

May 4, 2022

To the Township Board of Trustees
Charter Township of White Lake

We have audited the financial statements of the Charter Township of White Lake (the "Township") as of and for the year ended December 31, 2021 and have issued our report thereon dated May 4, 2022. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and Informational Items

Section I communicates significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Section II presents legislative and informational items relevant to the Township.

We would like to take this opportunity to thank the Township's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the Township's board of trustees and management of the Township and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Pamela L. Hill, CPA
Partner



Chris Gilbert, CPA
Manager

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 4, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 17, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township are described in Note 1 to the financial statements.

As described in Note 11 to the financial statements, there was a change in reporting entity in which the accompanying financial statements for 2021 have been restated to include the Sewer Fund as an enterprise fund as of January 1, 2021.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were net pension liability and net OPEB liability. Management's estimates of the net pension liability and net OPEB liability were based on an actuarial valuation. The significant assumptions used in the calculation include future rate of return on investments, employee eligibility rates, life expectancies, and projected salary increases. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

**Section I - Required Communications with Those Charged with Governance
(Continued)**

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The uncorrected misstatement identified by management of the financial statements that was not recorded by management was an adjustment to record the estimate for unbilled sewer receivables owed from Oakland County, Michigan for December 2021 sewer activity. The adjustment would result in an approximate increase in Sewer Fund receivables and revenue of \$42,000. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. However, uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 4, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Legislative and Informational Items

COVID-19 Resource Center and ARPA

Throughout the COVID-19 pandemic, Plante & Moran, PLLC's COVID-19 task force of leaders across the firm has monitored, addressed, and provided insight related to the virus and the unique challenges our local governments have faced while continuing to provide essential services to their communities through our COVID-19 resource center at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center>. This will continue as our nation emerges from this crisis.

In March 2021, the president signed the American Rescue Plan Act (ARPA) into law, which included federal stimulus funding for state and local governments of all sizes. The largest of all funding streams, the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), represents a \$350 billion top-line allocation for state and local governments. Funding began to be distributed nationwide in May 2021, although smaller municipalities will need to wait for the funding to pass through their state governments. The U.S. Department of the Treasury recently published the interim final rule (IFR), which establishes a framework for determining the types of programs and services that are eligible uses of the CSLFRF funding.

The ARPA award terms provide that payments from the Fiscal Recovery Funds as a general matter will be subject to the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), including the cost principles and restrictions on general provisions for selected items of cost. The Township will need to understand these reforms and may be required to evaluate, document, and monitor internal procedures around compliance, including maintaining certain required policies.

The COVID-19 resource center is being continuously updated for the latest guidance and strategy related to CSLFRF and will help keep the Township running smoothly through our nation's recovery.

Want to receive relevant content directly to your email? Subscribe at <https://www.plantemoran.com/subscribe> where you can customize your subscription preferences based on your specific interests and industry selection.

Michigan's COVID-19 Updates and Related Grant Programs

The Michigan Department of Treasury has developed a webpage with numbered letters, memorandums, webinars, and resources regarding COVID-19 updates and related grant programs: https://www.michigan.gov/treasury/0,4679,7-121-1751_98769---,00.html.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Section II - Legislative and Informational Items (Continued)

Rules Governing Management of Federal Programs

The Office of Management and Budget (OMB) issued significant reforms to the compliance requirements that must be followed by nonfederal entities receiving federal funding related to awards on or after December 26, 2014. While these revisions were not too recent, the revisions were the most significant change to occur to federal grants management in recent history. While many communities have historically been below the \$750,000 single audit threshold, recent legislation provides for an increase in federal spending and, therefore, may be subject to an audit requirement; the Township will need to understand these reforms and may be required to make changes to internal procedures, processes, and controls.

- **Cost Principles** - There were certain changes made to allowable costs and significant changes in the area of time and effort reporting and indirect costs.
- **Administrative Requirements** - Nonfederal entities receiving federal funding must adhere to revised rules related to administering federal awards. Most notably, the requirements may impact the Township's procurement systems, including maintaining written conflict of interest policies and disclosures.

The Township will need to ensure that consideration of the implementation of these regulations has occurred; if it has not, the Township needs to work quickly to put the requirements into practice. Plante & Moran, PLLC has many experts in this area and welcomes any questions or needs you may have.

Federal Procurement Threshold Changes

The Office of Management and Budget has issued significant reforms to the compliance requirements that must be followed by nonfederal entities. The Office of Management and Budget recently issued Memorandum M-18-18, which provides guidance on changes to micropurchases and simplified acquisition threshold requirements. The key changes are as follows:

- Threshold for micropurchases is increased to \$10,000.
- Threshold for simplified acquisitions (small purchase procedures limit) increased to \$250,000.

Key adoption considerations for micropurchase and simplified acquisition thresholds include the following:

- During the original adoption of the Uniform Guidance (UG) procurement standards, were specific amounts included within the Township's procurement policy, or were references to the UG sections or amounts as adjusted referenced? If specific amounts were referenced, the procurement policy will need to be updated to take advantage of the changes.
- If the Township's procurement policy was written to allow for changes in amounts, the procedures will need to be updated to conform.
- If this change is inconsistent with other procurement policies within the organization, the Township must decide how the policy will be enacted. Remember local ordinances in place may limit full utilization of changes.
- If the Township has chosen not to fully adopt the change and maintain a lower threshold, then the Township is not required to use these thresholds but cannot exceed them.

Section II - Legislative and Informational Items (Continued)

Upcoming Accounting Standards Requiring Preparation

GASB Statement No. 87 - Leases

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2019 (June 15, 2021 after extension within GASB Statement No. 95). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

We recommend beginning to accumulate information now related to all significant lease agreements in order to more efficiently implement this new standard once it becomes effective.

Plante & Moran, PLLC will be providing trainings and other resources to our clients in the coming months to help prepare for the implementation of all these new standards. In the interim, please reach out to your engagement team for assistance in getting started.

GASB Statement No. 92 - Omnibus 2020

This new accounting pronouncement has various effective dates that were postponed by one year after extension within GASB Statement No. 95. 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.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

Certain aspects of this standard impacting defined contribution pension and OPEB plans and other employee benefit plans were effective immediately in June 2020, but the provisions of this statement related to 457 plans clarifying when a 457 plan should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 are effective for reporting periods beginning after June 15, 2021.

Charter Township of White Lake

Oakland County, Michigan

Financial Report
with Supplemental Information
December 31, 2021

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Independent Auditor's Report

To the Board of Trustees
Charter Township of White Lake

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 Charter Township of White Lake (the "Township") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Charter Township of White Lake's basic financial statements, as listed in the table of contents.

In our opinion, 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 Charter Township of White Lake as of December 31, 2021 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 11 to the financial statements, there was a change in reporting entity in which the accompanying financial statements have been restated to include the Sewer Fund as an Enterprise Fund as of January 1, 2021. Our opinion is not modified with respect to this matter.

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
Charter Township of White Lake

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 and required supplemental information, as identified 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 Charter Township of White Lake'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.



May 4, 2022

As management of the Charter Township of White Lake (the "Township"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2021.

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, as well as 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.

Government-wide Overall Financial Analysis

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 \$53,100,296 at the close of the most recent fiscal year.

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

The Township's Net Position

The following tables show, in a condensed format, the current year's net position and changes in net position, compared to the prior year:

	Governmental Activities			
	2020	2021*	Change	Percent Change
Assets				
Current and other assets	\$ 54,317,590	\$ 56,913,001	\$ 2,595,411	4.8
Capital assets	22,619,386	11,070,020	(11,549,366)	(51.1)
Total assets	76,936,976	67,983,021	(8,953,955)	(11.6)
Deferred Outflows of Resources	3,270,727	4,350,525	1,079,798	33.0
Liabilities				
Current liabilities	2,433,440	3,677,780	1,244,340	51.1
Noncurrent liabilities	25,655,818	24,495,627	(1,160,191)	(4.5)
Total liabilities	28,089,258	28,173,407	84,149	0.3
Deferred Inflows of Resources	15,324,685	16,712,569	1,387,884	9.1
Net Position				
Net investment in capital assets	21,736,450	10,090,207	(11,646,243)	(53.6)
Restricted	15,829,603	16,332,963	503,360	3.2
Unrestricted	(772,293)	1,024,400	1,796,693	(232.6)
Total net position	\$ 36,793,760	\$ 27,447,570	\$ (9,346,190)	(25.4)

	Business-type Activities			
	2020	2021*	Change	Percent Change
Assets				
Current and other assets	\$ 4,861,094	\$ 7,389,609	\$ 2,528,515	52.0
Capital assets	8,442,297	19,734,405	11,292,108	133.8
Total assets	13,303,391	27,124,014	13,820,623	103.9
Deferred Outflows of Resources	58,549	56,151	(2,398)	(4.1)
Liabilities				
Current liabilities	36,233	127,697	91,464	252.4
Noncurrent liabilities	1,020,636	1,335,416	314,780	30.8
Total liabilities	1,056,869	1,463,113	406,244	38.4
Deferred Inflows of Resources	80,197	64,326	(15,871)	(19.8)
Net Position				
Net investment in capital assets	7,742,508	18,622,685	10,880,177	140.5
Restricted - Water operating ordinance	2,366,448	2,664,652	298,204	12.6
Unrestricted	2,115,918	4,365,389	2,249,471	106.3
Total net position	\$ 12,224,874	\$ 25,652,726	\$ 13,427,852	109.8

*The Township began reporting sewer activity as a business-type activity beginning on January 1, 2021. Fiscal year 2021 beginning fund balances and 2021 activity reflect this change in reporting (see Note 11).

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

The Township's governmental activities net position was \$27.4 million at the close of the year ended December 31, 2021, which was a decrease from December 31, 2020 of approximately \$9.4 million. The decrease was primarily due to sewer fund activity that was previously recorded in governmental activities now being reported in business-type activities.

The Township's business-type activity consists of the Water and Sewer Fund. The change in net position from December 31, 2020 was an increase of approximately \$13.4 million, which was primarily due to Sewer Fund activity that was previously recorded in governmental activities now being reported in business-type activities.

The Township's Changes in Net Position

The following tables show, in a condensed format, changes in net position compared to the prior year:

	Governmental Activities			
	2020	2021*	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 5,162,021	\$ 3,396,008	\$ (1,766,013)	(34.2)
Operating grants	1,477,962	261,790	(1,216,172)	(82.3)
Capital grants	2,037,231	1,745,535	(291,696)	(14.3)
General revenue:				
Taxes	10,943,116	11,307,511	364,395	3.3
Intergovernmental	2,782,754	3,291,065	508,311	18.3
Investment earnings	365,846	169,198	(196,648)	(53.8)
Other revenue	1,191,847	1,199,450	7,603	0.6
Total revenue	23,960,777	21,370,557	(2,590,220)	(10.8)
Expenses				
General government	3,914,132	3,594,659	(319,473)	(8.2)
Public safety	9,390,787	9,511,535	120,748	1.3
Public works	4,491,178	3,744,813	(746,365)	(16.6)
Health and welfare	189,659	204,461	14,802	7.8
Community and economic development	396,800	414,085	17,285	4.4
Recreation and culture	558,472	387,338	(171,134)	(30.6)
Debt service	542,020	555,809	13,789	2.5
Total expenses	19,483,048	18,412,700	(1,070,348)	(5.5)
Transfers	-	391,594	391,594	-
Change in Net Position	4,477,729	3,349,451	(1,128,278)	(25.2)
Net Position - Beginning of year, as previously reported	32,316,031	36,793,760	4,477,729	13.9
Cumulative Effect of Change in Reporting	-	(12,695,641)	(2,492,310)	-
Net Position - Beginning of year - As restated	32,316,031	24,098,119	(8,217,912)	(25.4)
Net Position - End of year	<u>\$ 36,793,760</u>	<u>\$ 27,447,570</u>	<u>\$ (9,346,190)</u>	(25.4)

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

	Business-type Activities			
	2020	2021*	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 1,221,882	\$ 4,030,589	\$ 2,808,707	229.9
Capital grants and collection fees	154,602	1,045,368	890,766	576.2
General revenue	49,174	57,173	7,999	16.3
Total revenue	1,425,658	5,133,130	3,707,472	260.1
Expenses - Program expenses	1,162,069	4,009,324	2,847,255	245.0
Transfers	-	(391,594)	(391,594)	-
Change in Net Position	263,589	732,212	468,623	177.8
Net Position - Beginning of year, as previously reported	11,961,285	12,224,874	263,589	2.2
Cumulative Effect of Change in Reporting	-	12,695,640	12,695,640	-
Net Position - Beginning of year - As restated	11,961,285	24,920,514	12,959,229	108.3
Net Position - End of year	<u>\$ 12,224,874</u>	<u>\$ 25,652,726</u>	<u>\$ 13,427,852</u>	109.8

*The Township began reporting sewer activity as a business-type activity beginning on January 1, 2021. Fiscal year 2021 beginning fund balances and 2021 activity reflect this change in reporting (see Note 11).

