

CHARTER TOWNSHIP OF SUPERIOR
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

CHARTER TOWNSHIP OF SUPERIOR

TOWNSHIP OFFICIALS

Supervisor - Kenneth Schwartz
Clerk - Lynette Findley
Treasurer - Brenda McKinney

BOARD OF TRUSTEES

Kenneth Schwartz
Lynette Findley
Brenda McKinney
Nancy Caviston
Lisa A. Lewis
Meghan Winslow
Alex Williams

LEGAL COUNSEL

Lucas Law, PC

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

July 20, 2020

To the Board of Trustees
Charter Township of Superior
3040 North Prospect
Ypsilanti, MI 48198

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior, Michigan, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 Superior, Michigan, as of December 31, 2019, and the respective changes in 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 - 13 and 53 - 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Superior, Michigan's, basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis December 31, 2019

Within this section of the Charter Township of Superior's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2019. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities, which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and public works departments. Business-type activities include water & sewer utility operations. Fiduciary activities (such as tax collection) are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units). The Township had no component units.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for nonmajor funds are presented in a subsequent section of this report.

Financial analysis of the Township as a whole

The Township's net position included under governmental activities increased by \$76,782 and the net position included under business type activities increased by \$538,533.

The Township's total net position at the end of the year was \$30,535,375. This is a \$615,315 increase over last year's net position of \$29,920,060.

The following tables provide a summary of the Township's financial activities and changes in net position:

CHARTER TOWNSHIP OF SUPERIOR

**SUMMARY OF NET POSITION
DECEMBER 31, 2019 AND 2018**

	Governmental Activities			Business Type Activities			Totals		
	12/31/2019	12/31/2018	Increase (Decrease)	12/31/2019	12/31/2018	Increase (Decrease)	12/31/2019	12/31/2018	Increase (Decrease)
ASSETS									
Current and other assets	\$ 12,511,309	\$ 10,826,750	\$ 1,684,559	\$ 6,839,185	\$ 6,327,395	\$ 511,790	\$ 19,350,494	\$ 17,154,145	\$ 2,196,349
Capital assets	6,630,478	6,834,513	(204,035)	14,837,460	14,861,287	(23,827)	21,467,938	21,695,800	(227,862)
Total assets	19,141,787	17,661,263	1,480,524	21,676,645	21,188,682	487,963	40,818,432	38,849,945	1,968,487
DEFERRED OUTFLOWS OF RESOURCES									
Pension investment activities	155,717	633,416	(477,699)				155,717	633,416	(477,699)
LIABILITIES									
Other liabilities	3,696,906	3,657,998	38,908	1,125,344	705,193	420,151	4,822,250	4,363,191	459,059
Unearned revenues	187,009	22,620	164,389				187,009	22,620	164,389
Long-term liabilities	302,163	398,598	(96,435)	402,837	873,558	(470,721)	705,000	1,272,156	(567,156)
Total liabilities	4,186,078	4,079,216	106,862	1,528,181	1,578,751	(50,570)	5,714,259	5,657,967	56,292
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	4,724,515	3,905,334	819,181				4,724,515	3,905,334	819,181
NET POSITION									
Net investment in capital assets	6,231,880	6,341,623	(109,743)	13,963,902	13,526,381	437,521	20,195,782	19,868,004	327,778
Restricted	3,308,463	3,475,071	(166,608)				3,308,463	3,475,071	(166,608)
Unrestricted	846,568	493,435	353,133	6,184,562	6,083,550	101,012	7,031,130	6,576,985	454,145
Total net position	\$ 10,386,911	\$ 10,310,129	\$ 76,782	\$ 20,148,464	\$ 19,609,931	\$ 538,533	\$ 30,535,375	\$ 29,920,060	\$ 615,315

CHARTER TOWNSHIP OF SUPERIOR

**SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDING DECEMBER 31, 2019 AND 2018**

	Governmental Activities			Business Type Activities			Totals		
	12/31/2019	12/31/2018	Increase (Decrease)	12/31/2019	12/31/2018	Increase (Decrease)	12/31/2019	12/31/2018	Increase (Decrease)
REVENUES									
Program revenues									
Charges for services	\$ 864,394	\$ 682,360	\$ 182,034	\$ 4,956,253	\$ 4,759,837	\$ 196,416	\$ 5,820,647	\$ 5,442,197	\$ 378,450
Capital/operating grants and contributions	1,337,023	21,298	1,315,725				1,337,023	21,298	1,315,725
General revenues									
Taxes	3,943,129	3,769,095	174,034				3,943,129	3,769,095	174,034
Special assessments	101,645	104,360	(2,715)				101,645	104,360	(2,715)
Licenses and permits	205,910	237,904	(31,994)				205,910	237,904	(31,994)
State grants	1,213,524	1,168,970	44,554				1,213,524	1,168,970	44,554
Interest and rents	152,430	45,493	106,937	78,219	57,441	20,778	230,649	102,934	127,715
Other revenue	73,863	68,379	5,484	9,715	3,196	6,519	83,578	71,575	12,003
Gain (loss) on sale of assets	(20,142)	2,770	(22,912)	2,000	4,244	(2,244)	(18,142)	7,014	(25,156)
Total revenues	7,871,776	6,100,629	1,771,147	5,046,187	4,824,718	221,469	12,917,963	10,925,347	1,992,616
EXPENSES									
General government	1,214,117	1,348,883	(134,766)				1,214,117	1,348,883	(134,766)
Public safety	5,298,165	3,809,015	1,489,150				5,298,165	3,809,015	1,489,150
Public works	518,982	439,261	79,721				518,982	439,261	79,721
Community and economic development	453,314	278,711	174,603				453,314	278,711	174,603
Recreation and culture	301,501	274,580	26,921				301,501	274,580	26,921
Interest on long-term debt	8,915	10,779	(1,864)				8,915	10,779	(1,864)
Utility system				4,507,654	4,807,359	(299,705)	4,507,654	4,807,359	(299,705)
Total expenses	7,794,994	6,161,229	1,633,765	4,507,654	4,807,359	(299,705)	12,302,648	10,968,588	1,334,060
CHANGE IN NET POSITION	76,782	(60,600)	137,382	538,533	17,359	521,174	615,315	(43,241)	658,556
BEGINNING NET POSITION	10,310,129	10,370,729	(60,600)	19,609,931	19,592,572	17,359	29,920,060	29,963,301	(43,241)
ENDING NET POSITION	\$ 10,386,911	\$ 10,310,129	\$ 76,782	\$ 20,148,464	\$ 19,609,931	\$ 538,533	\$ 30,535,375	\$ 29,920,060	\$ 615,315

Financial Analysis of the Township's Major Funds

For the year ended December 31, 2019, there were three major funds:

1. **General Fund** - In compliance with GASB Standards, the Parks and Recreation Fund has been consolidated with the General Fund. Overall, the General Fund continues to be strong financially. Its fund balance increased \$427,104. This was primarily due to decreasing expenditures for public works.
2. **Fire Operating Fund** - The operations of the Fire Fund resulted in a decrease in its fund balance of \$78,484. This was primarily due to high equipment expenditures. The Township continues to place emphasis on building up the Fire Department's reserves for future obligations as noted further in the footnotes.
3. **Law Enforcement Fund** - The Law Fund increased its fund balance by \$106,395. This was primarily due to the recent tax millage increase.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Expenditures are budgeted by activity. Only public works exceeded appropriations, and only by a minor amount. The budget was amended during the year to account for adjustments in the expenditures.

Capital Asset and Debt Administration

There were \$183,607 in capital assets purchased under governmental activities for the year. These purchases included new servers, a new parking lot at Station #2, additions to the Dixboro Park pavilion, software, and Cherry Hill Boardwalk improvements.

There were two disposals for the year. These included the old Station #2 parking lot and several air packs.

The Dixboro Park pavilion was the only project in process at the beginning of the fiscal year. It was completed during the year at a total cost of \$98,111. There were no projects considered to be construction in progress as of December 31, 2019.

The business-type activities capitalized \$765,704 in costs for the fiscal year ended December 31, 2019.

There was one disposal for the year. This was a John Deere tractor that was fully depreciated and sold for proceeds of \$2,000.

The business-type activities began the year with \$171,203 of construction in progress, incurred another \$676,036 in costs, put \$190,504 of projects in service, and ended with a balance of \$656,735. Construction in progress activity (by project) is described in Note 4 of the Notes to Financial Statements.

