

Charter Township of South Haven
Van Buren County, Michigan

FINANCIAL STATEMENTS

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter Township of South Haven, 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 South Haven, 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, 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 with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the contents, 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 governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Siegfried Crandall P.C.

June 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of the Charter Township of South Haven's (the Township) operations over the fiscal year and its financial condition on December 31, 2022. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$233,338 as a result of this year's activities.
- Of the \$4,536,340 total net position reported, \$2,390,846 (53 percent) is available to be used to meet the Township's ongoing obligations to its citizens and customers, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the year was \$1,490,378, which represents 221 percent of the actual General Fund expenditures.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how government services, like general government, public safety, and public works, were financed in the short term, as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a custodian for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2022 and 2021 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets, liabilities and deferred inflows of resources) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present governmental activities. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain other revenues.

The Township has two kinds of funds:

- *Governmental funds.* The Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances and activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$4,536,340. Of this total, \$1,979,804 is invested in capital assets, \$161,692 is restricted for public works, and \$3,998 is restricted for recreation and culture. Consequently, unrestricted net position was \$2,390,846, or 53 percent of the total.

Condensed financial information
Net position

	Governmental activities	
	2022	2021
Current and other assets	\$ 5,076,854	\$ 4,616,118
Capital assets	<u>2,003,167</u>	<u>1,972,000</u>
Total assets	<u>7,080,021</u>	<u>6,588,118</u>
Current and other liabilities	565,010	434,782
Long-term debt	<u>516,449</u>	<u>619,588</u>
Total liabilities	<u>1,081,459</u>	<u>1,054,370</u>
Deferred inflows of resources	<u>1,462,222</u>	<u>1,230,746</u>
Net position:		
Net investment in capital assets	1,979,804	1,924,373
Restricted	165,690	147,222
Unrestricted	<u>2,390,846</u>	<u>2,231,407</u>
Total net position	<u>\$ 4,536,340</u>	<u>\$ 4,303,002</u>

Changes in net position

The Township's total revenues were \$2,002,048 in the current year. Approximately 62 percent of the total comes from property taxes, 23 percent from state shared revenue, and 11 percent from charges for services.

The total cost of the Township's programs was \$1,768,710. Approximately 19 percent of the Township's costs relates to the provision of general government services, 39 percent relates to public safety, and 15 percent is for public works.

*Condensed financial information
Changes in net position*

	<i>Governmental activities</i>	
	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 220,358	\$ 203,921
Operating grants and contributions	10,265	16,576
General revenues:		
Property taxes	1,249,527	1,194,320
State shared revenue	454,675	417,796
Franchise fees	56,565	56,657
Interest and other income	10,658	924
Total revenues	<u>2,002,048</u>	<u>1,890,194</u>
Expenses:		
General government	333,019	284,147
Public safety	689,790	649,062
Public works	264,594	269,913
Health and welfare	178,953	184,131
Community and economic development	30,601	28,641
Recreation and culture	239,638	162,399
Interest	32,115	37,210
Total expenses	<u>1,768,710</u>	<u>1,615,503</u>
Changes in net position	<u>\$ 233,338</u>	<u>\$ 274,691</u>
Net position, end of year	<u>\$ 4,536,340</u>	<u>\$ 4,303,002</u>

Governmental activities

Governmental activities increased the Township's net position by \$233,338 in the current year, compared to a \$274,691 increase in the prior year. Property taxes increased due to a millage rate increase for library services, which increased the related distributions to the South Haven Memorial Library.

Expenses for governmental activities this year were \$1,768,710. After subtracting the direct charges to those who directly benefited from the Township's programs (\$220,358) and operating grants (\$10,265), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,538,087 compared to \$1,395,006 last year, as a result of the changes in revenues and expenses described above.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,318,892, an increase of \$165,508. Of the total fund balances, 64 percent (\$1,490,378) is unassigned. The remainder of the fund balance consists of nonspendable and restricted amounts. The nonspendable portion includes \$583,571 advanced to the South Haven Area Water Sewer Authority; the restricted portion includes amounts restricted as to purpose (\$161,692 for public works, \$3,998 for recreation and culture, and \$79,253 for debt service).

The General Fund is the primary operating fund of the Township. At the end of 2022, the total fund balance was \$2,073,949, which includes the nonspendable portion of fund balance, as well as the unassigned fund balance discussed above. The fund balance increased in 2022 by \$153,820, as revenues of \$827,670 exceeded expenditures of \$673,850.