Governmental activities revenue was approximately \$21,370,000 for the year ended December 31, 2021, a decrease of approximately \$2,640,000 from 2020. Of this revenue, 53 percent was obtained through property taxes, 15 percent from state-shared revenue, and 16 percent from fees charged for services. Total governmental activities expenditures were approximately \$18,413,000, a decrease of approximately \$1,070,000 from 2020. The primary causes of the decrease was related to a decrease in public works costs due to sewer projects being recorded in business-type activities beginning in 2021.

Business-type activities revenue was approximately \$5,133,000 for the year ended December 31, 2021. Charges for services represented 79 percent of total revenue. At December 31, 2021, the Township was providing water to 2,090 customers. Business-type activities expenditures were approximately \$4,009,000, an increase of approximately \$2,847,000 over 2020. The primary cause of increased revenue and expenses in 2021 was due to sewer charges being recorded in business-type activities beginning in 2021.

Financial Analysis of Individual Funds

The analysis of the Township's major funds begins on page 11, following 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 include the General Fund, the Fire Fund, the Police Fund, the Solid Waste Special Assessment Fund, and the Improvement Revolving Fund.

The General Fund is the main operating fund of the Township. Total revenue and other financing sources for the year was approximately \$6,509,000. Of this revenue, state-shared revenue accounted for 50 percent, and property taxes accounted for 19 percent. Total expenditures and other financing uses for the year were approximately \$10,241,000. At December 31, 2021, the unassigned fund balance of \$1,608,548 represented 33 percent of the total General Fund expenditures and other financing uses for the year. The increase in fund balance is primarily due to the increase in property tax values.

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

The Fire Fund is used to account for fire services to township residents. Total revenue and other financing sources for the year were approximately \$3,634,000. Of this revenue, property taxes accounted for 96 percent. Total expenditures for the year were approximately \$3,274,000. The fund balance of \$6,959,254 is restricted for future fire operating costs, equipment acquisitions, and new personnel.

The Police Fund is used to account for police services to township residents. Total revenue and other financing sources for the year were approximately \$6,118,000. Of this revenue, property taxes accounted for 92 percent. Total expenditures for the year were approximately \$5,880,000. The fund balance of \$4,864,698 is restricted for future police operating costs.

The Solid Waste Special Assessment Fund is used to account for the solid waste of the Township. Total revenue for the year was approximately \$1,951,000 and was earned through special assessment charges. Total expenditures for the year were approximately \$1,947,000. The fund balance of \$173,830 is restricted for solid waste expenditures.

The Improvement Revolving Fund is used to account for future capital projects of the Township. Total revenue and other financing sources for the year was approximately \$5,260,000. Of this revenue, transfers in accounted for 96 percent. Total expenditures for the year were approximately \$482,000. The fund balance of \$7,842,151 is assigned for future capital projects.

Capital Assets and Debt Administration

At the end of 2021, the Township had \$30,804,425 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads and related infrastructure within the Township. Although these roads are the property of the Oakland County Road Commission (along with the responsibility of maintaining them), the Township has invested in their construction and maintenance.

The Township's total long-term indebtedness as of December 31, 2021 is \$10,207,296. Of this amount, \$8,273,334 represents governmental general obligation bonds; \$74,000 represents a loan from Oakland County, Michigan; \$595,000 represents a loan from the State of Michigan's Drinking Water Revolving Fund; \$1,146,720 represents special assessment bonds; \$112,429 represents accumulated compensated absences; and \$5,813 represents governmental capital leases.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2022 is reflective of anticipated revenue and costs. The Township has taken into consideration changes in the economy for housing values and sales taxes and their impact on revenue. The Township has budgeted for continuing to aggressively fund the retirement pension and health insurance liabilities.

The Township is receiving \$3,281,987 in American Rescue Plan funds and is in the process of planning for which projects that money will be used.

As we enter 2022 and with vaccines and reduction of COVID-19 cases, the Township does not currently foresee any continuing major impact from COVID-19. However, the township board remains vigilant and prepared to face the future.

Requests for Further Information

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions or concerns about this report or need additional information, contact the clerk's office at the Charter Township of White Lake, 7525 Highland Road, White Lake, MI 48383.

Charter Township of White Lake

Statement of Net Position

December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 40,856,274	\$ 3,465,246	\$ 44,321,520
Receivables:			
Property taxes receivable	4,855,302	-	4,855,302
Special assessments receivable	1,899,730	1,046,547	2,946,277
Receivables from sales to customers on account	-	342,526	342,526
Accrued interest receivable	-	4,443	4,443
Other receivables	281,249	12,734	293,983
Due from other governments	625,901	131,429	757,330
Internal balances	279,443	(279,443)	-
Prepaid expenses and other assets	127,724	1,475	129,199
Library receivable	7,987,378	-	7,987,378
Restricted assets	-	2,664,652	2,664,652
Capital assets: (Note 3)			
Assets not subject to depreciation	4,882,771	585,086	5,467,857
Assets subject to depreciation - Net	6,187,249	19,149,319	25,336,568
Total assets	67,983,021	27,124,014	95,107,035
Deferred Outflows of Resources			
Deferred pension costs (Note 8)	3,373,358	29,006	3,402,364
Deferred OPEB costs (Note 9)	977,167	27,145	1,004,312
Total deferred outflows of resources	4,350,525	56,151	4,406,676
Liabilities			
Accounts payable	405,761	111,884	517,645
Due to other governmental units	26,106	-	26,106
Refundable deposits, bonds, etc.	1,046,236	-	1,046,236
Accrued liabilities and other	558,683	15,813	574,496
Unearned revenue	1,640,994	-	1,640,994
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 5)	22,486	-	22,486
Current portion of long-term debt (Note 5)	363,172	375,000	738,172
Due in more than one year:			
Compensated absences (Note 5)	89,943	-	89,943
Net pension liability (Note 8)	10,609,430	90,610	10,700,040
Net OPEB liability (Note 9)	4,790,621	133,086	4,923,707
Long-term debt (Note 5)	8,619,975	736,720	9,356,695
Total liabilities	28,173,407	1,463,113	29,636,520
Deferred Inflows of Resources			
Property taxes and special assessments levied for the following year	13,548,687	-	13,548,687
Deferred pension cost reductions (Note 8)	1,264,014	11,547	1,275,561
Deferred OPEB cost reductions (Note 9)	1,899,868	52,779	1,952,647
Total deferred inflows of resources	16,712,569	64,326	16,776,895
Net Position			
Net investment in capital assets	10,090,207	18,622,685	28,712,892
Restricted:			
Debt service	1,038,541	-	1,038,541
Fire	6,959,254	-	6,959,254
Police	4,864,698	-	4,864,698
Parks and recreation	976,108	-	976,108
Drug law enforcement	102,732	-	102,732
Building activity	2,153,100	-	2,153,100
Solid waste	173,830	-	173,830
Public access programming	64,700	-	64,700
Water operating ordinance	-	2,664,652	2,664,652
Unrestricted	1,024,400	4,365,389	5,389,789
Total net position	\$ 27,447,570	\$ 25,652,726	\$ 53,100,296

See notes to financial statements.

Charter Township of White Lake

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,594,659	\$ 269,811	\$ 37,406	\$ -
Public safety	9,511,535	1,007,759	124,621	-
Public works	3,744,813	2,110,833	-	1,695,535
Health and welfare	204,461	-	99,763	-
Community and economic development	414,085	975	-	-
Recreation and culture	387,338	6,630	-	50,000
Interest on long-term debt	555,809	-	-	-
Total governmental activities	18,412,700	3,396,008	261,790	1,745,535
Business-type activities:				
Water Fund	1,151,543	1,227,706	-	183,269
Sewer Fund	2,857,781	2,802,883	-	862,099
Total business-type activities	4,009,324	4,030,589	-	1,045,368
Total primary government	\$ 22,422,024	\$ 7,426,597	\$ 261,790	\$ 2,790,903

General revenue:

- Property taxes
- State-shared revenue
- Investment income
- Cable franchise fees
- Gain on sale of fixed assets
- Other miscellaneous income

Total general revenue

Transfers

Change in Net Position

Net Position - Beginning of year - As restated (Note 11)

Net Position - End of year

Statement of Activities

Year Ended December 31, 2021

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,287,442)	\$ -	\$ (3,287,442)
(8,379,155)	-	(8,379,155)
61,555	-	61,555
(104,698)	-	(104,698)
(413,110)	-	(413,110)
(330,708)	-	(330,708)
(555,809)	-	(555,809)
(13,009,367)	-	(13,009,367)
-	259,432	259,432
-	807,201	807,201
-	1,066,633	1,066,633
(13,009,367)	1,066,633	(11,942,734)
11,307,511	-	11,307,511
3,291,065	-	3,291,065
169,198	54,948	224,146
511,264	-	511,264
39,255	2,225	41,480
648,931	-	648,931
15,967,224	57,173	16,024,397
391,594	(391,594)	-
3,349,451	732,212	4,081,663
24,098,119	24,920,514	49,018,633
<u>\$ 27,447,570</u>	<u>\$ 25,652,726</u>	<u>\$ 53,100,296</u>

