
Township of Hamburg

Livingston County, Michigan

Financial Report
with Supplemental Information
June 30, 2022

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Independent Auditor's Report

To the Board of Trustees
Township of Hamburg

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Hamburg (the "Township") as of and for the year ended June 30, 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, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of June 30, 2022 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Library Fund, which represents 11.1 percent, 16.4 percent, and 8.3 percent of the assets, fund balances, and revenue, respectively, of the governmental funds. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library Fund, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 12 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 GAAS 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.

To the Board of Trustees
Township of Hamburg

In performing an audit in accordance with GAAS, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, and required supplemental information, as described in the table of 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, which 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 supplemental 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.

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

Plante & Moreau, PLLC

October 17, 2022

As management of the Township of Hamburg (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2022. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2022:

- State-shared revenue, our largest revenue source other than property taxes, experienced an increase in fiscal year 2021-2022. The Township received over \$200,000 of additional state-shared revenue in 2022 compared to 2021. The Township remains proactive in monitoring spending to ensure that it adds to net position for funding during potential future declines in the economy.
- Since fiscal year 2009-2010, the Township has been able to earmark approximately \$700,000 for future maintenance, vehicle, equipment, and flood prevention expenditures.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

The Township as a Whole

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$58,670,166 at the close of the most recent fiscal year.

Township of Hamburg

Management's Discussion and Analysis (Continued)

The Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 20,270,158	\$ 18,594,358	\$ 7,239,344	\$ 7,402,200	\$ 27,509,502	\$ 25,996,558
Capital assets	20,101,624	18,330,893	24,848,011	25,343,598	44,949,635	43,674,491
Total assets	40,371,782	36,925,251	32,087,355	32,745,798	72,459,137	69,671,049
Deferred Outflows of Resources	937,054	991,639	-	-	937,054	991,639
Liabilities						
Current liabilities	3,360,181	1,170,689	393,169	186,896	3,753,350	1,357,585
Noncurrent liabilities	6,496,664	7,185,629	3,918,518	4,656,599	10,415,182	11,842,228
Total liabilities	9,856,845	8,356,318	4,311,687	4,843,495	14,168,532	13,199,813
Deferred Inflows of Resources	557,493	365,352	-	-	557,493	365,352
Net Position						
Net investment in capital assets	15,574,662	13,376,278	20,954,407	20,730,328	36,529,069	34,106,606
Restricted	11,255,002	12,160,219	6,242,949	6,125,245	17,497,951	18,285,464
Unrestricted	4,064,834	3,658,723	578,312	1,046,730	4,643,146	4,705,453
Total net position	\$ 30,894,498	\$ 29,195,220	\$ 27,775,668	\$ 27,902,303	\$ 58,670,166	\$ 57,097,523

The Township's combined net position increased by approximately 3 percent from a year ago to \$58.7 million. The governmental activities net position is approximately \$30.9 million, up from \$29.2 million at June 30, 2021. The net position of the business-type activities (i.e., the Sewer Fund) is approximately \$27.8 million, a slight decrease from a year ago.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, is approximately \$4.1 million for the governmental activities, which is an increase of 11.1 percent from June 30, 2021. Unrestricted net position for the business-type activities is approximately \$0.6 million, which is a decrease from the June 30, 2021 amount.

Township of Hamburg

Management's Discussion and Analysis (Continued)

The following table shows the changes in net position during 2022 and 2021:

The Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$ 806,128	\$ 790,607	\$ 2,438,208	\$ 2,366,473	\$ 3,244,336	\$ 3,157,080
Operating grants	149,167	548,390	-	-	149,167	548,390
Capital grants	278,901	3,936,686	474,570	342,226	753,471	4,278,912
General revenue:						
Property taxes	7,824,836	7,579,286	-	-	7,824,836	7,579,286
State-shared revenue and grants	2,346,498	2,146,365	-	-	2,346,498	2,146,365
Investment earnings	38,215	13,630	25,482	28,301	63,697	41,931
Other revenue:						
Cable franchise fees	341,152	336,477	-	-	341,152	336,477
Proceeds from sale of capital assets	44,770	16,062	-	-	44,770	16,062
Other miscellaneous income	36,024	36,804	-	-	36,024	36,804
Total revenue	11,865,691	15,404,307	2,938,260	2,737,000	14,803,951	18,141,307
Expenses						
General government	1,766,435	3,478,362	-	-	1,766,435	3,478,362
Public safety	5,849,609	5,259,043	-	-	5,849,609	5,259,043
Public works	2,024,664	452,366	-	-	2,024,664	452,366
Recreation and culture	415,719	428,864	-	-	415,719	428,864
Debt service	109,986	114,565	-	-	109,986	114,565
Sewer	-	-	3,064,895	2,758,882	3,064,895	2,758,882
Total expenses	10,166,413	9,733,200	3,064,895	2,758,882	13,231,308	12,492,082
Change in Net Position	1,699,278	5,671,107	(126,635)	(21,882)	1,572,643	5,649,225
Net Position - Beginning of year	29,195,220	23,524,113	27,902,303	27,924,185	57,097,523	51,448,298
Net Position - End of year	\$ 30,894,498	\$ 29,195,220	\$ 27,775,668	\$ 27,902,303	\$ 58,670,166	\$ 57,097,523

Governmental Activities

The Township's total governmental activities revenue totaled approximately \$11.9 million, with state-shared revenue and grants representing \$2.3 million, or nearly 20 percent. The State's possible future financial situation will continue to be monitored during the upcoming year.

Capital grant revenue decreased significantly in 2022 due to the special assessments levied in the prior fiscal year.

Expenses for the fiscal year were approximately \$10.2 million. The Township has closely monitored its spending in all areas. There was an increase in net position of approximately \$1.7 million from 2021 to 2022.

Business-type Activities

The Township's business-type activities consist of the Sewer Fund. We provide sewage treatment through a township-owned and operated sewage treatment plant, as well as through the use of a plant owned and operated by a neighboring community.

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The township board creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2021-2022 include the General Fund, the Police Special Revenue Fund, the Fire Special Revenue Fund, the 2020 Road Fund, the Water System Debt Service Fund, and the Road Fund.

The General Fund pays for most of the Township's governmental services. The most significant is police, which depended on the General Fund for \$250,000 for the year ended June 30, 2022. In August 2018, a new millage was passed by the voters for the Police Special Revenue Fund. This millage provides funding for the Police Special Revenue Fund, reducing future support from the General Fund. Both the police and fire services are supported by separate police and fire millages, which are recorded in the Police Special Revenue Fund and the Fire Special Revenue Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to consider events during the year. However, no significant changes to the budget were made.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the Township had approximately \$44.9 million invested in a broad range of capital assets, net of depreciation, including buildings, police and fire equipment, and sewer lines.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for next year will need to be watched very closely once again, especially relating to the General Fund. Despite recent increases in revenue sharing, the pandemic remains a concern for the State; therefore, the economy will need to be monitored closely in order to determine if expenditures in the upcoming fiscal year need to be adjusted.

Requests for Further Information

This financial report is intended to provide a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the township clerk's office at (810) 231-1000.