The Fire and Ambulance Fund, a special revenue fund, experienced a decrease in fund balance of \$24,265 as tax revenues (\$430,816) were exceeded by contractual expenditures (\$455,081). The fund had no remaining fund balance at year end.

The Road Fund, a special revenue fund, experienced an increase in fund balance of \$50,836 as tax revenues (\$245,698) exceeded contractual expenditures (\$194,862). The fund balance at year end amounted to \$161,692.

The Library Fund, a special revenue fund, does not carry a fund balance, as all tax revenues (\$212,279) are remitted to the library for contractual obligations.

The Utility Contracts Debt Service Fund does not carry a fund balance, as all special assessments collected are then remitted to the South Haven Area Water Sewer Authority for payment of debt service requirements.

General Fund budgetary highlights

The Township made amendments to the General Fund budgeted revenues and expenditures during the year to increase budgeted revenues by \$147,414 and increase budgeted expenditures by \$73,744. Actual revenues were \$146 more than budgeted, while expenditures were \$8,619 more than the amounts appropriated. Negative revenue variances relate to budgeted repayments from the South Haven Area Water Sewer Authority that were not recognized as income but as a reduction in receivables. The largest negative expenditure variance, where expenditures were \$4,529 more than budgeted, was associated with assessing and property description services that exceeded anticipated amounts. In total, these, and various other conditions, resulted in a \$8,473 negative budget variance with a \$153,820 increase in fund balance compared to a budgeted increase of \$162,293.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$2,003,167 (net of accumulated depreciation). This investment includes land, buildings, and equipment. The Township's net investment in capital assets increased by \$31,167 for the current year, as \$58,230 in asset acquisitions were offset by \$23,087 in current depreciation and \$3,976 in disposals.

The major capital asset additions during the current fiscal year included the following:

- Park improvements totaling \$37,242
- Township hall improvements (flooring and HVAC) totaling \$15,393
- Kyocera TASKalfa copier was purchased at a cost of \$5,595

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the fiscal year, the Township had total long-term debt outstanding of \$516,449, which represents \$347,086 in assessments being collected for the payment of four water and sewer bonds issued by the South Haven Area Water Sewer Authority (the Authority) and related customer contracts, \$80,000 in bonds payable for a water system extension, \$23,363 due on a note used to finance a portion of a 2008 park land acquisition, and \$66,000 in bonds payable for road improvements.

The Township pays amounts collected on assessments to the Authority. The Authority then makes bond payments when due. The Township is contingently liable for \$4,416,804 of outstanding water and sewer system bonds payable in excess of the amounts due from collections of current special assessments and contracts on properties within the Township. The Township has pledged its full faith and credit toward the total amount of the debt and anticipates that future assessments, combined with other customer charges, will cover the contract liabilities. Cumulatively, the Township has advanced \$765,528 to cover required debt service payments in excess of amounts available to the Authority. No advances were required during 2022.

More detailed information about the Township's long-term debt is presented in Note 7 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Certain costs, for example, police and fire protection services, are expected to increase slightly in 2023. The Township plans to maintain all ongoing programs for 2023 at similar levels.

Revenues and expenditures in most of the other governmental funds are approximately equal each year. These funds record approved tax levies for specific purposes, including police, fire and ambulance, roads, recreation, seniors, library, and debt service costs, which are paid to the appropriate entities annually.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Charles R. Stein, Jr., Township Supervisor
Charter Township of South Haven
09761 Blue Star Memorial Highway
South Haven, MI 49090

Phone: (269) 637-3305

BASIC FINANCIAL STATEMENTS

Charter Township of South Haven**STATEMENT OF NET POSITION***December 31, 2022*

	<i>Governmental activities</i>
ASSETS	
Current assets:	
Cash	\$ 2,321,480
Receivables	1,344,717
Prepaid expenses	<u>53,699</u>
Total current assets	<u>3,719,896</u>
Noncurrent assets:	
Receivables	1,356,958
Capital assets not being depreciated - land	1,895,430
Capital assets, net of accumulated depreciation	<u>107,737</u>
Total noncurrent assets	<u>3,360,125</u>
Total assets	<u>7,080,021</u>
LIABILITIES	
Current liabilities:	
Payables	146,232
Unearned federal grant revenue	418,778
Current portion of long-term debt	<u>118,707</u>
Total current liabilities	683,717
Noncurrent liabilities - noncurrent portion of long-term debt	<u>397,742</u>
Total liabilities	<u>1,081,459</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenues levied for the subsequent year	<u>1,462,222</u>
NET POSITION	
Net investment in capital assets	1,979,804
Restricted for:	
Public works	161,692
Recreation and culture	3,998
Unrestricted	<u>2,390,846</u>
Total net position	<u><u>\$ 4,536,340</u></u>