Charter Township of White Lake

Governmental Funds Balance Sheet

December 31, 2021

	Special Revenue Funds				Capital Project Fund	Nonmajor Funds	Total Governmental Funds
	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Improvement Revolving Fund		
Assets							
Cash and investments	\$ 9,346,013	\$ 9,134,973	\$ 8,448,150	\$ 1,653,329	\$ 7,854,106	\$ 4,419,703	\$ 40,856,274
Receivables:							
Property taxes receivable	519,287	1,503,424	2,449,827	-	-	382,764	4,855,302
Special assessments receivable	-	-	-	713,965	-	1,185,765	1,899,730
Other receivables	182,605	26,923	68,374	-	-	3,347	281,249
Due from other governments	598,476	-	10,968	-	-	16,457	625,901
Due from other funds (Note 4)	278,287	-	-	-	-	199,472	477,759
Prepaid expenses and other assets	123,424	-	4,300	-	-	-	127,724
Total assets	\$ 11,048,092	\$ 10,665,320	\$ 10,981,619	\$ 2,367,294	\$ 7,854,106	\$ 6,207,508	\$ 49,123,939
Liabilities							
Accounts payable	\$ 192,411	\$ 57,539	\$ 127,935	\$ -	\$ 11,955	\$ 15,921	\$ 405,761
Due to other governmental units	19,524	-	-	-	-	6,582	26,106
Due to other funds (Note 4)	-	-	-	179,520	-	18,796	198,316
Refundable deposits, bonds, etc.	1,046,236	-	-	-	-	-	1,046,236
Accrued liabilities and other	225,060	71,700	160,370	-	-	8,673	465,803
Unearned revenue	1,640,994	-	-	-	-	-	1,640,994
Total liabilities	3,124,225	129,239	288,305	179,520	11,955	49,972	3,783,216
Deferred Inflows of Resources							
Unavailable revenue	49,605	-	-	-	-	1,120,804	1,170,409
Property taxes and special assessments levied for the following year	1,218,060	3,576,827	5,828,616	2,013,944	-	911,240	13,548,687
Total deferred inflows of resources	1,267,665	3,576,827	5,828,616	2,013,944	-	2,032,044	14,719,096
Total liabilities and deferred inflows of resources	4,391,890	3,706,066	6,116,921	2,193,464	11,955	2,082,016	18,502,312
Fund Balances							
Nonspendable - Prepays	123,424	-	4,300	-	-	-	127,724
Restricted:							
Police	-	-	4,860,398	-	-	-	4,860,398
Fire	-	6,959,254	-	-	-	-	6,959,254
Debt service	-	-	-	-	-	244,678	244,678
Solid waste	-	-	-	173,830	-	-	173,830
Drug law enforcement	-	-	-	-	-	102,732	102,732
Building activity	-	-	-	-	-	2,153,100	2,153,100
Parks and recreation	-	-	-	-	-	976,108	976,108
Public access programming	64,700	-	-	-	-	-	64,700
Assigned:							
Subsequent year's budget	559,530	-	-	-	-	-	559,530
Road improvements	2,500,000	-	-	-	-	-	2,500,000
Capital projects	1,000,000	-	-	-	7,842,151	648,874	9,491,025
OPEB contribution	800,000	-	-	-	-	-	800,000
Unassigned	1,608,548	-	-	-	-	-	1,608,548
Total fund balances	6,656,202	6,959,254	4,864,698	173,830	7,842,151	4,125,492	30,621,627
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,048,092	\$ 10,665,320	\$ 10,981,619	\$ 2,367,294	\$ 7,854,106	\$ 6,207,508	\$ 49,123,939

Charter Township of White Lake

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2021

Fund Balances Reported in Governmental Funds	\$ 30,621,627
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	11,070,020
Special assessments and grant revenue that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	1,170,409
Long-term receivables are not receivable in the current period and are not reported in the funds	7,987,378
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(8,983,147)
Accrued interest is not due and payable in the current period and is not reported in the funds	(92,880)
Compensated absences are not due and payable in the current period and are not reported in the funds	(112,429)
Net pension liability is not due and payable in the current period and is not reported in the funds	(10,609,430)
Net OPEB liability does not present a claim on current financial resources and is not reported as fund liabilities	(4,790,621)
Deferred outflows related to pensions are not recorded in the funds	3,373,358
Deferred outflows related to OPEB are not recorded in the funds	977,167
Deferred inflows related to pensions are not recorded in the funds	(1,264,014)
Deferred inflows related to OPEB are not recorded in the funds	(1,899,868)
Net Position of Governmental Activities	<u>\$ 27,447,570</u>

Charter Township of White Lake

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2021

	Special Revenue Funds				Capital Project Fund		Total Governmental Funds
	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Improvement Revolving Fund	Nonmajor Funds	
Revenue							
Taxes	\$ 1,268,338	\$ 3,470,922	\$ 5,655,994	\$ -	\$ -	\$ 912,556	\$ 11,307,810
Special assessments	132,130	-	-	1,951,405	-	618,009	2,701,544
Intergovernmental:							
Federal grants	63,774	74,123	45,073	-	-	35,989	218,959
State-shared revenue and grants	3,275,492	-	3,374	-	-	50,000	3,328,866
Local grants and contributions -							
Operating grants	-	-	-	-	-	5,425	5,425
Charges for services	67,741	4,029	4,457	-	111,864	22,455	210,546
Fines and forfeitures	-	-	160,082	-	-	23,288	183,370
Licenses and permits:							
Cable franchise fees	511,264	-	-	-	-	-	511,264
Other licenses and permits	210,157	1,843	18,006	-	-	799,893	1,029,899
Interest and rentals	49,978	29,789	26,088	-	26,614	51,801	184,270
Other revenue	587,638	44,230	177,364	-	70,001	60,363	939,596
Total revenue	6,166,512	3,624,936	6,090,438	1,951,405	208,479	2,579,779	20,621,549
Expenditures							
Current:							
General government	3,824,500	2,055	748	-	275,292	-	4,102,595
Public safety	129,440	3,272,046	5,879,727	-	-	651,775	9,932,988
Public works	215,573	-	-	1,946,788	206,929	1,301,090	3,670,380
Health and welfare	199,763	-	-	-	-	-	199,763
Community and economic development	355,281	-	-	-	-	35,989	391,270
Recreation and culture	209,580	-	-	-	-	108,620	318,200
Debt service	7,337	-	-	-	-	552,573	559,910
Total expenditures	4,941,474	3,274,101	5,880,475	1,946,788	482,221	2,650,047	19,175,106
Excess of Revenue Over (Under) Expenditures	1,225,038	350,835	209,963	4,617	(273,742)	(70,268)	1,446,443
Other Financing Sources (Uses)							
Transfers in	340,000	-	-	-	5,051,594	426,811	5,818,405
Transfers out	(5,300,000)	-	-	-	-	(126,811)	(5,426,811)
New debt issued	-	-	-	-	-	900,000	900,000
Sale of capital assets	2,560	9,000	27,695	-	-	-	39,255
Total other financing (uses) sources	(4,957,440)	9,000	27,695	-	5,051,594	1,200,000	1,330,849
Net Change in Fund Balances	(3,732,402)	359,835	237,658	4,617	4,777,852	1,129,732	2,777,292
Fund Balances - Beginning of year - As restated (Note 11)	10,388,604	6,599,419	4,627,040	169,213	3,064,299	2,995,760	27,844,335
Fund Balances - End of year	\$ 6,656,202	\$ 6,959,254	\$ 4,864,698	\$ 173,830	\$ 7,842,151	\$ 4,125,492	\$ 30,621,627

Charter Township of White Lake

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

Year Ended December 31, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ 2,777,292
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	564,153
Depreciation expense	(829,502)
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	406,327
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(900,000)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	296,192
Change in accrued interest payable and other	(6,946)
Increases 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	23,283
The change in the net pension liability is recorded when incurred in the statement of activities	(151,575)
The change in net other postemployment benefit obligations are not reported as fund liabilities	1,112,811
Change in deferred outflows related to pensions	1,038,521
Change in deferred outflows related to OPEB	41,277
Change in deferred inflows related to pensions	(1,117,666)
Change in deferred inflows related to OPEB	95,284
Change in Net Position of Governmental Activities	<u>\$ 3,349,451</u>

Charter Township of White Lake

Proprietary Funds Statement of Net Position

December 31, 2021

	Sewer Fund	Water Fund	Total Enterprise Funds
Assets			
Current assets:			
Cash and investments	\$ 1,666,342	\$ 1,798,904	\$ 3,465,246
Receivables:			
Special assessments receivable - Current portion	404,085	23,772	427,857
Receivables from sales to customers on account	-	342,526	342,526
Accrued interest receivable	2,170	2,273	4,443
Other receivables	-	12,734	12,734
Due from other governments	131,429	-	131,429
Due from other funds (Note 4)	-	148,367	148,367
Prepaid expenses and other assets	-	1,475	1,475
Total current assets	2,204,026	2,330,051	4,534,077
Noncurrent assets:			
Restricted assets	-	2,664,652	2,664,652
Special assessment receivables - Greater than one year	510,690	108,000	618,690
Capital assets: (Note 3)			
Assets not subject to depreciation	45,880	539,206	585,086
Assets subject to depreciation - Net	11,300,214	7,849,105	19,149,319
Total noncurrent assets	11,856,784	11,160,963	23,017,747
Total assets	14,060,810	13,491,014	27,551,824
Deferred Outflows of Resources			
Deferred pension costs (Note 8)	6,800	22,206	29,006
Deferred OPEB costs (Note 9)	-	27,145	27,145
Total deferred outflows of resources	6,800	49,351	56,151
Liabilities			
Current liabilities:			
Accounts payable	59,313	52,571	111,884
Due to other funds (Note 4)	380,685	47,125	427,810
Accrued liabilities and other	3,043	12,770	15,813
Current portion of long-term debt (Note 5)	308,115	66,885	375,000
Total current liabilities	751,156	179,351	930,507
Noncurrent liabilities:			
Net pension liability (Note 8)	24,239	66,371	90,610
Net OPEB liability (Note 9)	-	133,086	133,086
Long-term debt (Note 5)	170,701	566,019	736,720
Total noncurrent liabilities	194,940	765,476	960,416
Total liabilities	946,096	944,827	1,890,923
Deferred Inflows of Resources			
Deferred pension cost reductions (Note 8)	2,157	9,390	11,547
Deferred OPEB cost reductions	-	52,779	52,779
Total deferred inflows of resources	2,157	62,169	64,326
Net Position			
Net investment in capital assets	10,867,278	7,755,407	18,622,685
Restricted - Water operating ordinance	-	2,664,652	2,664,652
Unrestricted	2,252,079	2,113,310	4,365,389
Total net position	<u>\$ 13,119,357</u>	<u>\$ 12,533,369</u>	<u>\$ 25,652,726</u>

Charter Township of White Lake

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2021

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating Revenue			
Sale of water	\$ -	\$ 1,211,162	\$ 1,211,162
Sewage disposal charges	2,770,699	-	2,770,699
Interest and penalty charges	32,184	10,619	42,803
Installation fees	-	5,925	5,925
Total operating revenue	2,802,883	1,227,706	4,030,589
Operating Expenses			
Salaries and wages	-	140,441	140,441
Fringe benefits	-	97,873	97,873
Workers' compensation and general liability insurance	-	36,196	36,196
Sewer operating expenses	2,478,602	-	2,478,602
Other operating expenses	-	127,773	127,773
Utilities	-	80,426	80,426
Tools and supplies	-	146,033	146,033
Repairs and maintenance	8,640	106,094	114,734
Depreciation	356,521	400,228	756,749
Total operating expenses	2,843,763	1,135,064	3,978,827
Operating (Loss) Income	(40,880)	92,642	51,762
Nonoperating Revenue (Expense)			
Investment income	28,329	26,619	54,948
Interest expense	(14,018)	(16,479)	(30,497)
Gain on sale of assets	-	2,225	2,225
Total nonoperating revenue	14,311	12,365	26,676
(Loss) Income - Before capital contributions	(26,569)	105,007	78,438
Capital Contributions - Tap-in and recovery fees	862,099	183,269	1,045,368
Transfers Out	(391,594)	-	(391,594)
Change in Net Position	443,936	288,276	732,212
Net Position - Beginning of year - As restated (Note 11)	12,675,421	12,245,093	24,920,514
Net Position - End of year	\$ 13,119,357	\$ 12,533,369	\$ 25,652,726