The 2013 Refunding Capital Improvement Bonds used for the Fire Department and Utility operations made payments of \$94,292 for Fire activities and \$125,708 for Utility operations. The ending balance amounted to \$398,598 for Fire Activities and \$531,402 for Utility activities.

The business-type activities also extinguished \$335,640 of the \$677,796 outstanding debt for 2010 refunding bonds.

Economic Conditions and Future Activities

Tax revenues for the Township increased approximately 3% to 5% depending on the activity. This was due to increasing taxable values. No taxes were levied for legal defense during the December 31, 2019 fiscal year.

State shared revenues continue to increase due to the economic recovery, though they are expected to decline in the future due to the COVID-19 pandemic. The Township also fulfilled the requirement of CVTRS (City, Village and Township Revenue Sharing) with the State of Michigan Department of Treasury in order to receive additional state shared revenues. Management has and will keep reviewing costs in all areas of the Township in order to maintain services at minimal costs.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Township is still assessing the impacts of the pandemic.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Charter Township of Superior at 3040 North Prospect, Ypsilanti, Michigan, 48198.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 7,234,516	\$ 5,910,017	\$ 13,144,533
Receivables:			
Taxes	4,412,099		4,412,099
Special assessments	101,645		101,645
State shared revenues	421,668		421,668
Accounts	258,161	849,345	1,107,506
Inventory		32,749	32,749
Prepaid expenditures	83,220	47,074	130,294
Capital assets			
Assets not being depreciated	1,731,238	867,198	2,598,436
Assets, net of depreciation	4,899,240	13,970,262	18,869,502
Total assets	<u>19,141,787</u>	<u>21,676,645</u>	<u>40,818,432</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension investment activities	155,717		155,717
LIABILITIES			
Accounts payable	487,409	619,165	1,106,574
Accrued compensated absences	505,380	35,458	540,838
Unearned revenues	187,009		187,009
Net pension liability	2,607,682		2,607,682
Long-term obligations			
Other due within one year	96,435	470,721	567,156
Other due in more than one year	302,163	402,837	705,000
Total liabilities	<u>4,186,078</u>	<u>1,528,181</u>	<u>5,714,259</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	4,724,515		4,724,515
Total liabilities and deferred inflows of resources	<u>8,910,593</u>	<u>1,528,181</u>	<u>10,438,774</u>
NET POSITION			
Invested in capital assets, net of related debt	6,231,880	13,963,902	20,195,782
Restricted for:			
Fire protection	2,502,096		2,502,096
Police protection	404,569		404,569
Public works	116,820		116,820
Legal defense	284,978		284,978
Unrestricted	846,568	6,184,562	7,031,130
Total net position	<u>\$ 10,386,911</u>	<u>\$ 20,148,464</u>	<u>\$ 30,535,375</u>

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

CHARTER TOWNSHIP OF SUPERIOR

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ (1,214,117)	\$ 25,254	\$ 10,000	\$ (1,178,863)	\$	\$ (1,178,863)
Public safety	(5,298,165)	307,178	1,327,023	(3,663,964)		(3,663,964)
Public works	(518,982)			(518,982)		(518,982)
Community and economic development	(453,314)	531,962		78,648		78,648
Recreation and culture	(301,501)			(301,501)		(301,501)
Interest on long-term debt	(8,915)			(8,915)		(8,915)
Total governmental activities	<u>(7,794,994)</u>	<u>864,394</u>	<u>1,337,023</u>	<u>(5,593,577)</u>		<u>(5,593,577)</u>
Business-type activities						
Utility fund	(4,507,654)	4,956,253			448,599	448,599
Total	<u>\$ (12,302,648)</u>	<u>\$ 5,820,647</u>	<u>\$ 1,337,023</u>	<u>(5,593,577)</u>	<u>448,599</u>	<u>(5,144,978)</u>
General revenues						
Taxes				3,943,129		3,943,129
Special assessments				101,645		101,645
Licenses and permits				205,910		205,910
State grants				1,213,524		1,213,524
Fines and forfeits				36,549		36,549
Interest and rents				152,430	78,219	230,649
Other revenue				37,314	9,715	47,029
Gain/(loss) on disposal of assets				(20,142)	2,000	(18,142)
Total general revenues				<u>5,670,359</u>	<u>89,934</u>	<u>5,760,293</u>
Changes in net position				76,782	538,533	615,315
Net position, January 1, 2019				<u>10,310,129</u>	<u>19,609,931</u>	<u>29,920,060</u>
Net position, December 31, 2019				<u>\$ 10,386,911</u>	<u>\$ 20,148,464</u>	<u>\$ 30,535,375</u>

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

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Law Fund</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 2,495,139	\$ 2,555,938	\$ 519,549	\$ 1,663,890	\$ 7,234,516
Receivables:					
Taxes	505,947	2,187,449	1,718,703		4,412,099
Special assessments				101,645	101,645
State grants	421,668				421,668
Due from other funds	11,766	140,629			152,395
Other	52,598	35,852	18,916		107,366
Other current assets:					
Prepaid expenditures	27,746	52,190	1,200	2,084	83,220
Total assets	<u>\$ 3,514,864</u>	<u>\$ 4,972,058</u>	<u>\$ 2,258,368</u>	<u>\$ 1,767,619</u>	<u>\$ 12,512,909</u>
LIABILITIES					
Accounts payable	\$ 43,703	\$ 15,181	\$ 12,292	\$ 307,204	\$ 378,380
Unearned revenue				187,009	187,009
Due to other funds	42,416	60,259		7,954	110,629
Total liabilities	<u>86,119</u>	<u>75,440</u>	<u>12,292</u>	<u>502,167</u>	<u>676,018</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	541,876	2,342,332	1,840,307		4,724,515
FUND BALANCE					
Nonspendable for prepaids	27,746	52,190	1,200	2,084	83,220
Restricted for:					
Fire Protection		2,502,096			2,502,096
Police Protection			404,569		404,569
Public works				116,820	116,820
Legal defense				284,978	284,978
Committed for:					
Building reserve	383,157				383,157
Capital improvement	2,550				2,550
Compensated absences	33,923			21,862	55,785
Non-motorized trails	27,315				27,315
Ordinance enforcement				834,708	834,708
Right of Way	22,218				22,218
Assigned for future budget deficit	58,725			5,000	63,725
Unassigned	2,331,235				2,331,235
Total fund equity	<u>2,886,869</u>	<u>2,554,286</u>	<u>405,769</u>	<u>1,265,452</u>	<u>7,112,376</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,514,864</u>	<u>\$ 4,972,058</u>	<u>\$ 2,258,368</u>	<u>\$ 1,767,619</u>	<u>\$ 12,512,909</u>

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

CHARTER TOWNSHIP OF SUPERIOR

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Total governmental fund balance per balance sheet		\$ 7,112,376
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 therefore are not reported in the funds:		
Historical cost	\$ 10,546,055	
Depreciation	<u>(3,915,577)</u>	
Capital assets net of depreciation		6,630,478
Pension related activities are not a consumption of current resources and therefore are reported as deferred outflows of resources in the Statement of Net Position:		
Differences in actuarial assumptions	57,015	
Differences in experience	22,560	
Differences in investment expectations versus actual	<u>76,142</u>	
Net pension-related activities		155,717
Pension liabilities, net of pension plan fiduciary net position, are not due and payable in the current period and are not reported in the fund financial statements:		
Net pension liability		(2,607,682)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. This includes:		
Bonds payable	(398,598)	
Compensated absences	<u>(505,380)</u>	
Total		<u>(903,978)</u>
Net position of governmental activities		<u><u>\$ 10,386,911</u></u>