Township of Hamburg

Statement of Net Position

June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 2)	\$ 14,947,896	\$ 180,486	\$ 15,128,382
Receivables:			
Customers and other	102,762	628,728	731,490
Accrued interest receivable	12,948	15,782	28,730
Due from other governments	430,552	-	430,552
Special assessments receivable (Note 9)	3,076,933	229,421	3,306,354
Internal balances	(14,649)	14,649	-
Inventory	-	145,174	145,174
Prepaid expenses and other assets	185,582	-	185,582
Other current assets	-	11,576	11,576
Cash restricted for capital and debt (Note 9)	1,483,024	4,824,130	6,307,154
Land held for resale	45,110	-	45,110
Capital assets: (Note 4)			
Assets not subject to depreciation	1,470,108	1,662,217	3,132,325
Assets subject to depreciation	18,631,516	23,185,794	41,817,310
Restricted assets (Note 9)	-	1,189,398	1,189,398
Total assets	40,371,782	32,087,355	72,459,137
Deferred Outflows of Resources - Deferred outflows related to pensions (Note 8)	937,054	-	937,054
Liabilities			
Accounts payable	393,136	305,113	698,249
Due to other governmental units	20,321	-	20,321
Performance bonds payable	133,075	-	133,075
Accrued liabilities and other	520,774	88,056	608,830
Unearned revenue	2,292,875	-	2,292,875
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 5)	339,071	12,457	351,528
Current portion of long-term debt (Note 5)	561,113	705,816	1,266,929
Due in more than one year:			
Compensated absences (Note 5)	378,776	12,457	391,233
Net pension liability (Note 8)	1,251,855	-	1,251,855
Long-term debt (Note 5)	3,965,849	3,187,788	7,153,637
Total liabilities	9,856,845	4,311,687	14,168,532
Deferred Inflows of Resources - Deferred inflows related to pensions (Note 8)	557,493	-	557,493
Net Position			
Net investment in capital assets	15,574,662	20,954,407	36,529,069
Restricted:			
Roads	5,024,350	-	5,024,350
Debt service	557,644	-	557,644
Capital projects and debt service	292,341	6,242,949	6,535,290
Police and fire operations	2,317,943	-	2,317,943
Parks and recreation	787,936	-	787,936
Cemetery expenditures	7,673	-	7,673
Library	2,267,115	-	2,267,115
Unrestricted	4,064,834	578,312	4,643,146
Total net position	\$ 30,894,498	\$ 27,775,668	\$ 58,670,166

Township of Hamburg

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,766,435	\$ 614,470	\$ 98,018	\$ -
Public safety	5,849,609	41,621	51,149	2,506
Public works	2,024,664	120,495	-	276,395
Recreation and culture	415,719	29,542	-	-
Interest on long-term debt	109,986	-	-	-
Total governmental activities	10,166,413	806,128	149,167	278,901
Business-type activities - Sewage disposal	3,064,895	2,438,208	-	474,570
Total primary government	\$ 13,231,308	\$ 3,244,336	\$ 149,167	\$ 753,471
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other income				
Total general revenue				
Changes in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,053,947)	\$ -	\$ (1,053,947)
(5,754,333)	-	(5,754,333)
(1,627,774)	-	(1,627,774)
(386,177)	-	(386,177)
(109,986)	-	(109,986)
(8,932,217)	-	(8,932,217)
-	(152,117)	(152,117)
(8,932,217)	(152,117)	(9,084,334)
7,824,836	-	7,824,836
2,346,498	-	2,346,498
38,215	25,482	63,697
341,152	-	341,152
44,770	-	44,770
36,024	-	36,024
10,631,495	25,482	10,656,977
1,699,278	(126,635)	1,572,643
29,195,220	27,902,303	57,097,523
\$ 30,894,498	\$ 27,775,668	\$ 58,670,166

Township of Hamburg

	General Fund	Police Special Revenue Fund	Fire Special Revenue Fund	Road Fund
Assets				
Cash and cash equivalents (Note 2)	\$ 7,466,932	\$ 813,485	\$ 1,624,252	\$ 1,302,455
Receivables:				
Special assessments receivable	150,426	-	-	-
Customers and other	88,306	14,456	-	-
Accrued interest receivable	7,287	913	1,520	1,220
Due from other governments	420,032	-	-	-
Due from other funds (Note 3)	-	-	-	-
Advances to other funds (Note 3)	459,648	-	-	-
Prepaid expenses and other assets	87,752	54,591	29,022	-
Cash restricted for capital and debt	-	-	-	-
Land held for resale	45,110	-	-	-
Total assets	\$ 8,725,493	\$ 883,445	\$ 1,654,794	\$ 1,303,675
Liabilities				
Accounts payable	\$ 113,310	\$ 90,634	\$ 26,013	\$ -
Due to other governmental units	-	632	-	-
Due to other funds (Note 3)	16,563	-	-	-
Advances from other funds	-	-	-	-
Performance bonds payable	133,075	-	-	-
Accrued liabilities and other	328,180	54,866	51,834	-
Unearned revenue	2,290,304	-	-	-
Total liabilities	2,881,432	146,132	77,847	-
Deferred Inflows of Resources - Unavailable revenue	150,426	-	-	-
Fund Balances				
Nonspendable:				
Assets held for resale	45,110	-	-	-
Prepays	87,752	54,591	29,022	-
Long-term receivable	459,648	-	-	-
Restricted:				
Roads	-	-	-	1,303,675
Police	-	682,722	-	-
Fire	-	-	1,547,925	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Parks and recreation	-	-	-	-
Future cemetery expenditures	-	-	-	-
Committed:				
Township building maintenance	77,253	-	-	-
Equipment	263,216	-	-	-
Vehicles	68,759	-	-	-
Flood prevention	22,300	-	-	-
Assigned - Library	-	-	-	-
Unassigned	4,669,597	-	-	-
Total fund balances	5,693,635	737,313	1,576,947	1,303,675
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,725,493	\$ 883,445	\$ 1,654,794	\$ 1,303,675

Governmental Funds Balance Sheet

June 30, 2022

Water System Debt Service Fund	2020 Road Fund	Nonmajor Governmental Funds	Total
\$ 161,875	\$ -	\$ 3,578,897	\$ 14,947,896
349,983	2,453,243	123,281	3,076,933
-	-	-	102,762
496	1,044	468	12,948
-	-	10,520	430,552
-	-	16,563	16,563
-	-	-	459,648
-	-	14,217	185,582
367,062	1,115,962	-	1,483,024
-	-	-	45,110
\$ 879,416	\$ 3,570,249	\$ 3,743,946	\$ 20,761,018
\$ -	\$ -	\$ 163,179	\$ 393,136
-	-	19,689	20,321
-	-	14,649	31,212
459,648	-	-	459,648
-	-	-	133,075
-	-	47,234	482,114
-	-	2,571	2,292,875
459,648	-	247,322	3,812,381
352,961	2,480,183	123,482	3,107,052
-	-	-	45,110
-	-	14,217	185,582
-	-	-	459,648
-	-	-	1,303,675
-	-	3,683	686,405
-	-	-	1,547,925
66,807	-	135,054	201,861
-	1,090,066	171,681	1,261,747
-	-	784,333	784,333
-	-	7,673	7,673
-	-	-	77,253
-	-	-	263,216
-	-	-	68,759
-	-	-	22,300
-	-	2,256,501	2,256,501
-	-	-	4,669,597
66,807	1,090,066	3,373,142	13,841,585
\$ 879,416	\$ 3,570,249	\$ 3,743,946	\$ 20,761,018