Charter Township of White Lake

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2021

	Sewer Fund	Water Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,297,302	\$ 1,200,902	\$ 3,498,204
Receipts from other funds	380,685	4,178	384,863
Payments to suppliers	(2,427,929)	(458,829)	(2,886,758)
Payments to employees and fringes	(623)	(356,974)	(357,597)
Other payments	(131,429)	-	(131,429)
Net cash and cash equivalents provided by operating activities	118,006	389,277	507,283
Cash Flows Used in Noncapital Financing Activities -			
Transfers to other funds	(391,594)	-	(391,594)
Cash Flows from Capital and Related Financing Activities			
Special assessment collections	-	62,448	62,448
Tap-in fees	862,099	183,269	1,045,368
Proceeds from sale of capital assets	-	2,225	2,225
Purchase of capital assets	(423,489)	(346,242)	(769,731)
Principal and interest paid on capital debt	(314,090)	(83,773)	(397,863)
Net cash and cash equivalents provided by (used in) capital and related financing activities	124,520	(182,073)	(57,553)
Cash Flows Provided by Investing Activities - Interest received on investments	26,159	28,213	54,372
Net (Decrease) Increase in Cash and Cash Equivalents	(122,909)	235,417	112,508
Cash and Cash Equivalents - Beginning of year (as restated)	1,789,251	4,228,139	6,017,390
Cash and Cash Equivalents - End of year	<u>\$ 1,666,342</u>	<u>\$ 4,463,556</u>	<u>\$ 6,129,898</u>
Classification of Cash and Cash Equivalents			
Cash and investments	\$ 1,666,342	\$ 1,798,904	\$ 3,465,246
Restricted cash	-	2,664,652	2,664,652
Total cash and cash equivalents	<u>\$ 1,666,342</u>	<u>\$ 4,463,556</u>	<u>\$ 6,129,898</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (40,880)	\$ 92,642	\$ 51,762
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation	356,521	400,228	756,749
Changes in assets and liabilities:			
Receivables	(637,010)	(26,804)	(663,814)
Due to and from other funds	380,685	4,178	384,863
Prepaid and other assets	-	(483)	(483)
Net pension or OPEB liability	(623)	(110,670)	(111,293)
Accounts payable	59,313	31,868	91,181
Accrued and other liabilities	-	(1,682)	(1,682)
Total adjustments	158,886	296,635	455,521
Net cash and cash equivalents provided by operating activities	<u>\$ 118,006</u>	<u>\$ 389,277</u>	<u>\$ 507,283</u>

Charter Township of White Lake

**Fiduciary Funds
Statement of Fiduciary Net Position**

December 31, 2021

	Other Postemployment Benefits Fund	Custodial Funds	<u>Total Fiduciary Funds</u>
Assets			
Cash and cash equivalents	\$ -	\$ 1,165,330	\$ 1,165,330
Interest in pooled investments (Note 2)	7,138,431	-	7,138,431
Receivables	-	2,636,889	2,636,889
Total assets	<u>7,138,431</u>	<u>3,802,219</u>	<u>10,940,650</u>
Liabilities			
Due to other governmental units	-	2,598	2,598
Refundable deposits, bonds, etc.	-	29,930	29,930
Unremitted tax collections	-	543,805	543,805
Total liabilities	<u>-</u>	<u>576,333</u>	<u>576,333</u>
Deferred Inflows of Resources - Property taxes levied for the following year	<u>-</u>	<u>2,636,889</u>	<u>2,636,889</u>
Net Position			
Restricted:			
Postemployment benefits other than pension (Note 2)	7,138,431	-	7,138,431
Individuals, organizations, and other governments	-	588,997	588,997
Total net position	<u><u>\$ 7,138,431</u></u>	<u><u>\$ 588,997</u></u>	<u><u>\$ 7,727,428</u></u>

Charter Township of White Lake

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2021

	Other Postemployment Benefits Fund	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income	\$ 831,431	\$ -	\$ 831,431
Contributions	1,310,019	458,305	1,768,324
Property tax collections	-	34,845,160	34,845,160
Total additions	2,141,450	35,303,465	37,444,915
Deductions			
Benefit payments	520,019	-	520,019
Administrative expenses	11,766	15,154	26,920
Repairs and maintenance	-	403,263	403,263
Tax payments to other governments	-	34,845,160	34,845,160
Total deductions	531,785	35,263,577	35,795,362
Net Increase in Fiduciary Net Position	1,609,665	39,888	1,649,553
Net Position - Beginning of year	5,528,766	549,109	6,077,875
Net Position - End of year	<u>\$ 7,138,431</u>	<u>\$ 588,997</u>	<u>\$ 7,727,428</u>

December 31, 2021

Note 1 - Significant Accounting Policies

Reporting Entity

The Charter Township of White Lake (the "Township") is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its blended component unit, an entity for which the Township is considered to be financially accountable. Blended component units are, in substance, part of the Township's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the Township. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

Blended Component Unit

The Township Building Authority is governed by a board appointed by the Township's governing body. Although it is legally separate from the Township, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

Fiduciary Component Unit

Other Postemployment Benefits Fund

The Charter Township of White Lake OPEB plan is governed by the Township's board. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township administers the plan and the plan imposes a financial burden on the Township.

Jointly Governed Organization

In January 2020, the Township entered into a joint venture with the Charter Township of Highland and the Charter Township of Waterford to create the Western Oakland Transportation Authority (WOTA). The purpose of WOTA is to provide defined and beneficial transportation services to eligible persons in the service area. WOTA is governed by a three-member board with one member appointed by the respective underlying legislative body of each participating municipality for four-year terms. The board of WOTA is required to prepare, approve, and submit an annual budget to the governing body of each municipality by July 1 of each fiscal year.

During the year ended December 31, 2021, the Township's contribution to WOTA was \$199,763.

All parties have contributed to the cost of WOTA and share in its ownership on a percentage basis. The majority of WOTA's capital assets were purchased with federal and state funds, so any income from the sale of these assets would revert to those agencies.

The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

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). The following is a summary of the significant accounting policies used by the Township:

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Township to show the particular expenditures for which specific revenue is 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. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. 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 government services other than those specifically assigned to another fund.
- The Fire Fund is used by the Township to account for the assets and operation of the fire department that are financed primarily by dedicated property taxes.
- The Police Fund is used by the Township to account for the assets and operation of the police department that are financed primarily by dedicated property taxes.
- The Solid Waste Special Assessment Fund is a special revenue fund used to account for the collection of special assessments and the payment for the disposal of the Township's solid waste.
- The Improvement Revolving Fund is a special revenue fund used to account for Township capital improvement projects.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following funds as a major enterprise funds:

- The Water Fund accounts for the operation, maintenance, and distribution of the water system.
- The Sewer Fund accounts for the operation, maintenance, and distribution of the sewer system.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Other Postemployment Benefits Fund accumulates resources for future retiree health care payments to retirees.
- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and remits the taxes to each authority.
- Various escrow funds for township lakes receive contributions for the maintenance of these lakes.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the Township 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. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type 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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type 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 Township 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 retiree health care-related costs or 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.

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, district court fines, 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 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.

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.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

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, unrestricted intergovernmental receipts, 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 the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Township's water function and various other functions. 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, if any, are reported as separate columns in the fund financial statements.

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.

Investments

Investments are reported at fair value or estimated fair value. Pooled investment income from the General Fund is generally allocated to each fund using a weighted average.

Receivables and Payables

In general, outstanding balances between funds are reported as due 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 considered fully collectible by the Township. No provision has been made in the financial statements for noncollection.

Library Receivable

During 2018, the Township issued debt on behalf of the White Lake Township Library (the "Library") to construct a new library facility. The Township is collecting a debt millage on behalf of the Library, which will be used to pay the debt principal and interest payments as they come due. Since the building is an asset of the Library, the Township will record a receivable from the Library until the debt is paid off. Payments on the Library debt began on March 1, 2020 and are due annually through March 1, 2038.

Restricted Assets

Certain township ordinances require amounts to be set aside for debt service principal and interest, operations and maintenance, and improvements and replacement of the water system. These amounts, which consist of cash and investments, have been classified as restricted assets.

Note 1 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, drains, and similar items), 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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	<u>Depreciable Life - Years</u>
Water system	50
Sewer system	50
Machinery and equipment	5-20
Buildings and improvements	5-20
Furniture and equipment	5-20
Vehicles	5-12

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 bonds 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 an other financing source, as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

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 will not be recognized as an outflow of resources (expense/expenditure) until then.

The Township reports deferred outflows of resources related to the defined benefit pension plan and the OPEB plan. The deferred outflows of resources related to pension and OPEB are reported in the government-wide financial statements and the Water and Sewer Funds. Details of the deferred outflows of resources related to pension and OPEB can be found in Notes 8 and 9.

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 will not be recognized as an inflow of resources (revenue) until that time.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

The Township reports deferred inflows related to property taxes levied for the following year. The governmental funds also 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. There are deferred inflows of resources related to the defined benefit pension plan and the OPEB plan. The deferred inflows of resources related to pension are reported in the government-wide financial statements and the Water and Sewer Funds. Details of the deferred inflows of resources related to pension and OPEB can be found in Notes 8 and 9.

Net Position

Net position of the Township is classified in three components. Net investment in capital assets - net of related debt 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. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Township will sometimes 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 funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Township will sometimes 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 Township'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. In the fund financial statements, governmental funds report the following components of fund balance:

- *Nonspendable* - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- *Restricted* - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- *Committed* - Amounts that have been formally set aside by the township board of trustees for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of trustees.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

- *Assigned* - Intent to spend resources on specific purposes expressed by the township board as a whole or the supervisor, treasurer, and clerk, who are authorized by resolution approved by the township board to make assignments
- *Unassigned* - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based 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. Unpaid property taxes become a lien on the property on March 1 of the second year following the year of the levy.

The Township's 2021 property tax revenue was levied and collectible on December 1, 2020 and is recognized as revenue in the year ended December 31, 2021 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the Township totaled \$1.2 billion, on which taxes levied consisted of 0.9278 mills for operating purposes, 4.5386 mills for police services, 2.7852 mills for fire service, 0.4431 mills for library debt, and 0.2921 mills for parks and recreation. This resulted in \$1.2 million for operating, \$5.7 million for police services, \$3.5 million for fire service, \$0.5 million for library debt, and \$0.4 million for parks and recreation. These amounts are recognized in the respective General Fund and special revenue fund financial statements as property tax revenue.

A provision has been recorded for potential refunds related to disputed taxable values and potential chargebacks from Oakland County, Michigan.

Pension

The Township offers a defined benefit pension plan to its employees through the Municipal Employees' Retirement System of Michigan (MERS). 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 Township's 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. The General, Police, Fire, and Water funds will be used to liquidate the net pension liability, based on whichever fund an employee or retiree is assigned and to which fund the employee's pension costs are charged.

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

The Township offers retiree health care benefits to retirees. The Township records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Township's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The obligation is liquidated from the General, Police, Fire, and Water funds.

Compensated Absences (Sick Leave)

It is the Township's policy to permit police employees to accumulate earned but unused sick pay benefits. Upon meeting all requirements for full retirement, an employee will be entitled to 50 percent with a 100-day cap (maximum payment of 50 days) of his or her sick day bank. Upon favorable separation, with a minimum of 10 years of service, an employee is entitled to a 30 percent payout with a 100-day cap (maximum payment of 30 days). A liability for these amounts is reported in governmental funds only when they have matured or come due for payment - generally when an individual's employment has terminated as of year end. Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

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 Water and Sewer funds is charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund 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.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were effective for the Township's financial statements for the year ended December 31, 2020 but were extended to December 31, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

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.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Township's financial statements for the year ending June 30, 2022.

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 Other Postemployment Benefits Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated three 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 allowable vehicles mentioned above, except repurchase agreements.

December 31, 2021

Note 2 - Deposits and Investments (Continued)

The Township's cash and investments are subject to several 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 \$9,431,234 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, 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.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Township had the following investments:

Investment	Fair Value	Weighted-average Maturity (Days)
Primary Government		
Oakland County Local Government Investment Pool	\$ 21,097,681	333
Investment	Carrying Value	Weighted-average Maturity (Years)
Fiduciary Funds		
MERS Total Market Portfolio	\$ 7,138,431	N/A

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
Primary Government			
Oakland County Local Government Investment Pool	\$ 21,097,681	N/A	N/A
Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
MERS Total Market Portfolio	\$ 7,138,431	N/A	N/A

December 31, 2021

Note 2 - Deposits and Investments (Continued)

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 (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 or liability.