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

CHARTER TOWNSHIP OF SUPERIOR

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Fire Fund	Law Fund	Other Nonmajor Funds	Totals
REVENUES					
Taxes	\$ 567,805	\$ 1,928,766	\$ 1,446,552	\$ 6	\$ 3,943,129
Licenses and permits	205,910				205,910
Special assessments				101,645	101,645
Federal grants		1,327,023			1,327,023
State grants	1,209,980	2,025	1,519		1,213,524
Contributions from local units	10,000				10,000
Charges for services	25,254		307,178	531,962	864,394
Fines and forfeits			36,549		36,549
Interest and rents	86,146	43,131	9,965	13,188	152,430
Other revenue	26,200	3,886	37	7,191	37,314
Total revenues	2,131,295	3,304,831	1,801,800	653,992	7,891,918
EXPENDITURES					
General government	1,078,284				1,078,284
Public safety	48,972	3,239,629	1,695,405		4,984,006
Public works	445,342			73,640	518,982
Community and economic development	43,479			399,560	443,039
Recreation and culture	273,654				273,654
Capital outlay					
General government	5,213				5,213
Fire protection		40,479			40,479
Housing and development				122,415	122,415
Parks and recreation	15,500				15,500
Debt Service					
Debt - principal		94,292			94,292
Debt - interest		8,915			8,915
Total expenditures	1,910,444	3,383,315	1,695,405	595,615	7,584,779
Excess of revenues over (under) expenditures	220,851	(78,484)	106,395	58,377	307,139
OTHER FINANCING SOURCES (USES)					
Transfers in	206,253				206,253
Transfers (out)				(206,253)	(206,253)
Total financing sources (uses)	206,253			(206,253)	
Net changes in fund balances	427,104	(78,484)	106,395	(147,876)	307,139
FUND BALANCE, JANUARY 1, 2019	2,459,765	2,632,770	299,374	1,413,328	6,805,237
FUND BALANCE, DECEMBER 31, 2019	\$ 2,886,869	\$ 2,554,286	\$ 405,769	\$ 1,265,452	\$ 7,112,376

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

CHARTER TOWNSHIP OF SUPERIOR

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - governmental funds \$ 307,139

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlay exceeded depreciation is as follows:

Capital outlay	\$ 183,607
Depreciation expense	(367,500)
Gain/(loss) on disposal of asset	<u>(20,142)</u>

Net change (204,035)

Repayment of bond and contract payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Repayment of bonds payable	94,292
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Accrued absences for vacation and sick time for the employees is recorded on the Statement of Net Position:

Accrued absences at December 31, 2018	566,460
Accrued absences at December 31, 2019	<u>(505,380)</u>

Net change 61,080

Some pension contributions in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Fund:

Change in net pension asset/(liability)	296,005
Differences in projected investments to actual	(371,232)
Change in assumptions and experience	<u>(106,467)</u>

Net change (181,694)

Change in net position \$ 76,782

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

CHARTER TOWNSHIP OF SUPERIOR

**PROPRIETARY FUND - UTILITY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

CURRENT ASSETS		
Cash and investments	\$	1,511,698
Receivables:		
Due from other funds		106
Usage charges		681,280
Other		167,959
Inventory		32,749
Prepaid expenses		<u>47,074</u>
Total current assets		\$ 2,440,866
RESTRICTED ASSETS		
Cash and investments		4,398,319
PROPERTY, PLANT AND EQUIPMENT		
Capital assets not depreciated		867,198
Capital assets depreciated, net		<u>13,970,262</u>
Property, plant and equipment		<u>14,837,460</u>
Total assets		\$ 21,676,645
CURRENT LIABILITIES		
Accounts payable	\$	588,903
Accrued sick and vacation		35,458
Due to other funds		30,262
Contract payable (from restricted assets)		342,156
Bonds payable (from restricted assets)		<u>128,565</u>
Total current liabilities		\$ 1,125,344
LONG-TERM OBLIGATIONS		
Bonds payable (from restricted assets)		<u>402,837</u>
Total liabilities		<u>1,528,181</u>
NET POSITION		
Invested in capital assets, net of related debt		13,963,902
Unrestricted		<u>6,184,562</u>
Total net position		\$ 20,148,464

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

CHARTER TOWNSHIP OF SUPERIOR

**PROPRIETARY FUND - UTILITY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATING REVENUES	
Charges for services	\$ 4,921,683
Meter sales	34,570
Total operating revenues	<u>4,956,253</u>
OPERATING EXPENSES	
Water and sewer purchases	2,334,583
Salaries	548,268
Taxable benefits	45,150
Payroll taxes	44,221
Insurance benefits	83,784
Pension expense	67,110
Repairs and maintenance - administration building	6,057
Computer services and supplies	10,870
Supplies	5,617
Utilities	5,197
Telecommunications	8,745
Leased equipment	8,891
Cleaning services	5,000
Lift and booster station expense	47,052
Maintenance facility expense	90,061
System repairs and maintenance	43,642
Professional fees	29,160
Employee expense	8,695
Meters and supplies	212,278
Fuel	8,336
Insurance and bonds	35,469
Depreciation	789,531
Postage	8,373
Bank fees	17
Bad debt expense	3,421
Printing and publishing	3,604
Membership and dues	21,133
Miscellaneous	643
Total operating expenses	<u>4,474,908</u>
OPERATING INCOME	<u>481,345</u>
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - operations	78,219
Interest expense - debt	(32,306)
Agency fees - debt	(440)
Other income	9,715
Gain / (loss) on disposal of fixed assets	2,000
Total non-operating revenues and (expenses)	<u>57,188</u>
Change in net position	538,533
NET POSITION, JANUARY 1, 2019	<u>19,609,931</u>
NET POSITION, DECEMBER 31, 2019	<u>\$ 20,148,464</u>

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

CHARTER TOWNSHIP OF SUPERIOR
PROPRIETARY FUND - UTILITY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from customers	\$ 4,960,783
Cash payments to employees for services	(632,582)
Cash payments to suppliers of goods and services	<u>(2,644,832)</u>
Net cash from operating activities	\$ 1,683,369
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on contract payable	(461,348)
Interest payments on debt	(32,306)
Debt fees	(440)
Acquisition of fixed assets	(765,704)
Other income	9,715
Proceeds from sale of fixed assets	<u>2,000</u>
Net cash (used in) capital and related financing activities	(1,248,083)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash and cash equivalents	<u>78,219</u>
Net increase in cash and cash equivalents	513,505
CASH AND CASH EQUIVALENTS, JANUARY 1, 2019	<u>5,396,512</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2019	<u><u>\$ 5,910,017</u></u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FROM (USED IN) OPERATING ACTIVITIES:	
Operating income	\$ 481,345
Adjustments to reconcile operating income to net cash from (used in) operating activities:	
Depreciation	789,531
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	4,530
(Increase) decrease in prepaid expenses	(4,267)
(Increase) decrease in inventory	1,398
Increase (decrease) in due to other funds	16,225
Increase (decrease) in accounts payable	389,550
Increase (decrease) in accrued compensated absences	<u>5,057</u>
Net cash from operating activities	<u><u>\$ 1,683,369</u></u>

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

CHARTER TOWNSHIP OF SUPERIOR
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019

ASSETS

Cash and investments	\$ 4,466,367
Due from other funds	<u>138,533</u>
Total assets	<u><u>\$ 4,604,900</u></u>

LIABILITIES

Due to others	\$ 4,454,757
Due to other funds	<u>150,143</u>
Total liabilities	<u><u>\$ 4,604,900</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Superior was incorporated February 26, 1979, under the provision of Public Act 90 of 1976, as amended. The policies of the Charter Township of Superior conform to generally accepted accounting principles as applicable to governmental units.

The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statements, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. Net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are the fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Standards. Although GASB Standards sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Fire Fund** accounts for the activities related to operating fire protection services. This fund is primarily supported through the collection of property taxes.
- The **Law Enforcement Fund** accounts for the activities related to operating police protection services. This fund is primarily supported through the collection of property taxes and charges for services.

The Township reports the following major proprietary fund:

- The **Utility Fund** accounts for all the activity associated with the operations and maintenance of operating the sewer and water systems of the Township.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond/debt proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and is also the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township’s actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliations are provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise funds reported on the proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989, for its business-type activities.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and debt service funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2018 levy (which reflects tax revenues for the December 31, 2019 fiscal year and is indicated by the date “2019”) was assessed at the adjusted taxable value shown below. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection. The 2017 levy (which reflects tax revenues for the December 31, 2018 fiscal year and is indicated by the date “2018”) is also shown for comparative purposes below.

<u>Taxable Value</u>	<u>2018</u>	<u>2019</u>
General Township	\$ 637,609,558	\$ 660,538,803
<u>Millage Rates</u>	<u>2018</u>	<u>2019</u>
General township operations	0.8098	0.8096
Police	2.2246	2.2241
Fire	2.9661	2.9655
	6.0005	5.9992
Total millage	6.0005	5.9992

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

Under GASB standards, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. FUND EQUITY

Under Governmental Accounting Standards Board (GASB) standards 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 for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- Assigned - Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned - Amounts that do not fall into any other aforementioned category. 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.