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Functions/Programs	Expenses	Program revenues		Net (expenses) revenues and change in net position
		Charges for services	Operating grants and contributions	
Governmental activities:				
General government	\$ 333,019	\$ 86,283	\$ -	\$ (246,736)
Public safety	689,790	84,759	4,583	(600,448)
Public works	264,594	2,342	5,682	(256,570)
Health and welfare	178,953	-	-	(178,953)
Community and economic development	30,601	15,862	-	(14,739)
Recreation and culture	239,638	-	-	(239,638)
Interest on long-term debt	32,115	31,112	-	(1,003)
Total governmental activities	\$ 1,768,710	\$ 220,358	\$ 10,265	(1,538,087)
General revenues:				
Property taxes:				
Operating				108,656
Fire and ambulance				430,816
Roads				245,698
Police				124,815
Library				212,279
Recreation				42,601
Senior services				84,662
State shared revenue				454,675
Franchise fees				56,565
Unrestricted interest				10,658
Total general revenues				1,771,425
Change in net position				233,338
Net position - beginning				4,303,002
Net position - ending				\$ 4,536,340

See notes to financial statements

BALANCE SHEET - governmental funds

December 31, 2022

	<u>General</u>	<u>Special revenue funds</u>			<u>Utility Contracts Debt Service</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
		<u>Fire and Ambulance</u>	<u>Road</u>	<u>Library</u>			
ASSETS							
Cash	\$ 1,798,346	\$ 133,517	\$ 237,892	\$ 37,642	\$ 2,622	\$ 111,461	\$ 2,321,480
Receivables	1,143,419	375,070	198,196	165,799	396,493	422,698	2,701,675
Prepaid expenditures	-	-	-	19,424	-	16,013	35,437
Total assets	<u>\$ 2,941,765</u>	<u>\$ 508,587</u>	<u>\$ 436,088</u>	<u>\$ 222,865</u>	<u>\$ 399,115</u>	<u>\$ 550,172</u>	<u>\$ 5,058,592</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Payables	\$ 43,418	\$ -	\$ 7,984	\$ -	\$ 50,170	\$ 21,258	\$ 122,830
Unearned federal grant revenue	418,778	-	-	-	-	-	418,778
Total liabilities	<u>462,196</u>	<u>-</u>	<u>7,984</u>	<u>-</u>	<u>50,170</u>	<u>21,258</u>	<u>541,608</u>
Deferred inflows of resources:							
Property tax revenues levied for the subsequent year	98,050	508,587	266,412	222,865	-	366,308	1,462,222
Unavailable special assessments	43,581	-	-	-	347,086	79,112	469,779
Unavailable interest revenue	263,989	-	-	-	1,859	243	266,091
Total deferred inflows of resources	<u>405,620</u>	<u>508,587</u>	<u>266,412</u>	<u>222,865</u>	<u>348,945</u>	<u>445,663</u>	<u>2,198,092</u>
Fund balances:							
Nonspendable - advance to water and sewer joint venture	583,571	-	-	-	-	-	583,571
Restricted for:							
Public works	-	-	161,692	-	-	-	161,692
Recreation and culture	-	-	-	-	-	3,998	3,998
Debt service	-	-	-	-	-	79,253	79,253
Unassigned	1,490,378	-	-	-	-	-	1,490,378
Total fund balances	<u>2,073,949</u>	<u>-</u>	<u>161,692</u>	<u>-</u>	<u>-</u>	<u>83,251</u>	<u>2,318,892</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,941,765</u>	<u>\$ 508,587</u>	<u>\$ 436,088</u>	<u>\$ 222,865</u>	<u>\$ 399,115</u>	<u>\$ 550,172</u>	<u>\$ 5,058,592</u>