The Township has a fair value measurement in the Oakland County Local Government Investment Pool (LGIP) as of December 31, 2021. The Township's investment in the Oakland County LGIP (\$21,097,681) and the MERS Total Market Portfolio (\$7,138,431) are measured at net asset value (NAV).

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

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.

At December 31, 2021, 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
Oakland County Local Government Investment Pool	\$ 21,097,681	\$ -	None	N/A
MERS Total Market Portfolio	7,138,431	-	None	N/A

The Oakland County LGIP is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The pool does not meet the requirements under GASB Statement No. 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

The Oakland County LGIP invests assets in a manner that will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

December 31, 2021

Note 3 - Capital Assets

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

Governmental Activities

	Balance January 1, 2021	Additions	Disposals and Adjustments	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 4,462,300	\$ 275,291	\$ -	\$ 4,737,591
Construction in progress	71,137	145,180	(71,137)	145,180
Subtotal	4,533,437	420,471	(71,137)	4,882,771
Capital assets being depreciated:				
Buildings and improvements	8,189,909	64,326	-	8,254,235
Vehicles	4,140,661	-	(135,564)	4,005,097
Furniture and equipment	1,860,869	89,980	(43,520)	1,907,329
Subtotal	14,191,439	154,306	(179,084)	14,166,661
Accumulated depreciation:				
Buildings and improvements	3,378,091	327,918	-	3,706,009
Vehicles	2,650,365	372,729	(135,565)	2,887,529
Furniture and equipment	1,300,538	128,855	(43,519)	1,385,874
Subtotal	7,328,994	829,502	(179,084)	7,979,412
Net capital assets being depreciated	6,862,445	(675,196)	-	6,187,249
Net governmental activities capital assets	<u>\$ 11,395,882</u>	<u>\$ (254,725)</u>	<u>\$ (71,137)</u>	<u>\$ 11,070,020</u>

Business-type Activities

	Balance January 1, 2021	Additions	Disposals and Adjustments	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 253,080	\$ -	\$ -	\$ 253,080
Construction in progress	71,516	260,490	-	332,006
Subtotal	324,596	260,490	-	585,086
Capital assets being depreciated:				
Water system	15,867,308	-	(20,490)	15,846,818
Machinery and equipment	504,935	131,634	-	636,569
Sewer system	16,436,103	433,229	-	16,869,332
Subtotal	32,808,346	564,863	(20,490)	33,352,719
Accumulated depreciation:				
Water system	8,041,125	329,316	(20,490)	8,349,951
Machinery and equipment	213,417	70,912	-	284,329
Sewer system	5,212,599	356,521	-	5,569,120
Subtotal	13,467,141	756,749	(20,490)	14,203,400
Net capital assets being depreciated	19,341,205	(191,886)	-	19,149,319
Net business-type activities capital assets	<u>\$ 19,665,801</u>	<u>\$ 68,604</u>	<u>\$ -</u>	<u>\$ 19,734,405</u>

The Township began reporting sewer activity as a business-type activity beginning on January 1, 2021. As a result, sewer system capital assets with a beginning of year net book value of \$11,223,504 were reclassified to business-type activities as a result of this change in reporting (see Note 11) .

December 31, 2021

Note 3 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 116,194
Public safety		486,454
Public works		138,759
Economic development		16,533
Health and welfare		4,698
Recreation and culture		66,864
		<u>829,502</u>
Total governmental activities		<u>\$ 829,502</u>
Business-type activities		
Water		\$ 400,228
Sewer		356,521
		<u>756,749</u>
Total business-type activities		<u>\$ 756,749</u>

Construction Commitments

At December 31, 2021, the Township had outstanding commitments through construction contracts of approximately \$7,294,703 related to the Drinking Water State Revolving Fund and other capital improvements.

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	\$ 47,125
	Solid Waste Special Assessment Fund	179,520
	Sewer Fund	32,846
	Nonmajor governmental funds	18,796
	Total General Fund	<u>278,287</u>
Nonmajor governmental funds	Sewer Fund	199,472
Water Fund	Sewer Fund	148,367
	Total	<u>\$ 626,126</u>

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. In addition, several funds do not have separate bank accounts, and, therefore, the General Fund holds its respective cash and investments.

December 31, 2021

Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Improvement Revolving Fund	\$ 5,000,000
	Nonmajor governmental funds	300,000
	Total General Fund	5,300,000
Nonmajor governmental funds	Nonmajor governmental funds	126,811
Sewer Fund	General Fund	340,000
	Improvement Revolving Fund	51,594
	Total Sewer Fund	391,594
	Total	<u>\$ 5,818,405</u>

The transfers from the General Fund to the Improvement Revolving Fund and PA 188 Fund occurred to set funds aside for future township projects. The transfer from the Construction Fund to the Special Assessment Debt Fund occurred to move a completed construction project to the debt service fund. The transfer from the Sewer Fund to the General Fund occurred in order to repay the General Fund for amounts transferred in previous years. The transfer from the Sewer Fund to the Improvement Revolving fund was to repay for amounts owed on previous sewer projects.

December 31, 2021

Note 5 - Long-term Debt

Long-term debt activity for the year ended December 31, 2021 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:							
Oakland County Revolving Fund:							
Amount of issue - \$148,000							
Maturing through 2025	5.00%	\$14,800	\$ 88,800	\$ -	\$ (14,800)	\$ 74,000	\$ 14,800
Capital leases - 2019 Copiers:							
Amount of issue - \$17,600		\$5,395-					
Maturing through 2022	8.18%	\$6,351	12,205	-	(6,392)	5,813	5,813
Total direct borrowings and direct placements principal outstanding			101,005	-	(21,192)	79,813	20,613
Other debt:							
2018 Library Building Construction Bond:							
Amount of issue - \$8,600,000	3.00%-	\$250,000 -					
Maturing through 2038	3.50%	\$675,000	8,350,000	-	(275,000)	8,075,000	275,000
Discount on bonds payable			(74,107)	-	2,441	(71,666)	(2,441)
2021 Special Assessment Bonds:							
Amount of issue - \$900,000	1.05%-	\$70,000 -					
Maturing through 2031	2.60%	\$90,000	-	900,000	-	900,000	70,000
Total other debt principal outstanding			8,275,893	900,000	(272,559)	8,903,334	342,559
Total direct borrowings and other debt principal outstanding			8,376,898	900,000	(293,751)	8,983,147	363,172
Accumulated compensated absences			135,702	9,955	(33,228)	112,429	22,486
Total governmental activities long-term debt			<u>\$ 8,512,600</u>	<u>\$ 909,955</u>	<u>\$ (326,979)</u>	<u>\$ 9,095,576</u>	<u>\$ 385,658</u>

December 31, 2021

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
Direct borrowings and direct placements:							
Drinking Water Revolving Fund:							
Amount of issue - \$1,152,000 Maturing through 2030	2.50%	\$55,000- \$75,000	\$ 655,000	\$ -	\$ (60,000)	\$ 595,000	\$ 60,000
General obligation bonds - 2002 Pontiac Lake Sanitary System:							
Amount of issue - \$4,121,112 Maturing through 2022	2.50%	\$205,000- \$270,000	535,000	-	(265,000)	270,000	270,000
Total direct borrowings and direct placements principal outstanding			1,190,000	-	(325,000)	865,000	330,000
Other debt:							
2016 Special Assessment Bonds:							
Amount of issue - \$70,812 Maturing through 2026	3.00%	\$6,885- \$8,082	44,789	-	(6,885)	37,904	6,885
2016 Special Assessment Bonds:							
Amount of issue - \$390,907 Maturing through 2026	3.00%	\$29,645- \$43,500	246,931	-	(38,115)	208,816	38,115
Total other debt principal outstanding			291,720	-	(45,000)	246,720	45,000
Total business-type activities long-term debt			<u>\$ 1,481,720</u>	<u>\$ -</u>	<u>\$ (370,000)</u>	<u>\$ 1,111,720</u>	<u>\$ 375,000</u>

The Township began reporting sewer activity as a business-type activity beginning on January 1, 2021. As a result, the 2002 Pontiac Lake Sanitary System general obligation bond and 2016 special assessment bond with total beginning of the year balances of \$535,000 and \$246,931, respectively, were reclassified to business-type activities as a result of this change in reporting (see Note 11).

General Obligation Bonds and Contracts

The Township issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Township contractual agreements and installment purchase agreements are also general obligations of the Township.

Special Assessment Bonds

Special assessment debt provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. As additional security, the Township has pledged either its limited or full faith and credit for the payment of the principal and interest thereon.

December 31, 2021

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 December 31	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 20,613	\$ 14,991	\$ 342,559	\$ 261,360	\$ 639,523
2023	14,800	8,447	392,337	252,189	667,773
2024	14,800	7,755	392,337	242,581	657,473
2025	14,800	7,001	491,450	231,354	744,605
2026	14,800	6,092	516,228	218,148	755,268
Thereafter	-	16,439	6,768,423	1,396,772	8,181,634
Total	\$ 79,813	\$ 60,725	\$ 8,903,334	\$ 2,602,404	\$ 11,646,276

Years Ending December 31	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 330,000	\$ 17,500	\$ 45,000	\$ 5,950	\$ 398,450
2023	60,000	12,625	50,000	5,000	127,625
2024	65,000	11,063	50,000	3,750	129,813
2025	65,000	9,438	50,000	2,250	126,688
2026	65,000	7,813	51,720	750	125,283
Thereafter	280,000	14,375	-	-	294,375
Total	\$ 865,000	\$ 72,814	\$ 246,720	\$ 17,700	\$ 1,202,234

Assets Pledged as Collateral

Direct Borrowings and Direct Placements

The Township’s outstanding capital lease debt from direct borrowings related to governmental activities of \$5,813 is secured with collateral of the township copiers.

Drinking Water Revolving Fund

The Township was approved for a Drinking Water Revolving Fund loan on August 9, 2021 in the amount of approximately \$8.3 million. At December 31, 2021, there were no funds drawn on the loan.

Note 6 - Risk Management

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

December 31, 2021

Note 6 - Risk Management (Continued)

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 7 - Defined Contribution Pension Plan

The Township provides pension benefits to all paid on-call firefighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from six months after the date of employment. As established by the township board, contributions are calculated on employee base salary at a rate of 10 percent. The employee is also allowed to make voluntary after-tax contributions through payroll withholding in amounts ranging from 1 to 10 percent of base wages. The plan is administered by John Hancock Retirement Plan Services.

The Township's total payroll during the current year was \$7,168,232. The current year contribution was calculated based on covered payroll of \$35,109, resulting in an employer contribution of \$3,511 and employee contributions of \$0.

Note 8 - Pension Plan

Plan Description

The Township participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan) that covers all employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

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.

The MERS plan covers all union and nonunion employees segregated by the groups outlined below.

Retirement benefits for general employees (hired on or before September 1, 2011) are calculated as 2.50 percent of the employee's final three-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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for general employees (hired after September 1, 2011) are calculated as 1.50 percent of the employee's final three-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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Note 8 - Pension Plan (Continued)

Retirement benefits for police employees (hired on or before September 1, 2011) are calculated as 2.50 percent of the employee's final three-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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police patrol employees (hired after September 1, 2011) are calculated as 2.25 percent of the employee's final three-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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (hired on or before September 1, 2011) are calculated as 2.50 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (hired after September 1, 2011) are calculated as 2.25 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for public safety employees are calculated as 2.50 percent of the employee's final three-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 8 years. Employees are eligible for nonduty disability benefits after 8 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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for command employees are calculated as 2.50 percent of the employee's final three-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. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

December 31, 2021

Note 8 - Pension Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>89</u>
Total employees covered by the plan	<u><u>154</u></u>

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 general employees (hired on or before September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 7.40 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$14,142 per month.