I. DEFINED PENSION BENEFIT PLAN

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

Under GASB standards, the Township is reporting two new sections in the Statement of Net Position (Government Wide Statement) and in the Balance Sheet (Fund Statement), which are called *deferred outflows* (previously called *assets*) and *deferred inflows* (previously called *liabilities*).

These separate financial statement elements, which meet the definition of deferred outflows and inflows, are no longer considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met.

For the year ended December 31, 2019, the Township records deferred outflows of resources on the Statement of Net Position relating to differences in actuarial assumptions, differences in experience, and differences in investment expectations versus actual. In addition, the Township records deferred outflows of resources for contributions made subsequent to pension liability measurement date (if applicable) as of December 31, 2019:

Deferred Outflows of Resources

Differences in investment expectations versus actual	\$ 22,560
Differences in experience	76,142
Differences in actuarial assumptions	57,015
Totals	\$ 155,717

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period. The element will not be recognized as revenue until the time restriction is met.

For the year ended December 31, 2019, the Township records deferred inflows of resources on the Statement of Net Position relating to property taxes received or reported as receivables before the period in which the levy was to apply. Property taxes levied in December 2019 will not be recognized as revenue until the year 2020. This type of transaction is listed on both the Statement of Net Position as well as the Balance Sheets under Fund Accounting. In addition, the Township records deferred inflows of resources for differences in actuarial assumptions (if applicable), differences in experience (if applicable), investment expectations versus actual (if applicable), and contributions made subsequent to pension liability measurement date (if applicable) as of December 31, 2019:

Deferred Inflows of Resources

Unavailable revenues	\$ 4,724,515
Differences in actuarial assumptions	
Differences in experience	
Differences in investment expectations versus actual	
Totals	\$ 4,724,515

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) standards, all funds, agencies, and activities of the Charter Township of Superior as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES AND TRANSFERS

All interfund balances are short-term in character. Interfund transfers will be disbursed and collected during the next reporting period. These amounts are reported as current assets and current liabilities in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>	<u>Purpose</u>
General Fund	\$ 23	Utility Fund	\$ 23	Reimbursement between funds
General Fund	5,202	Current Tax Fund	5,202	Reimbursement between funds
General Fund	4,941	Payroll Fund	4,941	Reimbursement between funds
General Fund	1,600	Streetlight fund	1,600	Reimbursement between funds
Fire Fund	629	Utility Fund	629	Reimbursement between funds
Fire Fund	140,000	Payroll Fund	140,000	Reimbursement between funds
Utility Fund	22	General Fund	22	Reimbursement between funds
Utility Fund	84	Parks Fund	84	Reimbursement between funds
Payroll Fund	35,356	General Fund	35,356	Reimbursement between funds
Payroll Fund	60,259	Fire Fund	60,259	Reimbursement between funds
Payroll Fund	6,354	Building Fund	6,354	Reimbursement between funds
Payroll Fund	6,954	Parks Fund	6,954	Reimbursement between funds
Payroll Fund	<u>29,610</u>	Utility Fund	<u>29,610</u>	Reimbursement between funds
Total	<u>\$ 291,034</u>	Total	<u>\$ 291,034</u>	

The General Fund transferred \$282,282 to the Parks & Recreation Fund during the year. This transfer was eliminated in the GASB 54 consolidation of the General Fund and the Parks & Recreation Fund. Also, the remaining fund balance of the Hyundai SAD Fund was transferred to the General Fund when the Hyundai SAD Fund was closed during the year. The amount of this transfer was \$206,253.

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS

A summary of changes in governmental fund capital assets is as follows:

	Balance 1/1/2019	Additions	Deletions	Reclassifications	Balance 12/31/2019
Capital Assets Not Being Depreciated					
Land	\$ 1,614,918	\$	\$	\$	\$ 1,614,918
Conservation easement	116,320				116,320
Other non-depreciable assets	30,000	98,111		(128,111)	
Total non-depreciable	<u>1,761,238</u>	<u>98,111</u>		<u>(128,111)</u>	<u>1,731,238</u>
Other Capital Assets					
Non-motorized Trails					
Harris road non-motor trail	238,169				238,169
Geddes #1 non-motor trail	581,411				581,411
Structures					
Parks	74,255	15,500			89,755
Buildings					
General	1,952,497				1,952,497
Fire	2,474,066	34,218	(15,407)		2,492,877
Law	47,362				47,362
Building Department				128,111	128,111
Parks	10,500				10,500
Vehicles					
General	24,163				24,163
Fire	2,493,980				2,493,980
Building Department	34,806				34,806
Parks	114,849				114,849
Equipment					
General	125,372	5,213			130,585
Fire	278,716	6,261	(81,909)		203,068
Law	5,945				5,945
Building Department	7,330	24,304			31,634
Parks	235,105				235,105
Total depreciable	<u>8,698,526</u>	<u>85,496</u>	<u>(97,316)</u>	<u>128,111</u>	<u>8,814,817</u>
Total capital assets	<u>10,459,764</u>	<u>183,607</u>	<u>(97,316)</u>		<u>10,546,055</u>
Accumulated depreciation	<u>(3,625,251)</u>	<u>(367,500)</u>	<u>77,174</u>		<u>(3,915,577)</u>
Governmental Funds Capital Assets, Net	<u>\$ 6,834,513</u>	<u>\$ (183,893)</u>	<u>\$ (20,142)</u>	<u>\$</u>	<u>6,630,478</u>
Related long term debt outstanding at December 31, 2019					<u>(398,598)</u>
Capital assets, net related long term debt					<u>\$ 6,231,880</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. Depreciation expense was distributed to the various activities as follows:

General	\$ 72,515
Fire	256,459
Law	1,616
Building department	9,244
Parks	27,666
Total	<u>\$ 367,500</u>

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS (continued)

A summary of changes in capital assets and depreciation for the Utility activity is as follows:

	Balance 1/1/2019	Additions	Deletions	Reclassifications	Balance 12/31/2019
Non-depreciable assets					
Land	\$ 210,463	\$	\$	\$	\$ 210,463
Construction in progress	171,203	676,036		(190,504)	656,735
Total non-depreciable assets	381,666	676,036		(190,504)	867,198
Depreciable assets					
Building	3,385,724				3,385,724
Utility system	19,914,477	70,615		161,208	20,146,300
Equipment and improvements	941,102				941,102
Office improvements	122,945				122,945
Office equipment	114,319	19,053		29,296	162,668
Vehicles	507,505		(3,500)		504,005
Metering program	169,482				169,482
Total depreciable	25,155,554	89,668	(3,500)	190,504	25,432,226
Total capital assets	25,537,220	765,704	(3,500)		26,299,424
Less accumulated depreciation	(10,675,933)	(789,531)	3,500		(11,461,964)
Business type activities					
Capital asset, net	\$ 14,861,287	\$ (23,827)	\$	\$	\$ 14,837,460

Investment in capital assets, net of related debt for the Utility activity was calculated as follows:

Cost	\$ 26,299,424
Accumulated depreciation	(11,461,964)
Related debt	(873,558)
Investment in capital assets, net of related debt	\$ 13,963,902

Construction in progress activity is described below:

Project	Project costs as of 1/1/2019	Costs incurred during 12/31/2019 fiscal year	Project completed and placed in service	Construction in progress remaining as of 12/31/2019	% Complete
Water asset management plan	16,006		(16,006)		100.00%
2019 MacArthur water main	64,548	437,544		502,092	45.64%
2019 Township computer server	8,567	20,730	(29,297)		100.00%
Fire hydrant replacement	64,282	63,119	(127,401)		100.00%
Harvest Lane sanitary sewer	17,800		(17,800)		100.00%
Clark Road lift station		121,648		121,648	24.33%
Security system		20,045		20,045	40.09%
Prospect Pump #1 rebuild		12,950		12,950	10.79%
Totals	\$ 171,203	\$ 676,036	\$ (190,504)	\$ 656,735	

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS (continued)

Depreciation for the systems, equipment, improvements, and software is charged as an expense against operations.