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 13,841,585
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	20,101,624
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	3,107,052
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources and deferred inflows of resources in the statement of net position but are reported as expenses in the governmental funds	379,561
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,526,962)
Accrued interest is not due and payable in the current period and is not reported in the funds	(38,660)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(717,847)
Net pension liability in governmental activities is not reported in the funds	<u>(1,251,855)</u>
Net Position of Governmental Activities	<u><u>\$ 30,894,498</u></u>

Township of Hamburg

	General Fund	Police Special Revenue Fund	Fire Special Revenue Fund	Road Fund
Revenue				
Property taxes	\$ 943,992	\$ 2,853,227	\$ 1,976,373	\$ 1,157,715
Special assessments	19,891	-	-	-
State-shared revenue and grants	2,367,409	45,454	8,201	6,176
Charges for services	607,892	25,021	-	-
Fines and forfeitures	-	11,998	-	-
Licenses and permits	341,152	-	-	-
Investment income	20,182	1,966	4,054	3,075
Other revenue	3,784	5,271	3,906	-
Total revenue	4,304,302	2,942,937	1,992,534	1,166,966
Expenditures				
Current services:				
General government	2,676,226	-	-	-
Public safety	227,740	3,380,636	1,913,635	-
Public works	32,909	-	-	-
Recreation and culture	40,234	-	-	-
Capital outlay	-	-	-	1,628,416
Debt service	20,919	-	-	-
Total expenditures	2,998,028	3,380,636	1,913,635	1,628,416
Excess of Revenue Over (Under) Expenditures	1,306,274	(437,699)	78,899	(461,450)
Other Financing Sources (Uses)				
Transfers in (Note 3)	-	250,000	-	-
Transfers out (Note 3)	(919,868)	-	-	-
Proceeds from sale of capital assets	-	40,523	4,247	-
Total other financing (uses) sources	(919,868)	290,523	4,247	-
Net Change in Fund Balances	386,406	(147,176)	83,146	(461,450)
Fund Balances - Beginning of year	5,307,229	884,489	1,493,801	1,765,125
Fund Balances - End of year	\$ 5,693,635	\$ 737,313	\$ 1,576,947	\$ 1,303,675

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

Water System Debt Service Fund	2020 Road Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 893,529	\$ 7,824,836
80,122	420,231	120,495	640,739
-	-	57,521	2,484,761
-	-	33,118	666,031
-	-	54,733	66,731
-	-	-	341,152
1,227	3,424	4,287	38,215
-	-	42,563	55,524
<u>81,349</u>	<u>423,655</u>	<u>1,206,246</u>	<u>12,117,989</u>
-	-	-	2,676,226
-	-	-	5,522,011
-	231,019	92,943	356,871
-	-	1,484,652	1,524,886
-	-	8,562	1,636,978
<u>276,573</u>	<u>332,803</u>	<u>38,627</u>	<u>668,922</u>
<u>276,573</u>	<u>563,822</u>	<u>1,624,784</u>	<u>12,385,894</u>
(195,224)	(140,167)	(418,538)	(267,905)
154,000	-	515,868	919,868
-	-	-	(919,868)
-	-	-	44,770
<u>154,000</u>	<u>-</u>	<u>515,868</u>	<u>44,770</u>
(41,224)	(140,167)	97,330	(223,135)
<u>108,031</u>	<u>1,230,233</u>	<u>3,275,812</u>	<u>14,064,720</u>
<u><u>\$ 66,807</u></u>	<u><u>\$ 1,090,066</u></u>	<u><u>\$ 3,373,142</u></u>	<u><u>\$ 13,841,585</u></u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds **\$ (223,135)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	3,002,964
Depreciation expense	(1,232,233)

Special assessment revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(295,679)
--	-----------

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	553,812
--	---------

Change in accrued interest payable and other	5,122
--	-------

Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(107,881)
---	-----------

Change in net pension liability and deferred inflows/outflows related to pension is recorded when incurred in the statement of activities	(3,692)
---	---------

Change in Net Position of Governmental Activities **\$ 1,699,278**

**Proprietary Fund
Statement of Net Position**

June 30, 2022

Sewer Fund

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$ 180,486
Receivables	644,510
Due from other funds (Note 3)	14,649
Inventory	145,174
Other current assets	<u>11,576</u>

Total current assets 996,395

Noncurrent assets:

Cash restricted for capital and debt (Note 9)	4,824,130
Assets restricted for capital and debt (Note 9)	229,421
Capital assets: (Note 4)	
Assets not subject to depreciation	1,662,217
Assets subject to depreciation	23,185,794
Restricted assets (Note 9)	<u>1,189,398</u>

Total noncurrent assets 31,090,960

Total assets 32,087,355

Liabilities

Current liabilities:

Accounts payable	305,113
Accrued liabilities and other	88,056
Compensated absences (Note 5)	12,457
Current portion of long-term debt (Note 5)	<u>705,816</u>

Total current liabilities 1,111,442

Noncurrent liabilities:

Compensated absences (Note 5)	12,457
Long-term debt (Note 5)	<u>3,187,788</u>

Total noncurrent liabilities 3,200,245

Total liabilities 4,311,687

Net Position

Net investment in capital assets	20,954,407
Restricted - Capital projects and debt service	6,242,949
Unrestricted	<u>578,312</u>

\$ 27,775,668

Township of Hamburg

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

	Sewer Fund
Operating Revenue	
Sewage disposal charges	\$ 1,557,846
Debt service charges and other	871,015
Total operating revenue	2,428,861
Operating Expenses	
Cost of sewage treatment	1,954,929
Depreciation	975,713
Total operating expenses	2,930,642
Operating Loss	(501,781)
Nonoperating Revenue (Expense)	
Investment income	25,482
Interest expense	(134,253)
Amortization of bond discount	9,347
Total nonoperating expense	(99,424)
Loss - Before capital contributions	(601,205)
Capital Contributions - Tap fees	474,570
Change in Net Position	(126,635)
Net Position - Beginning of year	27,902,303
Net Position - End of year	\$ 27,775,668

**Proprietary Fund
Statement of Cash Flows**

Year Ended June 30, 2022

	<u>Sewer Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 2,427,881
Payments for interfund services and reimbursements	753
Payments to suppliers	(1,057,319)
Payments to employees	<u>(791,619)</u>
Net cash provided by operating activities	579,696
Cash Flows from Capital and Related Financing Activities	
Collection of tap fees and capital charges	474,570
Collection of principal and interest on customer assessments	195,856
Proceeds from sale of capital assets	53,979
Purchase of capital assets	(534,105)
Principal and interest paid on capital debt	(856,936)
Amortization of bond discount	<u>9,347</u>
Net cash used in capital and related financing activities	(657,289)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>9,299</u>
Net Decrease in Cash and Cash Equivalents	(68,294)
Cash and Cash Equivalents - Beginning of year	<u>6,262,308</u>
Cash and Cash Equivalents - End of year	<u>\$ 6,194,014</u>
Statement of Net Position Classification of Cash and Cash Equivalents	
Cash and investments	\$ 180,486
Segregated bank deposits resulting from special assessments	4,824,130
Segregated bank deposits for future capital investments	<u>1,189,398</u>
Total cash and cash equivalents	<u>\$ 6,194,014</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (501,781)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	975,713
Changes in assets and liabilities:	
Receivables	(980)
Due to and from other funds	753
Inventories	(89,586)
Prepaid and other assets	4,702
Accrued and other liabilities	(19,347)
Accounts payable	<u>210,222</u>
Net cash provided by operating activities	<u>\$ 579,696</u>

