES				
Public works - road maintenance	240,000	223,731	198,211	25,520
NET CHANGES IN FUND BALANCES	2,375	18,644	48,161	29,517
FUND BALANCES - BEGINNING	62,695	62,695	62,695	-
FUND BALANCES - ENDING	<u>\$ 65,070</u>	<u>\$ 81,339</u>	<u>\$ 110,856</u>	<u>\$ 29,517</u>

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SUPPLEMENTARY INFORMATION

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Charter Township of South Haven

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2021

	<u>Special revenue funds</u>				<u>Debt service funds</u>		<u>Totals</u>
	<u>Police</u>	<u>Library</u>	<u>Recreation</u>	<u>Senior Services</u>	<u>Evergreen Bluff Debt</u>	<u>Water Debt</u>	
ASSETS							
Cash	\$ 26,709	\$ 22,084	\$ 24,321	\$ 8,817	\$ 29,256	\$ -	\$ 111,187
Receivables	97,816	166,161	33,387	66,341	66,295	119,885	549,885
Prepaid expenditures	-	23,287	-	9,297	-	-	32,584
Total assets	<u>\$ 124,525</u>	<u>\$ 211,532</u>	<u>\$ 57,708</u>	<u>\$ 84,455</u>	<u>\$ 95,551</u>	<u>\$ 119,885</u>	<u>\$ 693,656</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities - payables	\$ -	\$ -	\$ 3,105	\$ -	\$ -	\$ 14,342	\$ 17,447
Deferred inflows of resources:							
Property tax revenues levied for the subsequent year	124,525	211,532	42,502	84,455	-	-	463,014
Unavailable special assessments	-	-	-	-	51,143	63,574	114,717
Unavailable interest revenue	-	-	-	-	-	344	344
Total deferred inflows of resources	<u>124,525</u>	<u>211,532</u>	<u>42,502</u>	<u>84,455</u>	<u>51,143</u>	<u>63,918</u>	<u>578,075</u>
Fund balances:							
Restricted for:							
Recreation and culture	-	-	12,101	-	-	-	12,101
Debt service	-	-	-	-	44,408	41,625	86,033
Total fund balances	<u>-</u>	<u>-</u>	<u>12,101</u>	<u>-</u>	<u>44,408</u>	<u>41,625</u>	<u>98,134</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 124,525</u>	<u>\$ 211,532</u>	<u>\$ 57,708</u>	<u>\$ 84,455</u>	<u>\$ 95,551</u>	<u>\$ 119,885</u>	<u>\$ 693,656</u>

Charter Township of South Haven

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2021

	<u>Special revenue funds</u>				<u>Debt service funds</u>		<u>Totals</u>
	<u>Police</u>	<u>Library</u>	<u>Recreation</u>	<u>Senior Services</u>	<u>Evergreen Bluff Debt</u>	<u>Water Debt</u>	
REVENUES							
Property taxes	\$ 125,171	\$ 142,558	\$ 42,721	\$ 84,893	\$ -	\$ -	\$ 395,343
Interest	-	-	-	-	2,925	4,448	7,373
Other	-	-	-	-	17,048	21,742	38,790
Total revenues	<u>125,171</u>	<u>142,558</u>	<u>42,721</u>	<u>84,893</u>	<u>19,973</u>	<u>26,190</u>	<u>441,506</u>
EXPENDITURES							
Current:							
Public safety	125,171	-	-	-	-	-	125,171
Health and welfare	-	-	-	84,893	-	-	84,893
Recreation and culture	-	142,558	39,007	-	-	-	181,565
Debt service:							
Principal	-	-	22,750	-	21,000	20,000	63,750
Interest	-	-	-	-	3,708	6,588	10,296
Total expenditures	<u>125,171</u>	<u>142,558</u>	<u>61,757</u>	<u>84,893</u>	<u>24,708</u>	<u>26,588</u>	<u>465,675</u>
NET CHANGES IN FUND BALANCES	-	-	(19,036)	-	(4,735)	(398)	(24,169)
FUND BALANCES - BEGINNING	-	-	31,137	-	49,143	42,023	122,303
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,101</u>	<u>\$ -</u>	<u>\$ 44,408</u>	<u>\$ 41,625</u>	<u>\$ 98,134</u>