Accumulated depreciation is reported on the proprietary fund statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility Systems	40 years
System Improvements	30 years
Building	30 years
Office Improvements	15 years
Equipment, Furniture, and Software	7 years

NOTE 5 - LONG-TERM OBLIGATIONS

A. GOVERNMENTAL LONG-TERM OBLIGATIONS

- Accrued Compensated Absences – The Township has recorded a liability in the Statement of Net Position for compensated absences of the general, building, and fire funds. The policies regarding compensated absences are outlined in the Township’s “Rules of Employment” and the “Township Fire Department Agreement”.
- During 2003, the Township sold bonds totaling \$3.5M (2003 General Obligation Capital Improvement Bonds), of which \$1.5M was used to help finance the construction of a new fire hall and \$2.0M was used for various water and sewer projects. The \$1.5M was recorded as part of long-term debt under governmental activities. The \$2M was recorded as a liability under business-type activities. In 2013, the Township issued refunding bonds in order to defease the 2003 General Obligation Capital Improvement Bonds. The payoff amount of the original 2003 bonds at time of defeasance was \$1,002,857. The refunding bond issued amounted to \$936,491 for the fire department. Interest is charged at 1% for years through 2017 and at 2% for years 2018 through 2023.

The following summarizes changes in the Township’s governmental activity’s long-term debt for 2019:

<u>Description</u>	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 566,460	\$	\$ (61,080)	\$ 505,380	\$ 505,380
2013 Refunding Bonds Fire	492,890		(94,292)	398,598	96,435
Totals	<u>\$ 1,059,350</u>	<u>\$</u>	<u>\$ (155,372)</u>	<u>\$ 903,978</u>	<u>\$ 601,815</u>

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

B. BUSINESS-TYPE LONG-TERM OBLIGATIONS

The Township's business-type activities have two long-term debt obligations, which are as follows:

1. The 2010 refunding bonds was a jointly constructed project between Superior and Ypsilanti Townships and was issued to refund original 2000 Sanitary Sewer System No. 2 Bonds. The total cost of \$4,740,000 broken out by townships as follows:

Superior Township	\$ 3,089,188	65.17%
Ypsilanti Township	<u>1,650,812</u>	<u>34.83%</u>
Total	<u>\$ 4,740,000</u>	<u>100.00%</u>

The bonds were issued under the provisions of (a) Act 34, Public Acts of Michigan 2001, as amended, (b) Act 233, Public Acts of Michigan, 1955, as amended (collectively, the "Acts"). The bonds were issued for the purpose of refunding the Authority's 2000 Sanitary Sewer System No. 2 bonds dated December 1, 2000, and paying the costs associated with issuing the bonds. The interest rate ranges between 1.5% and 3.125% per annum.

2. The 2013 Refunding Bonds were issued to pay off 2003 Capital Improvement Bonds used to finance Utility and Fire Department projects. The total cost of \$2,185,000 is broken out by department as follows:

Fire Department	\$ 936,491	42.86%
Sewer Department	<u>1,248,509</u>	<u>57.14%</u>
Total	<u>\$ 2,185,000</u>	<u>100.0%</u>

The bonds were issued under the provisions of (a) Act 34, Public Acts of Michigan 2001, as amended, (b) Act 233 Public Acts of Michigan, 1955, as amended (collectively, the "Acts"). The bonds were issued for the purpose of refunding the Township's 2003 General Obligation Capital Improvement Bonds and paying the costs associated with issuing the bonds. Interest is charged at a rate of 1% in 2017 and 2% for years 2018 through 2023.

<u>Description</u>	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>	<u>Due Within One Year</u>
2010 Refunding Bonds Payable	\$ 677,796	\$	\$ (335,640)	\$ 342,156	\$ 342,156
2013 Refunding Bonds Utility Payable	<u>657,110</u>		<u>(125,708)</u>	<u>531,402</u>	<u>128,565</u>
Totals	<u>\$ 1,334,906</u>	<u>\$</u>	<u>\$ (461,348)</u>	<u>\$ 873,558</u>	<u>\$ 470,721</u>

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The following is a schedule of future required principal and interest payments due from the Township's governmental activities in regards to long-term debt:

<u>Year</u>	2013 Refund Bonds		
	Total	Fire Hall	
		Principal	Interest
2020	\$ 103,443	\$ 96,435	\$ 7,008
2021	103,636	98,579	5,057
2022	103,785	100,721	3,064
2023	103,892	102,863	1,029
	<u>\$ 414,756</u>	<u>\$ 398,598</u>	<u>\$ 16,158</u>

The following is a schedule of future required principal and interest payments due from the Township's business-type activities in regards to long-term debt:

<u>Year</u>	YCUA 2010 Refunding Bonds Payable		
	Total	Principal	Interest
2020	<u>\$ 352,848</u>	<u>\$ 342,156</u>	<u>\$ 10,692</u>

<u>Year</u>	2013 Refunding Bonds		
	Total	Utility	
		Principal	Interest
2020	\$ 137,907	\$ 128,565	\$ 9,342
2021	138,165	131,422	6,743
2022	138,365	134,279	4,086
2023	138,507	137,136	1,371
	<u>\$ 552,944</u>	<u>\$ 531,402</u>	<u>\$ 21,542</u>

<u>Year</u>	Total Proprietary Long-Term Debt		
	Total	Utility	
		Principal	Interest
2020	\$ 490,755	\$ 470,721	\$ 20,034
2021	138,165	131,422	6,743
2022	138,365	134,279	4,086
2023	138,507	137,136	1,371
	<u>\$ 905,792</u>	<u>\$ 873,558</u>	<u>\$ 32,234</u>

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - GRANT ACTIVITIES

Grants have been received by the Charter Township of Superior for various fire department activities. Management is not aware of any compliance issues should any prior grant be audited by the grantor. During the current fiscal year, the Township spent over \$750,000 in federal grants. Because of this, the Township is required to contract for a compliance audit (“Single Audit”) under *Uniform Guidance*. This audit will be performed by a secondary auditor that specializes in these particular audits. The Township was the recipient of two FEMA Assisting Firefighter Grants (AFG), with details as follows:

- FEMA AFG SBCA grant – The Township was the recipient of a FEMA AFG regional grant to purchase SCBA equipment for various area fire departments. The Township received \$1,252,155 worth of equipment, of which \$1,138,323 was paid through FEMA grant funds and the remaining \$113,832 paid by the participating departments as match contributions. The Township’s share of the equipment was \$100,812, of which the Township paid a match contribution of \$9,165.
- FEMA SAFER grant – The Township was awarded a Staffing for Adequate Fire and Emergency Response (SAFER) grant. The grant is awarded for total expenditures of \$1,000,152, of which FEMA grant funds will pay \$616,761 and the Township will match \$383,391. This grant is designed to allow for the hiring, training, and retention of full-time firefighters and allowed the Township to hire three new firefighters. The grant is expected to span several years. The Township incurred SAFER grant expenditures of \$188,477 for the year ended December 31, 2019.

NOTE 7 - STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. For purposes of the statement of cash flows, the enterprise fund considers all investments to be cash equivalents due to the highly liquid nature of the investments.

The direct method was utilized to present cash flows from operations. The following is the beginning and ending balances for cash and cash equivalents:

	<u>1/1/2019</u>	<u>12/31/2019</u>
Unrestricted - operations		
Cash and investments	\$ 1,365,680	\$ 1,511,698
Restricted		
Cash and investments	<u>4,030,832</u>	<u>4,398,319</u>
Total	<u>\$ 5,396,512</u>	<u>\$ 5,910,017</u>

The restricted cash and investments consist of the following:

Capital (construction, replacement, improvement)	\$ 3,359,493
Debt service	<u>1,038,826</u>
Total	<u>\$ 4,398,319</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN

History

The Township originally adopted a Defined Contribution Plan with Manulife in October 1967 which has since become John Hancock. The plan was set up as voluntary; however, to join the plan the employee had to contribute 5% of gross pay, the Township would then match with 10%. Eligible employees were all Union Firefighters, full time employees, the Fire Chief, Ordinance Officer, Supervisor, Clerk, Treasurer, Deputy Treasurer, and Trustees (employees also had to be at least 18 year of age). In October 1990, the Union Firefighters were moved into a MERS Defined Benefit pension plan. They were allowed to keep all their years of service and allowed to keep all their accumulated pension monies in the Manulife Plan. Their accounts with Manulife were switched to inactive status, and they can access this money upon separation from service from the Township.