Township of Hamburg

Fiduciary Fund Statement of Fiduciary Net Position

June 30, 2022

	Current Tax Collection
Assets	\$ 12
Liabilities - Accounts payable	12
Net Position	<u><u>\$ -</u></u>

Township of Hamburg

Fiduciary Fund Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Current Tax Collection
Additions - Property tax collections on behalf of others	\$ 26,950,197
Deductions - Property tax disbursement to others	26,950,197
Net Change in Fiduciary Net Position	-
Net Position - Beginning of year	-
Net Position - End of year	<u>\$ -</u>

June 30, 2022**Note 1 - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used by the Township of Hamburg (the "Township"):

Reporting Entity

The Township of Hamburg is governed by an elected seven-member board. The accompanying financial statements present the Township.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and a capital project fund. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

June 30, 2022**Note 1 - Summary of Significant Accounting Policies (Continued)**

- The Police Special Revenue Fund and Fire Special Revenue Fund are for full-service departments whose main source of revenue comes from voter-approved millages on all real property. The funds provide safety, fire suppression, fire prevention, and emergency medical services in the Township.
- The Road Fund accounts for improvements to roads in the Township. Its main source of revenue comes from a voter-approved millage.
- The 2020 Road Fund accounts for improvements to various roads in the Township. Its main source of revenue comes from special assessments.
- The Water System Debt Service Fund accounts for debt service payments related to the water system. The main source of revenue is the collection of special assessments. The General Fund made advances to this fund to meet current obligations.

Proprietary Funds

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Township reports the following fund as a major enterprise fund:

- The Sewer Fund accounts for the results of operations that provide sewer services to citizens and is financed primarily by a user charge for the provision of those services.

Fiduciary Funds

Additionally, the Township reports the Current Tax Collection Fund as a custodial fund. The custodial fund accounts for assets held by the Township in a trustee capacity.

Interfund Activity

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

June 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

All trade and property tax receivables are shown as net of an allowance for uncollectible amounts.

Restricted Assets

Restricted assets in the 2020 Road Fund and the Sewer Fund consist of unspent bond proceeds and cash and cash equivalents restricted for debt payments and capital improvements.

Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year for non-computer-related assets and \$500 for computer equipment. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and building improvements	5-50
Machinery and tools	3-15
Vehicles, boats, and related equipment	3-7
Office furnishings and equipment	3-10
Library collection materials	10
Leasehold improvements	50
Business-type activities - Utility system	3-50

June 30, 2022**Note 1 - Summary of Significant Accounting Policies (Continued)****Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt. The Sewer Fund is used to liquidate proprietary fund long-term debt.

Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of June 30, 2022, the General Fund balance of unearned revenue includes \$2,290,304 of American Rescue Plan Act cash received in advance of eligibility criteria being met. Unearned amounts are reported as liabilities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that falls into this category, the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualify for reporting in this category, deferred inflows of resources related to unavailable revenue and deferred inflows of resources related to pensions. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements.

Net Position

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

June 30, 2022**Note 1 - Summary of Significant Accounting Policies (Continued)****Net Position Flow Assumption**

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 and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied. 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 and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Property Tax Revenue

The taxable valuation of the Township totaled \$1.171 billion. Property taxes are levied and become a lien on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. The amounts are recognized in the financial statements as tax revenue net of delinquent tax revenue and administrative fees.

June 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township's approximate property tax levy for the year ended June 30, 2022 was as follows:

Purpose	Millage Rate	Revenue
Operating	0.8034 \$	944,000
Police	2.4317	2,853,000
Fire	1.6844	1,976,000
Library	0.7614	894,000
Roads	0.9867	1,158,000
Total		\$ 7,825,000

Pension

The Township offers a defined benefit pension plan to its employees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation time. Sick and vacation time is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements. Generally, the funds that report each employee's compensation (the General, Police Special Revenue, Fire Special Revenue, Parks and Recreation, and Sewer funds primarily) are used to liquidate obligation.

Proprietary Funds Operating Classification

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

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. Actual results could differ from those estimates.

June 30, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Earmarked Fund Balance

Fund balances in the Police Special Revenue, Fire Special Revenue, and Parks and Recreation funds are restricted by law as part of a special voted levy to be used only for those purposes. The Township's board has further earmarked resources within those funds to be used as follows:

Fund	Purpose	Amount
Police Special Revenue	Retiree leave time	\$ 20,742
Police Special Revenue	Building maintenance	25,000
Fire Special Revenue	Fire equipment	40,000
Parks and Recreation	Park maintenance	61,775
Parks and Recreation	Lakeland Trail maintenance	277,250
Parks and Recreation	Senior Center maintenance	70,000
Parks and Recreation	Parks and recreation equipment	220,000
Total		<u>\$ 714,767</u>

Upcoming Accounting Pronouncement

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated 11 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the above-mentioned investment vehicles.

The Township's cash and investments are subject to various types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had bank deposits of \$17,873,767 (certificates of deposit and checking and savings accounts) that were uninsured or uncollateralized. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

June 30, 2022

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Michigan CLASS investment pool	\$ 7,025,110	AAA	S&P
Corporate bonds	250,018	AA+	S&P
Total	<u>\$ 7,275,128</u>		

Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. There are no investments held by the Township with a 5 percent or more concentration in the current year.

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Township has the following recurring fair value measurements as of June 30, 2022:

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at net asset value (NAV) - Michigan CLASS investment pool	\$ 7,025,110	\$ -	\$ -	\$ -
Corporate bonds	-	250,018	-	-

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

June 30, 2022

Note 2 - Deposits and Investments (Continued)

At June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Total investments measured at NAV - Michigan CLASS investment pool	\$ 7,025,110	\$ -	\$ -	\$ -

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Note 3 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds	General Fund	\$ 16,563
Sewer Fund	Nonmajor governmental funds	14,649
	Total	<u>\$ 31,212</u>

The Township has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Water System Debt Service Fund	\$ 459,648

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund advances reported in the fund financial statements are related to the purchase of the water system assets and payment of the related debt. The advance is due from the Water System Debt Service Fund to the General Fund, with payment due once the system generates revenue from the user charge for the provision of water services.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Police Special Revenue Fund	\$ 250,000
	Water System Debt Service Fund	154,000
	Nonmajor governmental funds	515,868
	Total	<u>\$ 919,868</u>

Transfers were for capital purchases and general operations.