BALANCE SHEET - governmental funds (Continued)

December 31, 2022

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds (page 13)	\$ 2,318,892
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Amounts reported for *governmental activities* in the statement of net position (page 11) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	2,003,167
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Interest receivable is not available to pay for current period expenditures and, therefore, is deferred in the funds.	266,091
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Special assessments receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	469,779
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Prepaid items are not a current financial resource and, therefore, are not recognized in the funds.	18,262
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Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.	(23,402)
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Long-term liabilities, including contracts, notes, and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(516,449)</u>
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Net position of <i>governmental activities</i>	<u>\$ 4,536,340</u>
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended December 31, 2022

		Special revenue funds			Utility		Total
	General	Fire and Ambulance	Road	Library	Contracts Debt Service	Nonmajor funds	governmental funds
REVENUES							
Property taxes	\$ 185,319	\$ 430,816	\$ 245,698	\$ 212,279	\$ -	\$ 252,078	\$ 1,326,190
Licenses and permits	139,531	-	-	-	-	-	139,531
State grants	464,940	-	-	-	-	-	464,940
Charges for services	17,655	-	-	-	-	-	17,655
Interest and rentals	14,777	-	-	-	24,451	7,121	46,349
Other	5,448	-	-	-	58,380	35,605	99,433
Total revenues	827,670	430,816	245,698	212,279	82,831	294,804	2,094,098
EXPENDITURES							
Current:							
General government	341,206	-	-	-	-	-	341,206
Public safety	204,185	360,790	-	-	-	124,815	689,790
Public works	71,724	-	194,862	-	-	-	266,586
Health and welfare	-	94,291	-	-	-	84,662	178,953
Community and economic development	30,601	-	-	-	-	-	30,601
Recreation and culture	-	-	-	212,279	-	50,704	262,983
Debt service:							
Principal	24,264	-	-	-	58,380	41,000	123,644
Interest	1,870	-	-	-	24,451	8,506	34,827
Total expenditures	673,850	455,081	194,862	212,279	82,831	309,687	1,928,590
NET CHANGES IN FUND BALANCES	153,820	(24,265)	50,836	-	-	(14,883)	165,508
FUND BALANCES - BEGINNING	1,920,129	24,265	110,856	-	-	98,134	2,153,384
FUND BALANCES - ENDING	\$ 2,073,949	\$ -	\$ 161,692	\$ -	\$ -	\$ 83,251	\$ 2,318,892

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds (Continued)

Year ended December 31, 2022

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 15) \$ 165,508

Amounts reported for *governmental activities* in the statement of activities (page 12) are different because:

Capital assets:

Assets acquired	58,230
Provision for depreciation	(23,087)
Basis of assets disposed	(3,976)

Long-term debt:

Increase in contracts payable	(20,505)
Principal reductions	123,644

Changes in deferred inflows of resources:

Net decrease in unavailable special assessments	(79,080)
Net increase in unavailable interest revenue	7,535

Changes in other assets/liabilities:

Net increase in prepaids	2,357
Net decrease in interest payable	<u>2,712</u>

Change in net position of *governmental activities* \$ 233,338

STATEMENT OF FIDUCIARY NET POSTION - *custodial funds*

December 31, 2022

	<u><i>Tax</i></u>	<u><i>General Custodial</i></u>
ASSETS		
Cash	\$ 319,672	\$ 3,224
LIABILITIES		
Due to other governments	319,672	3,224
NET POSITION		
Restricted for individuals and other governments	\$ -	\$ -

See notes to financial statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - *custodial funds*

Year ended December 31, 2022

	<u><i>Tax</i></u>	<u><i>General Custodial</i></u>
ADDITIONS		
Property taxes collected for other governments	\$ 6,151,749	\$ 5,610
DEDUCTIONS		
Property taxes distributed to other governments	<u>6,151,749</u>	<u>5,610</u>
CHANGE IN FIDUCIARY NET POSITION	-	-
NET POSITION - BEGINNING	<u>-</u>	<u>-</u>
NET POSTION - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of South Haven, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present only the Township (located in Van Buren County), as management has determined that there are no other entities for which the Township is financially accountable.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property 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 the fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds 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 if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, 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 assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable only when cash is received by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from state shared revenue and property taxes.

The Fire and Ambulance Fund, a special revenue fund, accounts for the operating contributions made to the joint venture described in Note 9. Revenues are primarily derived from property taxes.