In January 2004, the Township further amended the Defined Contribution Plan with John Hancock, when it approved a second MERS defined benefit plan for the non-union employees. This new MERS defined benefit plan became mandatory for all new hires that work full time. Existing employees as of January 1, 2004, were given the choice to either transfer to the new MERS Plan or remain in the John Hancock Plan (about 50% of the eligible employees moved to the new MERS Plan). The John Hancock employee accounts of the employees who switched to the new MERS Plan were withdrawn from John Hancock and deposited in the MERS Pension Plan. As of January 2004, the Township had three pension plans: the MERS Defined Benefit Plan for the Union firefighters referred to as MERS #1, the MERS Defined Benefit Plan for non-union employees referred to as MERS #2, and the John Hancock Defined Contribution Plan for all part time employees averaging at least 20 hours/week, trustees, and the full-time employees who decided to stay with John Hancock Plan at the January 2004 switchover.

John Hancock - (Adopted October 1967) a defined contribution plan for full-time employees only as defined above, regular part-time employees averaging 20 hours/week (including Fire Chief and Fire Marshall), and Trustees. Participation is voluntary with 5% contribution required to participate, and a 10% matching contribution from the Township. Plan vests after 20 months of plan participation, normal retirement age 55. New employees that opt out of the John Hancock plan, cannot join at a later date. The new Fire Chief has a contract for part time services which excludes him from eligibility for any Township benefits.

The following summarizes that activity in the John Hancock defined contribution plan for 2019:

Total value January 1, 2019		\$ 561,849
Additions		
Employee contributions	\$ 18,876	
Employer contributions	37,751	
Net gain/(loss) for 2019	133,426	
Total additions		190,053
Withdrawals		(27,606)
Total value December 31, 2019		\$ 724,296

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PLAN

Plan Description

The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com and is available to the public.

Description of Benefits

Benefits Provided

The defined benefit plan is comprised of two divisions, with Division 01 open to all full time, non-union employees and Division 05 open to all union firefighters. The plan calls for benefits to be paid as 2.25% of the final average compensation with a maximum of 80% for both divisions. Final average compensation is calculated based on the employee's final 3 years wages for Division 01 and the employee's final 5 years wages for Division 05.

For Division 01, the plan has a vesting period of 6 years, with normal retirement at age 60, and early retirement eligible at age 55 with 15 years of service or age 50 with 25 years of service and reduced benefits.

For Division 05, the plan has a vesting period of 10 years, with normal retirement at age 60 and early retirement eligible age 50 with 25 years of service or age 55 with 15 years of service and reduced benefits.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

	Division 01	Division 05
	Non-Union	Union Fire
Inactive employees or beneficiaries currently receiving benefits	8	5
Inactive employees entitled to but not yet receiving benefits	0	1
Active employees	17	9
	25	15

Contributions

The Township 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The actuarially determined rate for the year ended December 31, 2019 was 13.62% of eligible wages, with total contributions of \$141,468 for Division 01 and 16.74%, with total contributions of \$181,596 for Division 05. The Township also requires employees to contribute 5.0% of eligible wages for Division 01 and 6.0% for Division 05 to fund the plan.

Net Pension Liability

The employer's Net Pension Liability was rolled forward to December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2018.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PLAN (continued)

Actuarial assumptions

The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary Increases: 3.75% in the long term.

Investment rate of return: 7.75%, net of investment and administrative expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2009-2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Target Allocation Gross Rate of Return</u>	=	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	55.50%	x	8.65%	=	4.80%
Global Fixed Income	18.50%	x	3.76%	=	0.70%
Private Investments	26.00%	x	8.65%	=	2.25%
					<u>7.75%</u>

Discount Rate

The discount rate used to measure the total pension liability is 8.00% for the 2018 valuation. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2018	\$ 8,053,440	\$ 5,149,753	\$ 2,903,687
Changes for the year			
Service Cost	220,760		220,760
Interest on Total Pension Liability	634,256		634,256
Changes in Benefits			
Difference between expected and actual experience	(12,135)		(12,135)
Changes in assumptions			
Employer Contributions		323,064	(323,064)
Employee Contributions		117,023	(117,023)
Net Investment Income		701,819	(701,819)
Benefit payments, including employee refunds	(471,235)	(471,235)	
Administrative expense		(12,098)	12,098
Other Changes	(9,078)		(9,078)
Net Changes	362,568	658,573	(296,005)
Balances as of 12/31/2019	<u>\$ 8,416,008</u>	<u>\$ 5,808,326</u>	<u>\$ 2,607,682</u>

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/2019	\$ 2,607,682	\$ 2,607,682	\$ 2,607,682
Change in Net Pension Liability (NPL) from change in discount rate	972,740		(821,034)
Calculated NPL	<u>\$ 3,580,422</u>	<u>\$ 2,607,682</u>	<u>\$ 1,786,648</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9 - DEFINED BENEFIT PLAN (continued)

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

For the year ended December 31, 2019, the Township recognized pension expense of \$504,758. The Township reported deferred outflows and deferred inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in investment expectations versus actual	\$ 22,560	\$
Differences in experience	76,142	
Differences in actuarial assumptions	57,015	
Totals	\$ 155,717	\$

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

Year Ended	Expense
2020	\$ 85,138
2021	28,872
2022	80,400
2023	(38,693)
Total	\$ 155,717

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Township maintains a proprietary fund which is financed by user charges. Segment information as of December 31, 2019, follows:

	Utility System
Operating revenues	\$ 4,956,253
Depreciation	789,531
Operating (loss)	481,345
Non-operating revenues and (expenses) net	57,188
Changes in net position	538,533
Current assets	2,440,866
Current liabilities	1,125,344
Net working capital	1,315,522
Total assets	21,676,645
Total liabilities	1,528,181
Net position	20,148,464

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - FUND BALANCE DESIGNATIONS

The following is a summary of all restricted and further broken down to designations of fund balances for all governmental fund types.

	Major Funds			Nonmajor Funds			Total
	General and Parks Fund	Fire Fund	Law Fund	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	
Nonspendable for:							
Prepays	\$ 27,746	\$ 52,190	\$ 1,200	\$	\$	\$	\$ 2,084
Restricted for:							
Fire protection							
General		1,413,151					1,413,151
Compensated absences		449,596					449,596
Truck replacement		52,076					52,076
Debt reserve		121,530					121,530
Building construction		465,743					465,743
Police protection			404,569				404,569
Public works					102,335	14,485	116,820
Legal defense				284,978			284,978
Committed for:							
Building reserve	383,157						383,157
Capital improvement	2,550						2,550
Compensated absences	33,923					21,862	55,785
Non-motorized trails	27,315						27,315
Ordinance enforcement						834,708	834,708
Right of Way	22,218						22,218
Assigned for Future Budget Deficit	58,725			5,000			63,725
Unassigned	2,331,235						2,331,235
Total designated	<u>\$ 2,886,869</u>	<u>\$ 2,554,286</u>	<u>\$ 405,769</u>	<u>\$ 289,978</u>	<u>\$ 102,335</u>	<u>\$ 14,485</u>	<u>\$ 858,654</u>
							<u>\$ 7,112,376</u>

The Fire, Law, SAD, Legal Defense and Side Street Maintenance Funds are all restricted by tax millages, assessments and grants (outside of the Township Board) for the respective fund activity. As shown above various amounts which are restricted to the respective fund activity are further segregated for specific purposes within the fund activity by the Township Board.

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph.

As of December 31, 2019, cash and investments consist of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Deposits			
Checking accounts	\$ 10,195,380	\$ 10,195,380	\$
Money market accounts	6,644,315		6,644,315
Non-negotiable CDs	969,979		969,979
Total	<u>\$ 17,809,674</u>	<u>\$ 10,195,380</u>	<u>\$ 7,614,294</u>

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position:

Cash and investments \$ 13,144,533

Fiduciary Funds:

Cash and investments 4,466,367

Total cash and investments \$ 17,610,900

The carrying amount of cash and investments is stated at \$17,610,900 as of December 31, 2019. The difference between the carrying amounts and amounts mentioned above stem from cash on hand of \$900, outstanding checks of \$202,147, and outstanding deposits of \$2,473.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Deposits - Custodial Credit Risk

This is the risk that in the event of a bank failure, the Township will be able to recover its deposits. 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.