June 30, 2022

Note 4 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

Governmental Activities

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets not being depreciated - Land	\$ 1,470,108	\$ -	\$ -	\$ 1,470,108
Capital assets being depreciated:				
Intangible rights	6,977,754	1,877,837	-	8,855,591
Buildings and improvements	14,397,160	331,046	-	14,728,206
Machinery and equipment	2,194,814	153,220	(21,472)	2,326,562
Vehicles	2,662,746	207,233	(62,993)	2,806,986
Office furnishings	1,633,006	63,623	(43,104)	1,653,525
Library collection material	974,132	25,935	(36,010)	964,057
Land improvements	723,880	344,070	-	1,067,950
Subtotal	29,563,492	3,002,964	(163,579)	32,402,877
Accumulated depreciation:				
Intangible rights	391,635	178,536	-	570,171
Buildings and improvements	6,666,174	355,079	-	7,021,253
Machinery and equipment	1,431,424	213,042	(21,472)	1,622,994
Vehicles	1,483,991	361,278	(62,993)	1,782,276
Office furnishings	1,539,403	72,493	(43,104)	1,568,792
Library collection materials	958,050	27,822	(36,010)	949,862
Land improvements	232,030	23,983	-	256,013
Subtotal	12,702,707	1,232,233	(163,579)	13,771,361
Net capital assets being depreciated	16,860,785	1,770,731	-	18,631,516
Net governmental activities capital assets	<u>\$ 18,330,893</u>	<u>\$ 1,770,731</u>	<u>\$ -</u>	<u>\$ 20,101,624</u>

June 30, 2022

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 1,303,361	\$ -	\$ -	\$ 1,303,361
Construction in progress - Sewer hookups	328,841	26,194	(46,466)	308,569
Construction in progress - Other	50,287	-	-	50,287
Subtotal	1,682,489	26,194	(46,466)	1,662,217
Capital assets being depreciated:				
Utility system	27,454,153	245,314	-	27,699,467
Buildings and improvements	8,058,860	8,073	-	8,066,933
Machinery and equipment	467,763	137,020	(37,899)	566,884
GPS system	5,579,464	117,504	-	5,696,968
Subtotal	41,560,240	507,911	(37,899)	42,030,252
Accumulated depreciation:				
Utility system	10,907,568	559,470	-	11,467,038
Buildings and improvements	2,650,465	161,030	-	2,811,495
Machinery and equipment	369,525	40,565	(30,386)	379,704
GPS system	3,971,573	214,648	-	4,186,221
Subtotal	17,899,131	975,713	(30,386)	18,844,458
Net capital assets being depreciated	23,661,109	(467,802)	(7,513)	23,185,794
Net business-type activities capital assets	<u>\$ 25,343,598</u>	<u>\$ (441,608)</u>	<u>\$ (53,979)</u>	<u>\$ 24,848,011</u>

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

Governmental activities:	
General government	\$ 422,318
Public safety	662,321
Public works	39,377
Recreation and culture	108,217
Total governmental activities	<u>\$ 1,232,233</u>

June 30, 2022

Note 5 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements - Installment purchase agreement - Mausoleum debt: Amount of issue - \$244,158 Maturing through 2022	-	-	\$ 20,940	\$ -	\$ (20,940)	\$ -	\$ -
Other debt -							
2012 Water system project refunding bond: Amount of issue - \$1,730,000 Maturing through 2031	2.00%- 3.50%	\$60,000- \$115,000	1,125,000	-	(105,000)	1,020,000	100,000
2008 Special assessment: Amount of issue - \$1,435,000 Maturing through 2028	3.00%- 4.20%	\$50,000- \$125,000	725,000	-	(100,000)	625,000	100,000
2010 Special assessment: Amount of issue - \$445,000 Portion related to governmental activities - \$431,240 Maturing through 2030	3.25%- 5.75%	\$19,382- \$24,225	188,955	-	(24,225)	164,730	24,225
2012 Special assessment: Amount of issue - \$2,595,000 Portion related to governmental activities - \$43,855 Maturing through 2023	2.00%- 4.00%	\$3,549	7,014	-	(3,465)	3,549	3,549
2020 Special assessment: Amount of issue - \$3,315,000 Portion related to governmental activities - \$3,280,822 Maturing through 2030	1.00%- 1.30%	\$272,170- \$341,450	3,008,652	-	(300,062)	2,708,590	333,339
Total other debt			5,054,621	-	(532,752)	4,521,869	561,113
Unamortized net bond premiums and discounts			5,213	-	(120)	5,093	-
Subtotal			5,080,774	-	(553,812)	4,526,962	561,113
Accumulated compensated absences			609,966	392,459	(284,578)	717,847	339,071
Total governmental activities long-term debt			<u>\$ 5,690,740</u>	<u>\$ 392,459</u>	<u>\$ (838,390)</u>	<u>\$ 5,244,809</u>	<u>\$ 900,184</u>

June 30, 2022

Note 5 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt:							
2010 Special assessment:							
Amount of issue -							
\$445,000							
Portion related to							
business-type activities -							
\$13,760	3.00%-						
Maturing through 2030	5.75%	\$618- \$775	\$ 6,045	\$ -	\$ (775)	\$ 5,270	\$ 775
2012 Sewer and Contract							
Refunding SAD bonds:							
Amount of issue -							
\$2,595,000							
Portion related to							
business-type activities -							
\$2,551,145	2.00%-						
Maturing through 2023	4.00%	\$201,536	407,987	-	(206,451)	201,536	201,536
Revenue bonds -							
2007 Waste Water							
Treatment Plant:							
Amount of issue -							
\$4,590,000	3.60%-	\$210,000-					
Maturing through 2028	4.20%	\$300,000	1,695,000	-	(270,000)	1,425,000	265,000
2010 Limited Tax G.O.							
bonds:							
Amount of issue -							
\$3,265,000		\$125,000-					
Maturing through 2030	2.50%	\$205,000	1,835,000	-	(165,000)	1,670,000	170,000
2020 Special assessment:							
Amount of issue -							
\$3,315,000							
Portion related to							
business-type activities -							
\$34,178	1.00%-	\$2,830-					
Maturing through 2030	1.30%	\$3,550	31,341	-	(3,093)	28,248	3,505
Unamortized bond premium			18,695	-	(9,347)	9,348	-
Total other debt			3,994,068	-	(654,666)	3,339,402	640,816
Direct placement debt -							
State Revolving Fund Bonds:							
2009 Limited Tax G.O. bonds:							
Amount of issue - \$1,235,202		\$49,202-					
Maturing through 2030	2.50%	\$80,000	619,202	-	(65,000)	554,202	65,000
Subtotal			4,613,270	-	(719,666)	3,893,604	705,816
Accumulated compensated							
absences			43,329	2,850	(21,265)	24,914	12,457
Total business-type							
activities long-term							
debt			\$ 4,656,599	\$ 2,850	\$ (740,931)	\$ 3,918,518	\$ 718,273

June 30, 2022

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Other Debt				
	Principal	Interest	Total		
2023	\$ 561,113	\$ 148,516	\$ 709,629		
2024	560,720	62,411	623,131		
2025	555,875	53,139	609,014		
2026	550,875	44,197	595,072		
2027	555,823	35,232	591,055		
2028-2032	1,737,463	59,961	1,797,424		
Total	\$ 4,521,869	\$ 403,456	\$ 4,925,325		

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ 65,000	\$ 13,043	\$ 640,816	\$ 100,660	\$ 819,519
2024	70,000	11,355	459,280	78,840	619,475
2025	70,000	9,605	459,125	62,658	601,388
2026	70,000	7,855	484,125	45,973	607,953
2027	75,000	6,043	484,177	28,774	593,994
2028-2032	204,202	7,013	802,531	40,766	1,054,512
Total	\$ 554,202	\$ 54,914	\$ 3,330,054	\$ 357,671	\$ 4,296,841

Revenue Bond

The Township has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay the above sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the wastewater treatment plant. The bonds are payable solely from the net revenue of the sewer system. The remaining principal and interest to be paid on the bonds total \$1,577,112. During the current year, net revenue of the sewer system was \$607,714, compared to the annual debt requirements on the revenue bond of \$334,938. These debt requirements do not include amounts obligated for other business-type debt.