For general employees (hired after September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 4.23 percent of annual covered payroll.

For police employees (hired on or before September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 6.25 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$20,606 per month.

For police patrol employees (hired after September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 6.25 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 5.79 percent of annual covered payroll.

For fire employees (hired on or before September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current flat rate is \$14,054 per month.

December 31, 2021

Note 8 - Pension Plan (Continued)

For fire employees (hired after September 1, 2011), the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 5.00 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 6.33 percent of annual covered payroll.

For public safety employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 9.60 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 54.65 percent of annual covered payroll.

For command employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees are required to contribute 6.25 percent of compensation. The Township makes employer contributions in accordance with funding requirements determined by the system's actuary. The Township's current rate is 31.61 percent of annual covered payroll.

Net Pension Liability

The net pension liability reported at December 31, 2021 was determined using a measure of the total pension liability and the pension net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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, 2019	\$ 35,357,049	\$ 24,804,950	\$ 10,552,099
Changes for the year:			
Service cost	707,910	-	707,910
Interest	2,646,104	-	2,646,104
Differences between expected and actual experience	346,801	-	346,801
Changes in assumptions	1,374,725	-	1,374,725
Contributions - Employer	-	1,078,321	(1,078,321)
Contributions - Employee	-	372,926	(372,926)
Net investment income	-	3,526,308	(3,526,308)
Benefit payments, including refunds	(1,787,705)	(1,787,705)	-
Administrative expenses	-	(49,956)	49,956
Net changes	3,287,835	3,139,894	147,941
Balance at December 31, 2020	\$ 38,644,884	\$ 27,944,844	\$ 10,700,040

The plan's fiduciary net position represents 72.3 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 December 31, 2021, the Township recognized pension expense of \$1,552,961.

December 31, 2021

Note 8 - Pension Plan (Continued)

At December 31, 2021, 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	\$ 335,879	\$ (94,581)
Changes in assumptions	1,742,163	-
Net difference between projected and actual earnings on pension plan investments	-	(1,180,980)
Employer contributions to the plan subsequent to the measurement date	1,324,322	-
Total	\$ 3,402,364	\$ (1,275,561)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$1,324,322), which will impact the net pension liability, rather than pension expense.

Years Ending December 31	Amount
2022	\$ 283,113
2023	522,022
2024	(15,796)
2025	13,142
Total	\$ 802,481

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return (net of investment expenses)	7.60%

Mortality rates were based on a blend of the following tables:

1. The Pub-2010 Juvenile Mortality Tables
2. The PubG-2010 Employee Mortality Tables
3. The PubG-2010 Healthy Retiree Tables

For disabled retirees, the mortality rates were based on a blend of the Pub-2010 Juvenile Mortality Tables and the PubNS-2010 Disabled Retiree Tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.60 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

December 31, 2021

Note 8 - Pension Plan (Continued)

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 December 31, 2020, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

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 7.60 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 (6.60%)	Current Discount Rate (7.60%)	1 Percentage Point Increase (8.60%)
Net pension liability of the Township	\$ 15,512,024	\$ 10,700,040	\$ 6,703,968

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

In the fiscal year ended December 31, 2021 (December 31, 2020 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the mortality tables being updated.

Note 9 - Other Postemployment Benefit Plan

Plan Description

The Township provides retiree health benefits to employees who meet eligibility requirements. This is a single-employer plan administered by the Township.

December 31, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

Employees become eligible at the earlier of the following requirements:

For Michigan Association of Public Employees (MAPE) and nonunion, there are no retiree health benefits for employees hired on or after October 1, 2008. For MAPE employees hired prior to October 1, 2008, employees must have attained the age of 50 with 25 years of service or the age of 60 with 10 years of service.

For house elected officials, supervisor, treasurer, and clerk, all employees are eligible at the earlier of age 50 with 25 years of service or the age of 60 with 8 years of service.

For police patrol and police command, there are no retiree health benefits for employees hired on or after January 1, 2010. For police patrol and command employees hired prior to January 1, 2010, employees must have attained the age of 50 with 25 years of service or the age of 60 with 10 years of service.

For fire, there are no retiree health benefits for employees hired on or after January 1, 2010. For fire employees hired prior to January 1, 2010, employees must have attained the age of 55 with 25 years of service or the age of 60 with 10 years of service.

The financial statements of the OPEB plan are included in these financial statements as an other postemployment benefits fund (a fiduciary fund).

Benefits Provided

The Township provides medical/RX and vision benefits for retirees. All pre-65 health plans are fully insured and experience rated with a self-insured WRAP premium included to buy down the deductible. Post-65 health plans are fully insured through Blue Cross Blue Shield (BCBS).

For house elected officials, supervisor, treasurer, and clerk employees, as well as general employees, MAPE employees, and other full-time nonunion employees hired prior to October 1, 2008, the Township pays the full cost of employee only coverage for medical/RX and vision benefits. For house elected officials, supervisor, treasurer, and clerk employees, spousal coverage is paid by the Township. For all others (general, MAPE, and nonunion), spousal and family coverage may be purchased at the retiree's own expense.

For police and fire employees hired prior to January 1, 2010, the Township pays the full cost of employee and spouse coverage for medical/RX and vision benefits. Police and fire employees hired on/after January 1, 2010 are not allowed to continue health coverage with the Township. Family coverage may be purchased at the retiree's own expense.

For employees hired on or after the cutoff dates listed above, the employer contributes 3.50 percent of employee base pay for police and fire employees and \$100 monthly for all other employees into a Health Care Savings Program (HCSP) account while actively employed. Police and fire employees also contribute a mandatory 3 percent of employee base pay into the account. As such, these employees are excluded from the calculation of the annual required contribution and net other postemployment benefit (OPEB) obligation described below.

December 31, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Township OPEB Plan
Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	43
Active plan members	41
Total plan members	<u>84</u>

Contributions

Retiree health care costs are paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. Additional prefunding is at the Township's discretion. For the fiscal year ended December 31, 2021, the Township made payments for postemployment health benefit premiums of \$520,019. The Township also began to prefund the postemployment retiree health care liability in 2015, with payments totaling \$790,000 during the fiscal year ended December 31, 2021. Employees are not required to contribute to the plan.

Net OPEB Liability

The Township has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2021 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2021 measurement date. The December 31, 2021 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 that has used procedures to roll information forward to the measurement date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at December 31, 2020	\$ 11,658,801	\$ 5,528,766	\$ 6,130,035
Changes for the year:			
Service cost	124,923	-	124,923
Interest	893,464	-	893,464
Differences between expected and actual experience	(629,688)	-	(629,688)
Changes in assumptions	534,657	-	534,657
Contributions - Employer	-	1,310,019	(1,310,019)
Net investment income	-	831,431	(831,431)
Benefit payments, including refunds	(520,019)	(520,019)	-
Administrative expenses	-	(11,766)	11,766
Net changes	<u>403,337</u>	<u>1,609,665</u>	<u>(1,206,328)</u>
Balance at December 31, 2021	<u>\$ 12,062,138</u>	<u>\$ 7,138,431</u>	<u>\$ 4,923,707</u>

The plan's fiduciary net position represents 59.2 percent of the total OPEB liability.

December 31, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

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

For the year ended December 31, 2021, the Township recognized OPEB expense of \$(47,898).

At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (1,207,105)
Changes in assumptions	1,004,312	(227,007)
Net difference between projected and actual earnings on OPEB plan investments	-	(518,535)
Total	\$ 1,004,312	\$ (1,952,647)

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

Years Ending December 31	Amount
2022	\$ (619,416)
2023	(112,607)
2024	(141,753)
2025	(74,559)
Total	\$ (948,335)

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.00 percent; an investment rate of return (net of investment expenses) of 7.35 percent; a health care cost trend rate of 7.50 percent for 2021, decreasing 0.5 percent per year to an ultimate rate of 4.0 percent for 2028 and later years; and the SOA Pub-2010 Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

December 31, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2021 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

Rates of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The following presents the net OPEB liability of the Township, calculated using the discount rate of 7.35 percent, as well as what the Township's net OPEB 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 (6.35%)	Current Discount Rate (7.35%)	1 Percentage Point Increase (8.35%)
Net OPEB liability of the township OPEB plan	\$ 6,454,907	\$ 4,923,707	\$ 3,657,761

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Township, calculated using the health care cost trend rate of 7.50 percent, as well as what the Township's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.50%)	Current Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the township OPEB plan	\$ 3,503,986	\$ 4,923,707	\$ 6,647,024

December 31, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in a separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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

- The discount rate decreased from 7.75 percent as of December 31, 2020 to 7.35 percent as of December 31, 2021.
- The health care cost trend rates have been updated to an initial rate of 7.50 percent decreasing by 0.50 percent annually to an ultimate rate of 4 percent.

Note 10 - Defined Contribution OPEB Plan

The Township offers a defined contribution OPEB plan as an alternative to the defined benefit OPEB plan upon closing of that plan in various years (see Note 9). The Township's board of trustees has authority over the plan provisions and contribution requirements, and the plan is administered by the Municipal Employees' Retirement System of Michigan.

All employees are eligible to participate in this plan, if not participating in the defined benefit plan. There is no required retirement age. The vesting period is 10 years for general, union, and nonunion employees and 7 years for police and fire employees. Once fully vested and upon separation of employment, funds become available for reimbursement of eligible medical expenses incurred by the employee, spouse, and legal dependents. In the event of the employee's death, if there is no spouse or legal dependents, or in the event of the death of the employee's spouse or legal dependents, a named beneficiary may use the funds for reimbursement of their medical expenses.

All forfeited funds revert to the Township. If an employee returns to employment at the Township within two years of termination, the forfeited funds are reinstated.

The Township's contributions for the year ended December 31, 2021 were \$94,039.