As of December 31, 2019, deposits in banks totaled \$17,809,674, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 1,152,897
Uninsured and uncollateralized	<u>16,656,777</u>
	<u><u>\$ 17,809,674</u></u>

The Township's investment policy does not address this risk.

FDIC insurance is limited to the legal maximum of \$250,000 per public unit for all time and savings deposits and \$250,000 per public unit for all demand deposits.

NOTE 13 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM

The Township adopted the MERS post-employment health care savings plan (HCSP) during 2005. The program is an employer sponsored program that allows employees to save money in an account that can be used for medical expenses and (or) health insurance premiums after termination of service.

All full-time employees (those with an average of 37.5 hours per week), are eligible to participate in the HCSP. The Township contributes to the plan on behalf of the eligible employees and requires the employees to contribute a percentage of pay, as described below. To make up for previous years of service, the Township created a compensation schedule with years of service for 15 - 25 years being weighted heavier than years 1 -14. Based on this schedule, a lump sum was deposited in each employee's account by the Township. For each employee to receive the lump sum start-up money a signed release and settlement agreement releasing the Township from a previously adopted retirement health care program was completed by each employee.

For 2019, the Township contributed \$250 per non-union employee and \$300 per union employee per month to individual accounts, a total of \$90,550 for all employees. The Township utilized accumulated forfeitures of \$54,625 to offset required contributions, with the remaining contributions paid in cash.

The Township requires employees to contribute a percentage of wages toward their account based on the employee's employment class. All employees hired prior to November 1, 2011, are in their own individual class. The required contributions range from a minimum of 2% of compensation to a maximum 15% of compensation within the various classes. Employees may choose between three options for wages used to calculate the contribution due; regular pay only, regular and overtime pay, or regular, overtime and longevity pay. Each employee may change the contribution percentage and covered wages once per year.

As of November 1, 2011, all newly hired employees are classified as one uniform employee class for all union new hires and one class for all non-union new hires. These two new classes of employees' contribution percentage will be reviewed annually in November and amended as necessary. Union employees elected to have 8% of all regular, overtime and longevity pay and non-union employees elected to have 3% of regular pay contributed for the year ended December 31, 2019.

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 13 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM (continued)

The Township contribution is subject to a vesting schedule as follows:

<u>Employees service</u>	<u>Vested Percentage</u>
Prior to six (6) years full time employment	0%
Six (6) years but less than nine (9) years full time employment	25%
Nine (9) years but less than twelve (12) years full time employment	50%
Twelve (12) years but less than fifteen (15) years full time employment	75%
Fifteen (15) or more years full time employment	100%

The mandated employee contributions are vested immediately and are withheld as pretax contributions.

All contributions are invested in the MERS portfolio and grow tax free. When an employee retires the savings account is available for tax free reimbursement of medical expenses and (or) health insurance premiums for employees, and spouses and dependents of employees.

NOTE 14 - POST EMPLOYMENT BENEFITS

In addition to the MERS Health Care Savings Plan described in Note 13, the Township also provides post-employment health care benefits to two (2) firefighters who retired prior to June 30, 2005. These two (2) firefighters are governed under the old retirement health care system as described in the union contracts for the fiscal years in which they retired (Firefighter Winters 2001 and Firefighter Dickinson January 2005). The benefit to these two (2) firefighters are: The Township pays 100% of the premium of whatever health insurance is in effect for the active firefighters and 50% of whatever Vision and Dental benefits are in effect for active firefighters (currently Vision Service Plan and Delta Dental). This is a lifelong benefit for these retired firefighters, and their spouses, if they were married to the spouse at the time of retirement. Firefighters who have retired from the Township after June 30, 2005, are not entitled to this benefit and were offered a legal buy-out for the loss of this benefit, indemnifying the Township of any claims to this benefit.

During 2019, the Township paid for the cost of covering these retirees. During the fiscal year 2019, the net cost of health care benefits for the retirees was \$4,093, which was paid directly to the healthcare provider.

NOTE 15 - HSA PLAN

Beginning April 21, 2016, the Charter Township of Superior approved to purchase the Blue Cross Blue Shield Simply Blue HSA plan and the Township will pay a wellness incentive to employees to help offset the plan deductible. Wellness incentives for the year ended December 31, 2019 are \$1,350 for individuals or \$2,700 for families for non-union employees and \$2,350 for individuals or \$4,700 for families for union employees.

NOTE 16 - TAX ABATEMENTS

The Governmental Accounting Standards Board (GASB) approved GASB No. 77 "Tax Abatement Disclosures" relating to the required disclosure for tax abatement agreements. This standard requires the disclosure of a description of tax abatement agreements and the gross dollar amount of abated taxes relating to these agreements.

The Township has no tax abatement agreements as of December 31, 2019.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

During May, 2014, the FASB issued "Accounting Standards Update" (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606). ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration received in exchange for those goods or services. During August, 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect reorganized as of the date of initial application. The aforementioned ASU's are codified as "Accounting Standards Codification" (ASC) Topic 606 "Revenue from Contracts with Customers."

Under ASU 2014-09, revenue is recorded when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Township has satisfied the applicable performance obligation(s). The expenses that are directly related to such transactions are recorded as incurred and presented within operating expenses. Revenue associated with the reimbursement of such expenses is recorded when the Township is contractually entitled to the reimbursement.

The Governmental Accounting Standards Board (GASB) issued Standard No. 84 "Fiduciary Activities" to establish criteria for identifying fiduciary activities for all state and local governments. Activities meeting the criteria for a fiduciary activity should be presented in a separate statement of fiduciary net position and statement of changes in fiduciary net position. The standard establishes four types of fiduciary funds: pension and other employment benefit trust funds, investment trust funds, private purpose trust funds, and custodial funds.

The Township adopted both of these standards on January 1, 2019. As a result, the Township has considered the need to recognize deferred outflows relating to building permit activity depending on the completion of various performance obligations. For the year ended December 31, 2019, the Township has determined this has had no material impact on the financial statement.

As a result of implementing GASB 84, the Township has determined that the previously reported Trust and Agency fund will now be combined with the Building Fund. Escrow fund building related activities have been recognized as Township-source revenues and expenditures, totaling \$103,288. The remaining balances have been recognized as unearned revenues.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 20, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) as a global health pandemic and recommended containment and mitigation measures worldwide. The State of Michigan implemented the Stay Home, Stay Safe initiative on March 23, 2020, in which non-essential businesses were ordered to close and residents encouraged to stay home. This initiative was enforced through June 8, 2020 for most essential businesses, with some remaining closed through June 15, 2020.

The Township is assessing the impact of this pandemic and the subsequent containment measures but believes the response could lead to a decrease in property tax collections, state revenue sharing, and investment earnings. Additionally, the Township has a defined benefit pension plan, which is largely impacted by estimated rates of investment returns. Volatility in the global stock market could result in actual investment returns lower than assumed rates, which could impact the net pension liability and annual required plan contribution rates. Management has determined that the Township does not have any other material recognizable or non-recognizable events.

NOTE 19 - UPCOMING GASB PRONOUNCEMENTS

In recent years, the Governmental Accounting Standards Board (GASB) issued the following pronouncements:

GASB 87 - LEASES

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 87, Leases to improve the accounting and financial reporting of leases by governments. This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard will require a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources.

The standard was originally required to be implemented for the statements for the year ended December 31, 2020. The Governmental Accounting Standards Board released GASB Standard No. 95 extending the implementation date of this standard by 18 months, requiring the standard to be implemented for the Township's statements for the year ended December 31, 2022.

GASB 89 - ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 89 to establish accounting requirements for interest costs that are incurred before the end of a construction period. This statement will require interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As such, the interest will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard should be applied prospectively.

The standard was originally required to be implemented for the statements for the year ended December 31, 2020. The Governmental Accounting Standards Board released GASB Standard No. 95 extending the implementation date of this standard by 12 months, requiring the standard to be implemented for the Township's statements for the year ended December 31, 2021.