Defeased Debt

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2022, \$1,800,000 of bonds outstanding are considered defeased.

June 30, 2022**Note 6 - Defined Contribution Pension Plan**

The Township provides pension benefits to all of its full-time employees, except police officers, through a defined contribution plan administered through the Michigan Municipal Employees' Retirement System. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township's board, the Township contributes 10 percent of employees' gross earnings. Employees fully vest after one year of service. In accordance with these requirements, the Township contributed approximately \$307,000 during the year.

Note 7 - Investment in Joint Ventures

The Township is a member of the Portage - Base Lakes Area Water and Sewer Authority (the "Authority"), which provides sewer services to the residents of Hamburg, Dexter, Putnam, and Webster townships. The residents of the participating communities provide annual funding for its operations via sewer billings. The Township is unaware of any circumstance that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Authority can be obtained from the administrative offices at 10405 Merrill Road, Hamburg, MI 48139.

The Township is a member of the Livingston Community Water Authority (the "Water Authority"), which provides water services to the residents of Hamburg, Brighton, and Green Oak townships. As services are provided, the residents of participating communities provide annual funding for its operations via water billings. The Water Authority began providing service to township residents during the year ended June 30, 2010. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future.

Note 8 - Pension Plan***Plan Description***

The Township of Hamburg participates in the Michigan Municipal Employees' Retirement System (MERS or MERS of Michigan), an agent multiple-employer defined benefit pension plan that covers employees of the Township hired prior to 1997. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain MERS for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 8 percent of wages. The Township is responsible for the remainder of the cost of the plan.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Retirement benefits for police employees are calculated as 2.50 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

June 30, 2022

Note 8 - Pension Plan (Continued)

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the board of trustees, generally after negotiations of these terms with the affected unions. Police employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	<u>MERS of Michigan</u>
Date of member count	December 31, 2021
Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	16
Pending refunds	3
	<hr/>
Total employees covered by the plan	32
	<hr/>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2021, the Township's employer and employee contributions totaled \$531,989 and \$122,199, respectively.

Net Pension Liability

The June 30, 2022 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2021 measurement date. The December 31, 2021 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2022

Note 8 - Pension Plan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 7,168,755	\$ 5,673,866	\$ 1,494,889
Changes for the year:			
Service cost	212,933	-	212,933
Interest	543,795	-	543,795
Differences between expected and actual experience	53,011	-	53,011
Changes in assumptions	393,101	-	393,101
Contributions - Employer	-	531,989	(531,989)
Contributions - Employee	-	122,199	(122,199)
Net investment income	-	801,126	(801,126)
Benefit payments, including refunds	(240,054)	(240,054)	-
Administrative expenses	-	(9,440)	9,440
Net changes	962,786	1,205,820	(243,034)
Balance at December 31, 2021	<u>\$ 8,131,541</u>	<u>\$ 6,879,686</u>	<u>\$ 1,251,855</u>

The plan's fiduciary net position represents 84.6 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Township recognized pension expense of \$308,953.

At June 30, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 184,086	\$ (53,668)
Changes in assumptions	600,307	-
Net difference between projected and actual earnings on pension plan investments	-	(503,825)
Employer contributions to the plan subsequent to the measurement date	152,661	-
Total	<u>\$ 937,054</u>	<u>\$ (557,493)</u>

June 30, 2022

Note 8 - Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2023	\$ 140,077
2024	(17,482)
2025	(2,407)
2026	32,359
2027	74,353
Total	<u>\$ 226,900</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases of 3.00 percent (with merit increase totaling up to 6.7 percent), an investment rate of return (net of investment expenses and including inflation) of 7.25 percent, and the Pub-10 Mortality Tables with MP-2019 fully generational improvements. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from January 1, 2013 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2021 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

June 30, 2022

Note 8 - Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 7.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the Township	\$ 2,550,137	\$ 1,251,855	\$ 200,741

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

Assumption changes in 2022 (December 31, 2021 measurement date) are the result of a reduction in the investment rate of return assumption from 7.60 to 7.25 percent.

Note 9 - Assets Restricted for Capital and Debt

Restricted assets in the Sewer Fund as of June 30, 2022 consist of the following:

Bank deposits and investments - Special assessment collections	\$ 4,824,130
Bank deposits and investments - Bond reserves	1,189,398
Special assessment receivables	229,421
Total	<u>\$ 6,242,949</u>

These assets are restricted specifically for various capital improvements, as well as the payment of the related debt.

In addition to the assets that are restricted, the board has further earmarked unrestricted net position in the amount of \$59,428 for future vehicles and \$400,000 for grinder pumps.

Required Supplemental Information

Township of Hamburg

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 943,637	\$ 943,637	\$ 943,992	\$ 355
State-shared revenue and grants	2,003,000	3,143,573	2,367,409	(776,164)
Charges for services	600,830	609,355	607,892	(1,463)
Licenses and permits	350,000	350,000	341,152	(8,848)
Investment income	8,500	8,500	20,172	11,672
Other revenue	3,500	3,500	3,784	284
Total revenue	3,909,467	5,058,565	4,284,401	(774,164)
Expenditures				
Current services:				
General government:				
Legislative - Township board	149,072	152,072	147,895	4,177
Township supervisor	104,915	104,865	105,906	(1,041)
Accounting	280,711	280,711	273,937	6,774
Treasurer	242,096	242,296	244,476	(2,180)
Assessing	328,889	342,459	337,204	5,255
Board of review	3,135	3,135	2,262	873
Clerk	225,763	236,863	226,096	10,767
Buildings and grounds	505,848	518,948	436,938	82,010
Elections	207,274	217,274	166,992	50,282
Cemetery	38,500	64,600	90,038	(25,438)
Unallocated	461,753	493,463	391,919	101,544
Mapping	257,278	269,592	252,563	17,029
Public safety:				
Planning commission	17,963	12,463	8,285	4,178
Zoning administrator	360,227	336,977	219,455	117,522
Public works - Street lighting	17,500	17,500	14,956	2,544
Recreation and culture	23,956	38,157	40,234	(2,077)
Debt service	20,940	20,940	20,919	21
Total expenditures	3,245,820	3,352,315	2,980,075	372,240
Excess of Revenue Over Expenditures	663,647	1,706,250	1,304,326	(401,924)
Other Financing Uses - Transfers out	(919,868)	(919,868)	(919,868)	-
Net Change in Fund Balance	(256,221)	786,382	384,458	(401,924)
Fund Balance - Beginning of year	5,317,337	5,317,337	5,317,337	-
Fund Balance - End of year	<u>\$ 5,061,116</u>	<u>\$ 6,103,719</u>	<u>\$ 5,701,795</u>	<u>\$ (401,924)</u>