December 31, 2021

Note 11 - Change in Reporting Entity

The accompanying financial statements for 2021 have been restated to include the Sewer Fund as an enterprise fund, as the activity in this fund was determined to meet the criteria that require reporting this activity as an enterprise fund as of January 1, 2021. As a result of the change in reporting entity, various sewer activity previously reported in governmental activities are now reported in business-type activities. See Notes 3 and 5 for the restatements of capital asset and long-term debt balances. The following net position/fund balance amounts were restated as of January 1, 2021:

	<u>Governmental Activities</u>	<u>General Sewer Fund</u>	<u>PA 188 Fund</u>	<u>SAD Sewer Debt Fund</u>	<u>Sewer Debt Fund</u>	<u>Business-type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Fund balance - Beginning of year, as previously reported	\$ 36,793,760	\$ 879,218	\$ 396,674	\$ 550,205	\$ 80,151	\$ 12,224,874	\$ 12,224,874	\$ -
Adjustment due to change in reporting	<u>(12,695,641)</u>	<u>(879,218)</u>	<u>(70,312)</u>	<u>(550,205)</u>	<u>(80,151)</u>	<u>12,695,640</u>	<u>20,219</u>	<u>12,675,421</u>
Fund balance - Beginning of year, as restated	<u>\$ 24,098,119</u>	<u>\$ -</u>	<u>\$ 326,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,920,514</u>	<u>\$ 12,245,093</u>	<u>\$ 12,675,421</u>

Required Supplemental Information

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Tax collections	\$ 1,171,585	\$ 1,171,585	\$ 1,203,392	\$ 31,807
Other license and permits	1,700	1,700	1,824	124
Transportation	21,180	35,980	48,108	12,128
Planning and development revenue	19,350	19,350	40,598	21,248
State-shared revenue and grants	2,400,000	2,400,000	3,252,583	852,583
Fees for service	729,948	732,948	922,864	189,916
Ordinance fees	-	-	1,963	1,963
Rents	18,000	18,000	15,072	(2,928)
Miscellaneous	951,200	966,200	680,108	(286,092)
Total revenue	5,312,963	5,345,763	6,166,512	820,749
Expenditures				
Township board	127,564	159,864	139,086	20,778
Supervisor	373,565	385,965	364,205	21,760
Elections	17,500	102,530	32,751	69,779
Accounting department	216,970	221,620	217,872	3,748
Assessing	441,675	451,075	425,075	26,000
Legal fees	120,000	120,000	73,476	46,524
Clerk	451,148	478,748	463,713	15,035
Board of review	3,050	3,050	2,076	974
Postage and mailing	27,800	27,800	29,416	(1,616)
Office supplies	35,000	35,000	39,102	(4,102)
Treasurer	467,290	529,590	485,237	44,353
Township hall and grounds	1,348,055	1,364,005	708,774	655,231
Cemetery	54,020	72,020	54,594	17,426
Other township properties	66,010	68,510	57,987	10,523
Health and welfare	12,000	12,000	7,387	4,613
Unallocated miscellaneous	15,000	15,000	9,184	5,816
Planning and community development	373,469	410,894	387,243	23,651
Ordinance	117,460	155,160	129,440	25,720
Highway and streets	186,000	218,000	215,573	2,427
Storm and sewer	-	-	-	-
Transportation services	185,000	199,800	199,763	37
Senior/Community center	234,705	239,465	209,580	29,885
Long-term sick pay/retiree health care	365,000	365,000	359,386	5,614
Payroll services	27,000	27,000	17,703	9,297
Other general services	316,640	322,640	312,851	9,789
Total expenditures	5,581,921	5,984,736	4,941,474	1,043,262

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule – General Fund (Continued)

Year Ended December 31, 2021

Excess of Revenue (Under) Over Expenditures	(268,958)	(638,973)	1,225,038	1,864,011
Other Financing Sources (Uses)				
Transfers in	-	-	340,000	340,000
Transfers out	-	(5,300,000)	(5,300,000)	-
Sale of capital assets	-	-	2,560	2,560
Total other financing (uses) sources	-	(5,300,000)	(4,957,440)	342,560
Net Change in Fund Balance	(268,958)	(5,938,973)	(3,732,402)	2,206,571
Fund Balance - Beginning of year	10,388,604	10,388,604	10,388,604	-
Fund Balance - End of year	<u>\$ 10,119,646</u>	<u>\$ 4,449,631</u>	<u>\$ 6,656,202</u>	<u>\$ 2,206,571</u>

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule – Major Special Revenue Funds Fire Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Fire revenue	\$ 3,421,889	\$ 3,421,889	\$ 3,624,936	\$ 203,047
Expenditures				
Salaries	1,895,720	1,968,944	1,867,307	101,637
Payroll-related benefits	1,098,160	1,124,660	1,018,412	106,248
Other	469,035	469,435	341,892	127,543
Acquisitions	800,000	800,000	46,490	753,510
Total expenditures	<u>4,262,915</u>	<u>4,363,039</u>	<u>3,274,101</u>	<u>1,088,938</u>
Excess of Revenue (Under) Over Expenditures	(841,026)	(941,150)	350,835	(1,291,985)
Other Financing Sources - Sale of capital assets	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>(9,000)</u>
Net Change in Fund Balance	(841,026)	(941,150)	359,835	1,300,985
Fund Balance - Beginning of year	<u>6,599,419</u>	<u>6,599,419</u>	<u>6,599,419</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 5,758,393</u>	<u>\$ 5,658,269</u>	<u>\$ 6,959,254</u>	<u>\$ 1,300,985</u>

Charter Township of White Lake

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

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Police revenue	\$ 5,709,160	\$ 5,709,160	\$ 6,090,438	\$ 381,278
Expenditures				
Civil service	3,000	3,000	1,198	1,802
Salaries	3,088,460	3,183,760	3,012,195	171,565
Payroll and related benefits	2,317,330	2,328,330	2,157,394	170,936
Other	835,270	835,270	694,037	141,233
Crossing guards	16,290	16,290	15,651	639
Total expenditures	<u>6,260,350</u>	<u>6,366,650</u>	<u>5,880,475</u>	<u>486,175</u>
Excess of Revenue (Under) Over Expenditure	(551,190)	(657,490)	209,963	(867,453)
Other Financing Sources - Sale of capital assets	<u>12,000</u>	<u>12,000</u>	<u>27,695</u>	<u>(15,695)</u>
Net Change in Fund Balance	(539,190)	(645,490)	237,658	883,148
Fund Balance - Beginning of year	<u>4,627,040</u>	<u>4,627,040</u>	<u>4,627,040</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 4,087,850</u>	<u>\$ 3,981,550</u>	<u>\$ 4,864,698</u>	<u>\$ 883,148</u>

Charter Township of White Lake

**Required Supplemental Information
Budgetary Comparison Schedule – Major Special Revenue Funds
Solid Waste Special Assessment Fund**

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue - Special assessments	\$ 1,937,211	\$ 1,951,211	\$ 1,951,405	\$ 194
Expenditures	<u>1,937,211</u>	<u>1,951,211</u>	<u>1,946,788</u>	<u>4,423</u>
Net Change in Fund Balance	-	-	4,617	4,617
Fund Balance - Beginning of year	<u>169,213</u>	<u>169,213</u>	<u>169,213</u>	-
Fund Balance - End of year	<u>\$ 169,213</u>	<u>\$ 169,213</u>	<u>\$ 173,830</u>	<u>\$ 4,617</u>

Charter Township of White Lake

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

	Last Seven Fiscal Years						
	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 707,910	\$ 660,190	\$ 649,224	\$ 649,488	\$ 622,992	\$ 625,618	\$ 622,772
Interest	2,646,104	2,578,764	2,479,156	2,353,583	2,241,783	2,069,874	1,948,262
Differences between expected and actual experience	346,801	35,833	(196,008)	110,815	(97,070)	159,965	-
Changes in assumptions	1,374,725	1,070,637	-	-	-	1,289,886	-
Benefit payments, including refunds	(1,787,705)	(1,785,640)	(1,599,886)	(1,488,304)	(1,278,592)	(1,143,667)	(1,053,062)
Net Change in Total Pension Liability	3,287,835	2,559,784	1,332,486	1,625,582	1,489,113	3,001,676	1,517,972
Total Pension Liability - Beginning of year	35,357,049	32,797,265	31,464,779	29,839,197	28,350,084	25,348,408	23,830,436
Total Pension Liability - End of year	\$ 38,644,884	\$ 35,357,049	\$ 32,797,265	\$ 31,464,779	\$ 29,839,197	\$ 28,350,084	\$ 25,348,408
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,078,321	\$ 982,303	\$ 974,673	\$ 860,906	\$ 683,655	\$ 642,013	\$ 553,152
Contributions - Member	372,926	358,604	353,693	337,653	330,788	328,248	325,529
Net investment income (loss)	3,526,308	3,014,284	(923,220)	2,786,317	2,185,266	(298,752)	1,185,448
Administrative expenses	(49,956)	(51,959)	(45,634)	(44,098)	(43,120)	(43,312)	(43,598)
Benefit payments, including refunds	(1,787,705)	(1,785,640)	(1,599,886)	(1,488,304)	(1,278,592)	(1,143,667)	(1,053,062)
Other	-	-	-	-	(1,456)	(76)	-
Net Change in Plan Fiduciary Net Position	3,139,894	2,517,592	(1,240,374)	2,452,474	1,876,541	(515,546)	967,469
Plan Fiduciary Net Position - Beginning of year	24,804,950	22,287,358	23,527,732	21,075,258	19,198,717	19,714,263	18,746,794
Plan Fiduciary Net Position - End of year	\$ 27,944,844	\$ 24,804,950	\$ 22,287,358	\$ 23,527,732	\$ 21,075,258	\$ 19,198,717	\$ 19,714,263
Township's Net Pension Liability - Ending	\$ 10,700,040	\$ 10,552,099	\$ 10,509,907	\$ 7,937,047	\$ 8,763,939	\$ 9,151,367	\$ 5,634,145
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.31 %	70.16 %	67.95 %	74.77 %	70.63 %	67.72 %	77.77 %
Covered Payroll	\$ 6,029,662	\$ 5,554,756	\$ 5,401,007	\$ 5,383,432	\$ 5,020,601	\$ 5,022,859	\$ 4,960,341
Township's Net Pension Liability as a Percentage of Covered Payroll	177.46 %	189.97 %	194.59 %	147.43 %	174.56 %	182.19 %	113.58 %

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

Charter Township of White Lake

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,243,452	\$ 1,044,240	\$ 933,300	\$ 896,775	\$ 764,069	\$ 682,587	\$ 641,982	\$ 553,152	\$ 562,907	\$ 581,430
Contributions in relation to the actuarially determined contribution	1,324,322	1,078,321	982,303	974,673	859,452	683,655	642,013	553,152	562,907	581,430
Contribution Excess	\$ 80,870	\$ 34,081	\$ 49,003	\$ 77,898	\$ 95,383	\$ 1,068	\$ 31	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,446,620	\$ 5,554,756	\$ 5,401,007	\$ 5,383,432	\$ 5,020,601	\$ 5,022,859	\$ 4,960,341	\$ 5,255,785	\$ 4,974,704	\$ 5,197,037
Contributions as a Percentage of Covered Payroll	20.54 %	19.41 %	18.19 %	18.11 %	17.12 %	13.61 %	12.94 %	10.52 %	11.32 %	11.19 %

Notes to Schedule of Pension 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. Contributions for the Township's fiscal year ended December 31, 2021 were determined based on the actuarial valuation as of December 31, 2019. The most recent valuation is as of December 31, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	20 years
Asset valuation method	10-year smoothed market
Inflation	2.50 percent
Salary increase	3 percent
Investment rate of return	7.60 percent
Retirement age	Experience-based table of rates is specific to the type of eligibility condition
Mortality	RP-2014 tables of a 50 percent male and 50 percent female blend
Other information	None

Charter Township of White Lake

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

	Last Four Fiscal Years			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 124,923	\$ 150,951	\$ 194,334	\$ 181,621
Interest	893,464	829,212	873,215	836,560
Differences between expected and actual experience	(629,688)	(894,858)	(1,359,536)	-
Changes in assumptions	534,657	1,295,750	(908,029)	-
Benefit payments, including refunds	(520,019)	(531,701)	(532,397)	(482,939)
Net Change in Total OPEB Liability	403,337	849,354	(1,732,413)	535,242
Total OPEB Liability - Beginning of year	11,658,801	10,809,447	12,541,860	12,006,618
Total OPEB Liability - End of year	<u>\$ 12,062,138</u>	<u>\$ 11,658,801</u>	<u>\$ 10,809,447</u>	<u>\$ 12,541,860</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,310,019	\$ 1,321,701	\$ 1,297,397	\$ 1,260,439
Net investment income (loss)	831,431	681,347	447,964	(118,947)
Administrative expenses	(11,766)	(8,133)	(6,353)	(6,508)
Benefit payments, including refunds	(520,019)	(531,701)	(532,397)	(482,939)
Net Change in Plan Fiduciary Net Position	1,609,665	1,463,214	1,206,611	652,045
Plan Fiduciary Net Position - Beginning of year	5,528,766	4,065,552	2,858,941	2,206,896
Plan Fiduciary Net Position - End of year	<u>\$ 7,138,431</u>	<u>\$ 5,528,766</u>	<u>\$ 4,065,552</u>	<u>\$ 2,858,941</u>
Net OPEB Liability - Ending	<u>\$ 4,923,707</u>	<u>\$ 6,130,035</u>	<u>\$ 6,743,895</u>	<u>\$ 9,682,919</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	59.18 %	47.42 %	37.61 %	22.80 %
Covered-employee Payroll	\$ 3,788,198	\$ 3,677,862	\$ 3,570,740	\$ 3,557,735
Net OPEB Liability as a Percentage of Covered-employee Payroll	129.97 %	166.67 %	188.87 %	272.17 %