The Road Fund, a special revenue fund, accounts for financial resources used for road maintenance projects in the Township. Revenues are primarily derived from property taxes.

The Library Fund, a special revenue fund, accounts for financial resources used for library resources in the Township. Revenues are primarily derived from property taxes.

The Utility Contracts Debt Service Fund, a debt service fund, accounts for the issuance and payment of debt for water and sewer improvements. Revenues are primarily derived from special assessments.

Additionally, the Township reports the following fund types:

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The debt service funds accounts for the issuance and payment of debt related to certain projects that benefit the Townships constituents. Revenues are primarily derived from special assessments.

The Township also reports custodial funds, the Tax Collection Fund, and the General Custodial Fund, which account for assets held by the Township in a fiduciary capacity for other governments.

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 property taxes.

Assets, liabilities, deferred inflows of resources, and equity:

Cash - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables - No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

Prepays - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Assets, liabilities, deferred inflows of resources, and equity (continued):*

Capital assets - Capital assets, which include land and improvements, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 5 years

Unearned revenue - Unearned revenue represents resources related to operating assessments and a federal grant which have not yet been earned, due to performance of service.

Deferred inflows of resources - The statement of net position and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has three items that are included in this category: property taxes, special assessments, and interest revenues. Property tax revenue, which is levied to finance the following year's budget, is deferred and recognized as an inflow of resources in the period that it was intended to finance. Special assessments and interest revenues, which are recognized as they become available (collected within 60 days after the end of the Township's fiscal year), are deferred and recognized as an inflow of resources in the period that they become available.

Net position - Net position represents the difference between assets, liabilities, deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets, and increases by balances of resources related to those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

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

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township's policy to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, liabilities, deferred inflows of resources, and equity (continued):

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. Although the Township's 2021 ad valorem tax is levied and collectible on December 1, 2021, it is the Township's policy to recognize revenue from that tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth reportable budget variances:

<i>Fund</i>	<i>Function</i>	<i>Activity</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance</i>
General	General government	Supervisor	\$ 49,707	\$ 49,869	\$ 162
		Assessor	29,686	34,215	4,529
		Clerk	31,129	31,288	159
		Board of review	2,238	2,278	40
		Treasurer	27,882	27,886	4
		Other	107,579	108,415	836
		Police protection	111,557	112,545	988
Fire and Ambulance	Public safety	Building inspections	85,457	87,333	1,876
		Planning and zoning	29,477	30,601	1,124
		Fire protection	353,160	360,790	7,630
		Recreation	42,947	50,704	7,757

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH

The Township's cash balances at December 31, 2022, were as follows:

	<i>Governmental activities</i>	<i>Fiduciary activities</i>	<i>Total</i>
Cash	\$ 2,321,480	\$ 322,896	\$ 2,644,376

Deposits - Deposits are maintained at various financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2022, \$2,116,686 of the Township's bank balances of \$2,530,125 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2022, for the Township's individual major and nonmajor funds, in the aggregate, all of which are considered fully collectible, were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Interest</i>	<i>Totals</i>
General	\$ 22,103	\$ 72,944	\$ 47,864	\$ 736,519	\$ 263,989	\$ 1,143,419
Fire and Ambulance	-	375,070	-	-	-	375,070
Road	-	198,196	-	-	-	198,196
Library	-	165,799	-	-	-	165,799
Utility Contracts Debt Service	-	-	373,020	-	23,473	396,493
Nonmajor	-	272,513	105,941	39,619	4,625	422,698
Totals	\$ 22,103	\$ 1,084,522	\$ 526,825	\$ 776,138	\$ 292,087	\$ 2,701,675
Noncurrent portion	\$ -	\$ -	\$ 469,779	\$ 623,190	\$ 263,989	\$ 1,356,958