Township of Hamburg

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Special Revenue Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,848,696	\$ 2,848,696	\$ 2,853,227	\$ 4,531
State-shared revenue and grants	7,000	43,000	45,454	2,454
Charges for services	11,840	19,562	25,021	5,459
Fines and forfeitures	17,500	12,500	11,998	(502)
Investment income	3,500	3,500	1,966	(1,534)
Other revenue	7,850	8,950	5,271	(3,679)
Total revenue	2,896,386	2,936,208	2,942,937	6,729
Expenditures - Current services - Public safety	3,302,722	3,381,072	3,380,636	436
Excess of Expenditures Over Revenue	(406,336)	(444,864)	(437,699)	7,165
Other Financing Sources				
Transfers in	250,000	250,000	250,000	-
Proceeds from sale of capital assets	7,500	26,741	40,523	13,782
Total other financing sources	257,500	276,741	290,523	13,782
Net Change in Fund Balance	(148,836)	(168,123)	(147,176)	20,947
Fund Balance - Beginning of year	884,489	884,489	884,489	-
Fund Balance - End of year	<u>\$ 735,653</u>	<u>\$ 716,366</u>	<u>\$ 737,313</u>	<u>\$ 20,947</u>

Township of Hamburg

Required Supplemental Information

Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)

Fire Special Revenue Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,973,277	\$ 1,973,277	\$ 1,976,373	\$ 3,096
State-shared revenue and grants	5,000	7,500	8,201	701
Investment income	2,500	2,500	4,054	1,554
Other revenue	850	3,840	3,906	66
Total revenue	1,981,627	1,987,117	1,992,534	5,417
Expenditures - Current services - Public safety	2,196,362	2,260,149	1,913,635	346,514
Excess of Revenue (Under) Over Expenditures	(214,735)	(273,032)	78,899	351,931
Other Financing Sources - Proceeds from sale of capital assets	214,735	4,200	4,247	47
Net Change in Fund Balance	-	(268,832)	83,146	351,978
Fund Balance - Beginning of year	1,493,801	1,493,801	1,493,801	-
Fund Balance - End of year	<u><u>\$ 1,493,801</u></u>	<u><u>\$ 1,224,969</u></u>	<u><u>\$ 1,576,947</u></u>	<u><u>\$ 351,978</u></u>

Township of Hamburg

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Road Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,146,742	\$ 1,146,742	\$ 1,157,715	\$ 10,973
State-shared revenue and grants	-	-	6,176	6,176
Investment income	750	750	3,075	2,325
Total revenue	1,147,492	1,147,492	1,166,966	19,474
Expenditures - Capital outlay	1,875,140	1,875,140	1,628,416	246,724
Net Change in Fund Balance	(727,648)	(727,648)	(461,450)	266,198
Fund Balance - Beginning of year	1,765,125	1,765,125	1,765,125	-
Fund Balance - End of year	<u><u>\$ 1,037,477</u></u>	<u><u>\$ 1,037,477</u></u>	<u><u>\$ 1,303,675</u></u>	<u><u>\$ 266,198</u></u>

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios

**Last Eight Plan Fiscal Years Ended December 31
(Built Prospectively from 2014)**

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 212,933	\$ 186,860	\$ 179,586	\$ 163,286	\$ 144,978	\$ 144,998	\$ 136,560	\$ 140,114
Interest	543,795	495,968	469,873	428,782	377,453	355,282	341,639	321,016
Changes in benefit terms	-	-	-	(16,614)	-	-	-	-
Differences between expected and actual experience	53,011	(80,502)	32,648	170,095	374,735	31,024	(118,137)	-
Changes in assumptions	393,101	253,987	206,796	-	-	-	154,994	-
Benefit payments, including refunds	(240,054)	(240,054)	(240,055)	(240,054)	(289,381)	(218,914)	(219,763)	(198,979)
Net Change in Total Pension Liability	962,786	616,259	648,848	505,495	607,785	312,390	295,293	262,151
Total Pension Liability - Beginning of year	7,168,755	6,552,496	5,903,648	5,398,153	4,790,368	4,477,978	4,182,685	3,920,534
Total Pension Liability - End of year	\$ 8,131,541	\$ 7,168,755	\$ 6,552,496	\$ 5,903,648	\$ 5,398,153	\$ 4,790,368	\$ 4,477,978	\$ 4,182,685
Plan Fiduciary Net Position								
Contributions - Employer	\$ 531,989	\$ 501,992	\$ 466,754	\$ 429,314	\$ 160,286	\$ 152,997	\$ 122,766	\$ 97,254
Contributions - Employee	122,199	116,787	110,780	101,815	114,745	80,300	74,762	78,405
Net investment income (loss)	801,126	734,718	527,409	(155,149)	422,715	326,985	(43,814)	177,156
Administrative expenses	(9,440)	(9,712)	(9,148)	(7,273)	(6,692)	(6,448)	(6,398)	(8,025)
Benefit payments, including refunds	(240,054)	(240,054)	(240,055)	(240,054)	(289,381)	(218,914)	(219,763)	(198,979)
Net Change in Plan Fiduciary Net Position	1,205,820	1,103,731	855,740	128,653	401,673	334,920	(72,447)	145,811
Plan Fiduciary Net Position - Beginning of year	5,673,866	4,570,135	3,714,395	3,585,742	3,184,069	2,849,149	2,921,596	2,775,785
Plan Fiduciary Net Position - End of year	\$ 6,879,686	\$ 5,673,866	\$ 4,570,135	\$ 3,714,395	\$ 3,585,742	\$ 3,184,069	\$ 2,849,149	\$ 2,921,596
Township's Net Pension Liability - Ending	\$ 1,251,855	\$ 1,494,889	\$ 1,982,361	\$ 2,189,253	\$ 1,812,411	\$ 1,606,299	\$ 1,628,829	\$ 1,261,089
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.60 %	79.15 %	69.75 %	62.92 %	66.43 %	66.47 %	63.63 %	69.85 %
Covered Payroll	\$ 1,527,493	\$ 1,459,843	\$ 1,405,208	\$ 1,296,950	\$ 1,146,980	\$ 1,147,139	\$ 1,071,897	\$ 1,099,797
Township's Net Pension Liability as a Percentage of Covered Payroll	81.95 %	102.40 %	141.07 %	168.80 %	158.02 %	140.03 %	151.96 %	114.67 %

Township of Hamburg

Required Supplemental Information Schedule of Township Contributions

**Last Ten Fiscal Years
Years Ended June 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 305,261	\$ 258,147	\$ 241,878	\$ 190,098	\$ 168,549	\$ 157,281	\$ 156,435	\$ 96,347	\$ 80,681	\$ 109,992
Contributions in relation to the actuarially determined contribution	305,261	258,147	241,878	190,098	168,549	157,281	156,435	96,347	80,681	109,992
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,564,640	\$ 1,487,023	\$ 1,409,548	\$ 1,343,446	\$ 1,248,511	\$ 1,196,565	\$ 1,154,503	\$ 1,086,455	\$ 1,099,797	\$ 915,786
Contributions as a Percentage of Covered Payroll	19.51 %	17.36 %	17.16 %	14.15 %	13.50 %	13.14 %	13.55 %	8.87 %	7.34 %	12.01 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed
Inflation	2.5 percent
Salary increase	3.00 percent - 14.00 percent
Investment rate of return	7.6 percent
Retirement age	60
Mortality	RP-2014 Mortality Table
Other information	None

June 30, 2022

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2022 has not been calculated. During the year, the budget was amended in a legally permissible manner.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers, debt proceeds, and sale of assets have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the fund level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparison of actual results of operations to the budgets of the General Fund, Police Special Revenue Fund, and Fire Special Revenue Fund, as adopted by the township board, is included in the required supplemental information of the basic financial statements. The additional detail in this statement is shown in greater detail than the budget that was adopted and is used to provide additional analysis for management use only. A comparison of actual results of operations to the budget for nonmajor special revenue funds, as adopted by the board, is available at the township hall for inspection.