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

Charter Township of White Lake

Required Supplemental Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 682,731	\$ 759,070	\$ 996,598	\$ 984,059	\$ 827,842	\$ 827,842	\$ 827,842	\$ 1,630,254	\$ 1,630,254	\$ 1,630,254
Contributions in relation to the actuarially determined contribution	1,310,019	1,321,701	1,297,397	1,260,439	1,172,456	1,096,978	718,110	350,313	291,388	259,709
Contribution Excess (Deficiency)	\$ 627,288	\$ 562,631	\$ 300,799	\$ 276,380	\$ 344,614	\$ 269,136	\$ (109,732)	\$ (1,279,941)	\$ (1,338,866)	\$ (1,370,545)
Covered-employee Payroll	\$ 3,788,198	\$ 3,677,862	\$ 3,570,740	\$ 3,557,735	\$ 4,589,912	\$ 4,589,912	\$ 4,589,912	\$ 4,862,179	\$ 4,862,179	\$ 4,862,179
Contributions as a Percentage of Covered-employee Payroll	34.58 %	35.94 %	36.33 %	35.43 %	25.54 %	23.90 %	15.65 %	7.20 %	5.99 %	5.34 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one to 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 normal
Amortization method	Level dollar
Remaining amortization period	27 years
Asset valuation method	Fair market value
Inflation	2.50 percent
Health care cost trend rates	7.50 percent
Salary increase	3 percent
Investment rate of return	7.35 percent
Mortality	SOA Pub-2010 Headcount Weighted Mortality Table fully generational using Scale MP-2019
Other information	None

Charter Township of White Lake

Required Supplemental Information Schedule of OPEB Investment Returns

	Last Four Fiscal Years			
	Years Ended December 31			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	14.09 %	13.35 %	13.52 %	(3.62)%

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for operating transfers and the issuance of debt, which have been included as revenue and expenditures, rather than as other financing sources (uses), and proceeds from the sale of capital assets and accruals for potential property tax liabilities that are budgeted as revenue and expenditures for the General Fund and all special revenue funds. The annual budget is prepared by the township supervisor; subsequent amendments are approved by the township board. During the year, the budget was amended in a legally permissible manner.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity basis.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. A comparison of actual results of operations to the General Fund and major special revenue fund budgets as adopted by the township board is included in the required supplemental information.

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Postage and mailing	\$ 27,800	\$ 29,416	\$ (1,616)
General Fund - Office supplies	35,000	39,102	(4,102)

Pension Information

Changes in Assumptions

In the fiscal year ended December 31, 2021, there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the mortality tables.

In the fiscal year ended December 31, 2020, there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the investment rate of return and discount rate being updated from 8.00 to 7.60 percent and the salary growth rate being updated from 3.75 to 3 percent.

In the fiscal year ended December 31, 2016 (December 31, 2015 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the investment rate of return, discount rate, and mortality tables.

OPEB Information

Changes in Assumptions

In the fiscal year ended December 31, 2021, there were assumption changes that resulted in an increase in calculated total OPEB liability. The assumptions changed during the year related to the discount rate decreasing from 7.75 percent to 7.35 percent. In addition, the health care trend rates have been updated to an initial rate of 7.50 percent decreasing by 0.50 percent annually to an ultimate rate of 4.00 percent.

In the fiscal year ended December 31, 2020, there were assumption changes that resulted in an increase in calculated total OPEB liability. The assumptions changed during the year related to the mortality table being updated to the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020. In addition, the health care trend rates have been updated to an initial rate of 8 percent decreasing by 0.50 percent annually to an ultimate rate of 4.50 percent.

Charter Township of White Lake

Notes to Required Supplemental Information

December 31, 2021

In the fiscal year ended December 31, 2019, the payroll growth assumption was updated from 4.00 to 3.00 percent based on actual township experience. The impact of this change was a slight increase in liabilities. In addition, the funding discount rate assumption has been updated from 7.00 to 7.75 percent based on the MERS total rate of return information for the Total Market Portfolio.

Other Supplemental Information

Charter Township of White Lake

	Special Revenue Funds			
	Drug Forfeiture Fund	Building Fund	Parks and Recreation Fund	Community Development Block Grant Fund
Assets				
Cash and investments	\$ 102,732	\$ 2,169,948	\$ 1,193,521	\$ -
Receivables:				
Property taxes receivable	-	-	157,174	-
Special assessments receivable	-	-	-	-
Other receivables	-	1,335	2,012	-
Due from other governments	-	-	-	16,457
Due from other funds	-	-	-	-
Total assets	\$ 102,732	\$ 2,171,283	\$ 1,352,707	\$ 16,457
Liabilities				
Accounts payable	\$ -	\$ 9,540	\$ -	\$ -
Due to other governmental units	-	-	-	-
Due to other funds	-	-	1,980	16,457
Accrued liabilities and other	-	8,643	30	-
Total liabilities	-	18,183	2,010	16,457
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Property taxes and special assessments levied for the following year	-	-	374,589	-
Total deferred inflows of resources	-	-	374,589	-
Total liabilities and deferred inflows of resources	-	18,183	376,599	16,457
Fund Balances				
Restricted:				
Debt service	-	-	-	-
Drug law enforcement	102,732	-	-	-
Building activity	-	2,153,100	-	-
Parks and recreation	-	-	976,108	-
Assigned - Capital projects	-	-	-	-
Total fund balances	102,732	2,153,100	976,108	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 102,732	\$ 2,171,283	\$ 1,352,707	\$ 16,457

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2021

Debt Service Funds		Capital Project Funds			
Special Assessment Debt Service	Library Debt Fund	Public Act 188 Fund	Construction Fund	Total	
\$ 181,445	\$ 334,277	\$ 437,680	\$ 100	\$ 4,419,703	
-	225,590	-	-	382,764	
833,880	-	351,885	-	1,185,765	
-	-	-	-	3,347	
-	-	-	-	16,457	
-	-	199,472	-	199,472	
\$ 1,015,325	\$ 559,867	\$ 989,037	\$ 100	\$ 6,207,508	
\$ -	\$ -	\$ 6,381	\$ -	\$ 15,921	
-	-	6,582	-	6,582	
-	-	359	-	18,796	
-	-	-	-	8,673	
-	-	13,322	-	49,972	
793,863	-	326,941	-	1,120,804	
-	536,651	-	-	911,240	
793,863	536,651	326,941	-	2,032,044	
793,863	536,651	340,263	-	2,082,016	
221,462	23,216	-	-	244,678	
-	-	-	-	102,732	
-	-	-	-	2,153,100	
-	-	-	-	976,108	
-	-	648,774	100	648,874	
221,462	23,216	648,774	100	4,125,492	
\$ 1,015,325	\$ 559,867	\$ 989,037	\$ 100	\$ 6,207,508	

Charter Township of White Lake

	Special Revenue Funds			
	Drug Forfeiture Fund	Building Fund	Parks and Recreation Fund	Community Development Block Grant Fund
Revenue				
Taxes	\$ -	\$ -	\$ 364,263	\$ -
Special assessments	-	-	-	-
Intergovernmental	5,425	-	50,000	35,989
Charges for services	-	16,124	6,331	-
Fines and forfeitures	23,288	-	-	-
Licenses and permits	-	799,893	-	-
Interest and rentals	51	7,403	2,769	-
Other revenue	-	57,630	2,720	-
Total revenue	28,764	881,050	426,083	35,989
Expenditures				
Current services:				
Public safety	46,596	605,179	-	-
Public works	-	-	-	-
Community and economic development	-	-	-	35,989
Recreation and culture	-	-	108,620	-
Debt service	-	-	-	-
Total expenditures	46,596	605,179	108,620	35,989
Excess of Revenue (Under) Over Expenditures	(17,832)	275,871	317,463	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
New debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(17,832)	275,871	317,463	-
Fund Balances - Beginning of year - As restated (Note 11)	120,564	1,877,229	658,645	-
Fund Balances - End of year	\$ 102,732	\$ 2,153,100	\$ 976,108	\$ -

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended December 31, 2021

Debt Service Funds		Capital Project Funds			
Special Assessment Debt Service	Library Debt Fund	Public Act 188 Fund	Construction Fund	Total	
\$ -	\$ 548,293	\$ -	\$ -	\$ 912,556	
74,442	-	147,750	395,817	618,009	
-	-	-	-	91,414	
-	-	-	-	22,455	
-	-	-	-	23,288	
-	-	-	-	799,893	
20,209	201	21,085	83	51,801	
-	-	13	-	60,363	
94,651	548,494	168,848	395,900	2,579,779	
-	-	-	-	651,775	
-	-	132,001	1,169,089	1,301,090	
-	-	-	-	35,989	
-	-	-	-	108,620	
-	538,138	14,435	-	552,573	
-	538,138	146,436	1,169,089	2,650,047	
94,651	10,356	22,412	(773,189)	(70,268)	
126,811	-	300,000	-	426,811	
-	-	-	(126,811)	(126,811)	
-	-	-	900,000	900,000	
126,811	-	300,000	773,189	1,200,000	
221,462	10,356	322,412	-	1,129,732	
-	12,860	326,362	100	2,995,760	
\$ 221,462	\$ 23,216	\$ 648,774	\$ 100	\$ 4,125,492	

Charter Township of White Lake

**Other Supplemental Information
Combining Statement of Fiduciary Net Position
Custodial Funds**

December 31, 2021

	Custodial Funds		
	Trust and Agency Fund	Tax Collection Fund	Total
Assets			
Cash and cash equivalents	\$ 615,853	\$ 549,477	\$ 1,165,330
Receivables - Property taxes	-	2,636,889	2,636,889
Total assets	615,853	3,186,366	3,802,219
Liabilities			
Due to other governmental units	2,598	-	2,598
Refundable deposits, bonds, etc.	24,258	5,672	29,930
Unremitted tax collections	-	543,805	543,805
Total liabilities	26,856	549,477	576,333
Deferred Inflows of Resources - Property taxes levied for the following year	-	2,636,889	2,636,889
Total liabilities and deferred inflows of resources	26,856	3,186,366	3,213,222
Net Position - Restricted - Individuals, organizations, and other governments	588,997	-	588,997
Total net position	\$ 588,997	\$ -	\$ 588,997

Charter Township of White Lake

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Custodial Funds

Year Ended December 31, 2021

	Custodial Funds		
	Trust and Agency Fund	Tax Collection Fund	Total
Additions			
Contributions	\$ 458,305	\$ -	\$ 458,305
Property tax collections	-	34,845,160	34,845,160
Total additions	458,305	34,845,160	35,303,465
Deductions			
Administrative expenses	15,154	-	15,154
Repairs and maintenance	403,263	-	403,263
Tax payments to other governments	-	34,845,160	34,845,160
Total deductions	418,417	34,845,160	35,263,577
Net Increase in Fiduciary Net Position	39,888	-	39,888
Net Position - Beginning of year	549,109	-	549,109
Net Position - End of year	<u>\$ 588,997</u>	<u>\$ -</u>	<u>\$ 588,997</u>