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 1,836,843	\$ -	\$ -	\$ 1,836,843
Construction in progress	<u>21,345</u>	<u>37,242</u>	<u>-</u>	<u>58,587</u>
Total capital assets not being depreciated	<u>1,858,188</u>	<u>37,242</u>	<u>-</u>	<u>1,895,430</u>
Capital assets being depreciated:				
Land improvements	130,967	-	-	130,967
Buildings and improvements	259,330	11,051	-	270,381
Equipment	<u>92,139</u>	<u>9,937</u>	<u>(19,671)</u>	<u>82,405</u>
Subtotal	<u>482,436</u>	<u>20,988</u>	<u>(19,671)</u>	<u>483,753</u>
Less accumulated depreciation for:				
Land improvements	(91,401)	(17,417)	-	(108,818)
Buildings and improvements	(189,420)	(4,503)	-	(193,923)
Equipment	<u>(87,803)</u>	<u>(1,167)</u>	<u>15,695</u>	<u>(73,275)</u>
Subtotal	<u>(368,624)</u>	<u>(23,087)</u>	<u>15,695</u>	<u>(376,016)</u>
Total capital assets being depreciated, net	<u>113,812</u>	<u>(2,099)</u>	<u>(3,976)</u>	<u>107,737</u>
Governmental activities capital assets, net	<u>\$ 1,972,000</u>	<u>\$ 35,143</u>	<u>\$ (3,976)</u>	<u>\$ 2,003,167</u>

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

Governmental activities:	
General government	\$ 9,190
Recreation and culture	<u>13,897</u>
Total	<u>\$ 23,087</u>

NOTE 6 - PAYABLES

Payables as of December 31, 2022, for the Township's individual major and nonmajor funds, in the aggregate, were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 23,186	\$ 20,232	\$ 43,418
Road	-	7,984	7,984
Utility Contracts Debt Service	-	50,170	50,170
Nonmajor	-	21,258	21,258
Totals	<u>\$ 23,186</u>	<u>\$ 99,644</u>	<u>\$ 122,830</u>

NOTE 7 - LONG-TERM DEBT

Long-term debt at December 31, 2022, 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% \$ 23,363

Contracts payable:

\$1,418,028 1998 Water and sewer assessments, due to Van Buren County in annual installments through 2023; interest at approximately 5.8% 1,361

\$1,175,297 2000 Water and sewer assessments, due to Van Buren County in annual installments through 2023; interest at approximately 6.3% 4,193

\$532,940 Contracts payable, due to South Haven Area Water Sewer Authority in various annual installments; interest at approximately 6.0% 341,532

Total contracts payable 347,086

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% 80,000

\$150,000 2018 Special assessment bonds, due in annual installments of \$21,000 to \$24,000 through 2025; interest at approximately 3.29% 66,000

Total bonds payable 146,000

Total long-term debt \$ 516,449

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended December 31, 2022, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Note payable - 2008	\$ 47,627	\$ -	\$ (24,264)	\$ 23,363	\$ 23,363
Contracts payable - 1998	1,889	-	(528)	1,361	1,361
Contracts payable - 2000	4,680	-	(487)	4,193	4,193
Contracts payable - Unbonded	378,392	20,505	(57,365)	341,532	48,790
Bonds payable - 2006	100,000	-	(20,000)	80,000	20,000
Bonds payable - 2018	<u>87,000</u>	<u>-</u>	<u>(21,000)</u>	<u>66,000</u>	<u>21,000</u>
Total long-term debt	<u>\$ 619,588</u>	<u>\$ 20,505</u>	<u>\$ (123,644)</u>	<u>\$ 516,449</u>	<u>\$ 118,707</u>

Debt service requirements at December 31, 2022, were as follows:

	<i>Principal</i>	<i>Interest</i>
Year ended December 31:		
2023	\$ 118,707	\$ 29,130
2024	89,790	23,255
2025	92,790	18,279
2026	68,790	13,648
2027	48,790	9,413
2028 - 2029	<u>97,582</u>	<u>9,413</u>
Totals	<u>\$ 516,449</u>	<u>\$ 103,138</u>

All outstanding debt of the 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 \$4,416,804 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 2021 taxable valuation of the Township approximated \$171,778,000, 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, 1.2310 mills for library services, 0.4916 mills for senior services, and 0.2474 mills for recreation activities, and 1.4265 mills for road maintenance raising approximately \$93,000 for operating purposes, \$125,000 for police, \$431,000 for fire and ambulance services, \$212,000 for library services, \$85,000 for senior services, \$43,000 for recreation activities and \$246,000 for road maintenance. These amounts are recognized in the respective fund financial statements as property tax revenue.