A reconciliation of the budgetary comparison schedule to the fund-based statement of revenue, expenses, and changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
General Fund - Amounts per operating statement	\$ 4,304,302	\$ 2,998,028	\$ 5,693,635
General Fund - Amounts related to the Capital Improvements Fund, which is consolidated in the General Fund	(7)	-	(11,597)
General Fund - Amounts related to the Hillside Lakes SAD, which is consolidated in the General Fund	(19,894)	(17,953)	19,757
Amounts per budget statement	<u>\$ 4,284,401</u>	<u>\$ 2,980,075</u>	<u>\$ 5,701,795</u>

The Township had the following expenditures over budgeted amounts due to timing of payments and expenses incurred near June 30, 2022:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Township supervisor	\$ 104,865	\$ 105,906	\$ (1,041)
General Fund - Treasurer	242,296	244,476	(2,180)
General Fund - Cemetery	64,600	90,038	(25,438)
General Fund - Recreation and culture	38,157	40,234	(2,077)

June 30, 2022

Pension Information

Changes in Assumptions

Assumption changes in 2022 (December 31, 2021 measurement date) are the result of a reduction in the investment rate of return assumption from 7.60 to 7.25 percent.

Assumption changes in 2021 (December 31, 2020 measurement date) are the result of changes to the demographic assumptions resulting from the experience study from 2013 to 2018. The most significant changes made were to the mortality rates and assumed rate of mortality improvement to a version of the Pub-10 Mortality Tables and fully generational mortality improvement projections with Scale MP-2019.

Assumption changes in 2020 (December 31, 2019 measurement date) are the result of a reduction in the investment rate of return assumption from 7.75 to 7.35 percent and a change in the assumed rate of wage inflation from 3.75 to 3.00 percent.

Assumption changes in 2016 (December 31, 2015 measurement date) are the result of the investment rate of return assumption reduced from 8.25 to 8.00 percent.

Other Supplemental Information

Township of Hamburg

	Special Revenue Funds			
	Parks and Recreation	Drug Law Enforcement	Cemetery Perpetual Care	Library
Assets				
Cash and cash equivalents	\$ 986,315	\$ 3,683	\$ 7,673	\$ 2,274,993
Receivables:				
Special assessments receivable	-	-	-	-
Accrued interest receivable	-	-	-	462
Due from other governments	-	-	-	10,520
Due from other funds	-	-	-	-
Prepaid expenses and other assets	3,603	-	-	10,614
Total assets	\$ 989,918	\$ 3,683	\$ 7,673	\$ 2,296,589
Liabilities				
Accounts payable	\$ 154,748	\$ -	\$ -	\$ 7,214
Due to other governmental units	-	-	-	19,689
Due to other funds	-	-	-	-
Accrued liabilities and other	47,234	-	-	-
Unearned revenue	-	-	-	2,571
Total liabilities	201,982	-	-	29,474
Deferred Inflows of Resources - Unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable - Prepaids	3,603	-	-	10,614
Restricted:				
Police	-	3,683	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Parks and recreation	784,333	-	-	-
Future cemetery expenditures	-	-	7,673	-
Assigned	-	-	-	2,256,501
Total fund balances	787,936	3,683	7,673	2,267,115
Total liabilities, deferred inflows of resources, and fund balances	\$ 989,918	\$ 3,683	\$ 7,673	\$ 2,296,589

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

Debt Service Funds			Capital Project Fund	Total
Mumford Park Debt Service	Buhl Road Debt Service	Fire Station Debt Service	Maintenance SADs	
\$ 4,350	\$ 13,609	\$ 115,382	\$ 172,892	\$ 3,578,897
2,621	-	-	120,660	123,281
-	-	-	6	468
-	-	-	-	10,520
16,563	-	-	-	16,563
-	-	-	-	14,217
\$ 23,534	\$ 13,609	\$ 115,382	\$ 293,558	\$ 3,743,946
\$ -	\$ -	\$ -	\$ 1,217	\$ 163,179
-	-	-	-	19,689
14,649	-	-	-	14,649
-	-	-	-	47,234
-	-	-	-	2,571
14,649	-	-	1,217	247,322
2,822	-	-	120,660	123,482
-	-	-	-	14,217
-	-	-	-	3,683
6,063	13,609	115,382	-	135,054
-	-	-	171,681	171,681
-	-	-	-	784,333
-	-	-	-	7,673
-	-	-	-	2,256,501
6,063	13,609	115,382	171,681	3,373,142
\$ 23,534	\$ 13,609	\$ 115,382	\$ 293,558	\$ 3,743,946

Township of Hamburg

	Special Revenue Funds			
	Parks and Recreation	Drug Law Enforcement	Cemetery Perpetual Care	Library
Revenue				
Property taxes	\$ 2	\$ -	\$ -	\$ 893,526
Special assessments	-	-	-	-
State-shared revenue and grants	50,264	-	-	7,257
Charges for services	29,542	-	-	3,576
Fines and forfeitures	-	-	-	54,733
Investment income	873	11	9	2,840
Other revenue:				
Local donations	-	-	-	11,943
Other miscellaneous income	-	-	-	30,620
Total revenue	80,681	11	9	1,004,495
Expenditures				
Current services:				
Public works	-	-	-	-
Recreation and culture	634,990	-	-	849,662
Capital outlay	-	-	-	8,562
Debt service	-	-	-	-
Total expenditures	634,990	-	-	858,224
Excess of Revenue (Under) Over Expenditures	(554,309)	11	9	146,271
Other Financing Sources - Transfers in	515,868	-	-	-
Net Change in Fund Balances	(38,441)	11	9	146,271
Fund Balances - Beginning of year	826,377	3,672	7,664	2,120,844
Fund Balances - End of year	<u>\$ 787,936</u>	<u>\$ 3,683</u>	<u>\$ 7,673</u>	<u>\$ 2,267,115</u>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2022

Debt Service Funds			Capital Project Fund	
Mumford Park Debt Service	Buhl Road Debt Service	Fire Station Debt Service	Maintenance SADs	Total
\$ -	\$ -	\$ 1	\$ -	\$ 893,529
2,998	-	-	117,497	120,495
-	-	-	-	57,521
-	-	-	-	33,118
-	-	-	-	54,733
3	151	173	227	4,287
-	-	-	-	11,943
-	-	-	-	30,620
3,001	151	174	117,724	1,206,246
-	-	-	92,943	92,943
-	-	-	-	1,484,652
-	-	-	-	8,562
3,763	-	-	34,864	38,627
3,763	-	-	127,807	1,624,784
(762)	151	174	(10,083)	(418,538)
-	-	-	-	515,868
(762)	151	174	(10,083)	97,330
6,825	13,458	115,208	181,764	3,275,812
\$ 6,063	\$ 13,609	\$ 115,382	\$ 171,681	\$ 3,373,142