The 2022 taxable valuation of the Township approximated \$181,197,000, on which ad valorem taxes levied consisted of 0.5337 mills for operating purposes, 0.7500 mills for police, 2.900 mills for fire and ambulance services, .9752 mills for library services, 1.0000 mills for senior services, 0.2438 mills for recreation activities, and 1.4500 mills for road maintenance raising approximately \$98,000 for operating purposes, \$138,000 for police, \$509,000 for fire and ambulance services, \$223,000 for library services, \$184,000 for senior services, \$45,000 for recreation activities, and \$266,000 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 \$255,713 through December 31, 2022. The Township anticipates continued reimbursement in the coming years, including \$261,600 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 \$362,905 for services provided by the Emergency Authority in 2022.

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, 2022, the Township contributed \$28,353 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, 2022, the Township and eligible employees made contributions of \$6,252 and \$ -0-, respectively. At December 31, 2022, the Township reported a \$168 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, 2022, is as follows:

Accumulated excess, beginning of year	\$ <u>-</u>
Revenues	82,966
Expenses	<u>(87,333)</u>
Deficiency of revenues over expenses	<u>(4,367)</u>
Accumulated excess, end of year	\$ <u><u>-</u></u>

NOTE 13 - PENDING ACCOUNTING PRONOUNCEMENT

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

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 118,118	117,916	\$ 185,319	\$ 67,403
Licenses and permits	83,000	137,640	139,531	1,891
State grants	384,227	461,992	464,940	2,948
Charges for services	15,900	15,670	17,655	1,985
Interest and rentals	3,417	7,344	14,777	7,433
Other	75,448	86,962	5,448	(81,514)
Total revenues	680,110	827,524	827,670	146
EXPENDITURES				
General government:				
Legislative	6,367	6,367	6,323	44
Supervisor	51,367	49,707	49,869	(162)
Elections	7,050	14,677	14,677	-
Assessor	45,157	29,686	34,215	(4,529)
Clerk	27,724	31,129	31,288	(159)
Board of review	2,016	2,238	2,278	(40)
Treasurer	27,675	27,882	27,886	(4)
Hall and grounds	65,600	67,044	66,255	789
Other	84,900	107,579	108,415	(836)
Total general government	317,856	336,309	341,206	(4,897)
Public safety:				
Police	111,557	111,557	112,545	(988)
Fire protection	-	4,307	4,307	-
Building inspections	47,000	85,457	87,333	(1,876)
Total public safety	158,557	201,321	204,185	(2,864)
Public works:				
Drains at large	-	12,212	12,212	-
Street lights	8,600	10,036	9,948	88
Transfer station	20,000	21,388	21,211	177
Airport authority	25,000	28,353	28,353	-
Total public works	53,600	71,989	71,724	265

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2022

	<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	\$ 35,328	\$ 29,477	\$ 30,601	\$ (1,124)
Debt service:				
Principal	24,276	24,265	24,264	1
Interest	1,870	1,870	1,870	-
Total expenditures	591,487	665,231	673,850	(8,619)
NET CHANGES IN FUND BALANCES	88,623	162,293	153,820	(8,473)
FUND BALANCES - BEGINNING	1,920,129	1,920,129	1,920,129	-
FUND BALANCES - ENDING	<u>\$ 2,008,752</u>	<u>\$ 2,082,422</u>	<u>\$ 2,073,949</u>	<u>\$ (8,473)</u>

BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 451,341	\$ 451,341	\$ 430,816	\$ (20,525)
EXPENDITURES				
Public safety - fire protection	353,160	353,160	360,790	(7,630)
Health and welfare - ambulance	94,291	94,291	94,291	-
Total expenditures	447,451	447,451	455,081	(7,630)
NET CHANGES IN FUND BALANCES	3,890	3,890	(24,265)	(28,155)
FUND BALANCES - BEGINNING	24,265	24,265	24,265	-
FUND BALANCES - ENDING	\$ 28,155	\$ 28,155	\$ -	\$ (28,155)

*Charter Township of South Haven***BUDGETARY COMPARISON SCHEDULE - Road Fund***Year ended December 31, 2022*

	<i><u>Original budget</u></i>	<i><u>Final budget</u></i>	<i><u>Actual</u></i>	<i><u>Variance with final budget positive (negative)</u></i>
REVENUES				
Property taxes	\$ 247,630	\$ 247,630	\$ 245,698	\$ (1,932)
EXPENDITURES				
Public works - road maintenance	247,630	247,630	194,862	52,768
NET CHANGES IN FUND BALANCES	-	-	50,836	50,836
FUND BALANCES - BEGINNING	110,856	110,856	110,856	-
FUND BALANCES - ENDING	<u>\$ 110,856</u>	<u>\$ 110,856</u>	<u>\$ 161,692</u>	<u>\$ 50,836</u>

BUDGETARY COMPARISON SCHEDULE - Library Fund

Year ended December 31, 2022

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
REVENUES				
Property taxes	\$ 213,692	\$ 213,692	\$ 212,279	\$ (1,413)
EXPENDITURES				
Recreation and culture - Library	213,692	213,692	212,279	1,413
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

Charter Township of South Haven

COMBINING BALANCE SHEET - nonmajor governmental funds

December 31, 2022

	<u>Special revenue funds</u>			<u>Debt service funds</u>		
				<u>Evergreen</u>		
	<u>Police</u>	<u>Recreation</u>	<u>Senior Services</u>	<u>Bluff Debt</u>	<u>Water Debt</u>	<u>Totals</u>
ASSETS						
Cash	\$ 35,283	\$ 15,465	\$ 31,032	\$ 29,681	\$ -	\$ 111,461
Receivables	102,511	33,316	136,686	44,048	106,137	422,698
Prepaid expenditures	-	-	16,013	-	-	16,013
Total assets	<u>\$ 137,794</u>	<u>\$ 48,781</u>	<u>\$ 183,731</u>	<u>\$ 73,729</u>	<u>\$ 106,137</u>	<u>\$ 550,172</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities - payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,258</u>	<u>\$ 21,258</u>
Deferred inflows of resources:						
Property tax revenues levied for the subsequent year	137,794	44,783	183,731	-	-	366,308
Unavailable special assessments	-	-	-	34,095	45,017	79,112
Unavailable interest revenue	-	-	-	-	243	243
Total deferred inflows of resources	<u>137,794</u>	<u>44,783</u>	<u>183,731</u>	<u>34,095</u>	<u>45,260</u>	<u>445,663</u>
Fund balances:						
Restricted for:						
Recreation and culture	-	3,998	-	-	-	3,998
Debt service	-	-	-	39,634	39,619	79,253
Total fund balances	<u>-</u>	<u>3,998</u>	<u>-</u>	<u>39,634</u>	<u>39,619</u>	<u>83,251</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 137,794</u>	<u>\$ 48,781</u>	<u>\$ 183,731</u>	<u>\$ 73,729</u>	<u>\$ 106,137</u>	<u>\$ 550,172</u>

Charter Township of South Haven

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

Year ended December 31, 2022

	<i>Special revenue funds</i>			<i>Debt service funds</i>		
			<i>Senior</i>	<i>Evergreen</i>	<i>Water</i>	
	<i>Police</i>	<i>Recreation</i>	<i>Services</i>	<i>Bluff</i>	<i>Debt</i>	<i>Totals</i>
				<i>Debt</i>		
REVENUES						
Property taxes	\$ 124,815	\$ 42,601	\$ 84,662	\$ -	\$ -	\$ 252,078
Interest	-	-	-	2,194	4,927	7,121
Other	-	-	-	17,048	18,557	35,605
Total revenues	<u>124,815</u>	<u>42,601</u>	<u>84,662</u>	<u>19,242</u>	<u>23,484</u>	<u>294,804</u>
EXPENDITURES						
Current:						
Public safety	124,815	-	-	-	-	124,815
Health and welfare	-	-	84,662	-	-	84,662
Recreation and culture	-	50,704	-	-	-	50,704
Debt service:						
Principal	-	-	-	21,000	20,000	41,000
Interest	-	-	-	3,016	5,490	8,506
Total expenditures	<u>124,815</u>	<u>50,704</u>	<u>84,662</u>	<u>24,016</u>	<u>25,490</u>	<u>309,687</u>
NET CHANGES IN FUND BALANCES	-	(8,103)	-	(4,774)	(2,006)	(14,883)
FUND BALANCES - BEGINNING	<u>-</u>	<u>12,101</u>	<u>-</u>	<u>44,408</u>	<u>41,625</u>	<u>98,134</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 3,998</u>	<u>\$ -</u>	<u>\$ 39,634</u>	<u>\$ 39,619</u>	<u>\$ 83,251</u>