The Township is assessing the impact that these standards will have on the Township's financial statements. The Township has considered the impact of Standards No 88, 90, 91, 92, 93 and 94 implemented by GASB and does not expect these standards to have any impact on the Township's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 557,644	\$ 557,644	\$ 567,805	\$ 10,161
Licenses and permits	195,000	195,000	205,910	10,910
State grants	1,167,627	1,167,627	1,209,980	42,353
Contributions from local units	2,500	10,000	10,000	
Charges for services	34,316	28,316	25,254	(3,062)
Interest and rents	45,100	87,000	86,146	(854)
Other revenue	4,020	21,398	26,200	4,802
Total revenues	<u>2,006,207</u>	<u>2,066,985</u>	<u>2,131,295</u>	<u>64,310</u>
EXPENDITURES				
General government	1,135,407	1,150,966	1,083,497	67,469
Public safety	50,463	51,563	48,972	2,591
Public works	398,167	433,328	445,342	(12,014)
Community and economic development	34,200	44,040	43,479	561
Recreation and culture	319,982	296,782	289,154	7,628
Total expenditures	<u>1,938,219</u>	<u>1,976,679</u>	<u>1,910,444</u>	<u>66,235</u>
Excess of revenues over (under) expenditures	<u>67,988</u>	<u>90,306</u>	<u>220,851</u>	<u>130,545</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			206,253	206,253
Net change in fund balance	<u>67,988</u>	<u>90,306</u>	<u>427,104</u>	<u>336,798</u>
FUND BALANCE, JANUARY 1, 2019	<u>2,459,765</u>	<u>2,459,765</u>	<u>2,459,765</u>	
FUND BALANCE, DECEMBER 31, 2019	<u>\$ 2,527,753</u>	<u>\$ 2,550,071</u>	<u>\$ 2,886,869</u>	<u>\$ 336,798</u>

CHARTER TOWNSHIP OF SUPERIOR

FIRE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,234,070	\$ 1,931,497	\$ 1,928,766	\$ (2,731)
Federal grants		1,322,000	1,327,023	5,023
State grants	2,900	2,900	2,025	(875)
Charges for services	500	500		(500)
Interest and rents	18,000	43,600	43,131	(469)
Other revenue	8,500	1,500	3,886	2,386
Total revenues	<u>2,263,970</u>	<u>3,301,997</u>	<u>3,304,831</u>	<u>2,834</u>
EXPENDITURES				
Public safety	1,769,410	3,217,968	3,280,108	(62,140)
Debt service	118,000	118,000	103,207	14,793
Total expenditures	<u>1,887,410</u>	<u>3,335,968</u>	<u>3,383,315</u>	<u>(47,347)</u>
Net change in fund balance	376,560	(33,971)	(78,484)	(44,513)
FUND BALANCE, JANUARY 1, 2019	<u>2,632,770</u>	<u>2,632,770</u>	<u>2,632,770</u>	
FUND BALANCE, DECEMBER 31, 2019	<u>\$ 3,009,330</u>	<u>\$ 2,598,799</u>	<u>\$ 2,554,286</u>	<u>\$ (44,513)</u>

CHARTER TOWNSHIP OF SUPERIOR

LAW ENFORCEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 1,794,777	\$ 1,449,800	\$ 1,446,552	\$ (3,248)
State grants	4,200	4,200	1,519	(2,681)
Charges for services	311,529	311,529	307,178	(4,351)
Fines and forfeits	25,000	25,000	36,549	11,549
Interest and rents	2,000	10,200	9,965	(235)
Other revenue	500	500	37	(463)
Total revenues	<u>2,138,006</u>	<u>1,801,229</u>	<u>1,801,800</u>	<u>571</u>
EXPENDITURES				
Public safety	<u>1,813,790</u>	<u>1,710,420</u>	<u>1,695,405</u>	<u>15,015</u>
Net change in fund balance	324,216	90,809	106,395	15,586
FUND BALANCE, JANUARY 1, 2019	<u>299,374</u>	<u>299,374</u>	<u>299,374</u>	
FUND BALANCE, DECEMBER 31, 2019	<u>\$ 623,590</u>	<u>\$ 390,183</u>	<u>\$ 405,769</u>	<u>\$ 15,586</u>

CHARTER TOWNSHIP OF SUPERIOR

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule of Employer Contributions

	<u>For the Plan Year Ended 12/31/2019</u>	<u>For the Plan Year Ended 12/31/2018</u>	<u>For the Plan Year Ended 12/31/2017</u>	<u>For the Plan Year Ended 12/31/2016</u>	<u>For the Plan Year Ended 12/31/2015</u>
Actuarial determined contributions	\$ 323,064	\$ 257,074	\$ 243,677	\$ 208,778	\$ 187,940
Contributions in relation to the actuarial determined contribution	<u>323,064</u>	<u>257,074</u>	<u>243,677</u>	<u>208,778</u>	<u>187,940</u>
Contribution (deficiency) excess	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered employee payroll	<u>\$ 1,844,614</u>	<u>\$ 1,720,936</u>	<u>\$ 1,583,227</u>	<u>\$ 1,621,846</u>	<u>\$ 1,572,197</u>
Contributions as a percentage of covered payroll	<u>17.51%</u>	<u>14.94%</u>	<u>15.39%</u>	<u>12.87%</u>	<u>11.95%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

Notes to the Schedule of Employer Contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 years smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.75%
Retirement age	<u>Division 01:</u> Age 60, early retirement at age 55 with 15 years of service or age 50 with 25 years of service with reduced benefits. <u>Division 05:</u> Age 60, early retirement at age 50 with 25 years of service or age 55 with 15 years of service with reduced benefits.
Mortality	50% Female/50% Male RP-2014 group Annuity Mortality Table

Previous Actuarial Methods and Assumptions

A ten-year smoothed asset valuation method was used for the time period of 2005 through 2015.

CHARTER TOWNSHIP OF SUPERIOR

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	For the Plan Year Ended 12/31/2019	For the Plan Year Ended 12/31/2018	For the Plan Year Ended 12/31/2017	For the Plan Year Ended 12/31/2016	For the Plan Year Ended 12/31/2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 220,760	\$ 204,939	\$ 187,817	\$ 185,852	\$ 171,059
Interest	634,256	597,127	574,515	531,168	505,344
Changes in benefit terms					
Differences between expected and actual experience	(12,135)	132,291	(60,111)	138,559	
Changes of assumptions				285,083	
Benefit payments, including refunds of employee contributions	(471,235)	(423,572)	(405,961)	(362,555)	(349,525)
Other changes	<u>(9,078)</u>	<u>(30,745)</u>	<u>(13,371)</u>	<u>(14,343)</u>	<u>(14,745)</u>
Net change in total pension liability	362,568	480,040	282,889	763,764	312,133
TOTAL PENSION LIABILITY - BEGINNING	<u>8,053,440</u>	<u>7,573,400</u>	<u>7,290,511</u>	<u>6,526,747</u>	<u>6,214,614</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 8,416,008</u>	<u>\$ 8,053,440</u>	<u>\$ 7,573,400</u>	<u>\$ 7,290,511</u>	<u>\$ 6,526,747</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	323,064	257,074	243,677	208,778	187,940
Contributions - employee	117,023	99,482	97,044	89,336	86,207
Net investment income	701,819	(213,390)	644,352	505,591	(68,734)
Benefit payments, including refunds of employee contributions	(471,235)	(423,572)	(405,961)	(362,555)	(349,525)
Administrative Expenses	<u>(12,098)</u>	<u>(10,555)</u>	<u>(10,196)</u>	<u>(9,975)</u>	<u>(10,063)</u>
Net change in plan fiduciary net position	658,573	(290,961)	568,916	431,175	(154,175)
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>5,149,753</u>	<u>5,440,714</u>	<u>4,871,798</u>	<u>4,440,623</u>	<u>4,594,798</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>\$ 5,808,326</u>	<u>\$ 5,149,753</u>	<u>\$ 5,440,714</u>	<u>\$ 4,871,798</u>	<u>\$ 4,440,623</u>
NET PENSION LIABILITY (TOTAL PENSION LIABILITY - PLAN FIDUCIARY NET POSITION)	<u>\$ 2,607,682</u>	<u>\$ 2,903,687</u>	<u>\$ 2,132,686</u>	<u>\$ 2,418,713</u>	<u>\$ 2,086,124</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69.02%</u>	<u>63.94%</u>	<u>71.84%</u>	<u>66.82%</u>	<u>68.04%</u>
Covered employee payroll	<u>\$ 1,844,614</u>	<u>\$ 1,720,936</u>	<u>\$ 1,583,227</u>	<u>\$ 1,621,846</u>	<u>\$ 1,572,197</u>
Net pension liability as a percentage of covered employee payroll	<u>141.37%</u>	<u>168.73%</u>	<u>134.71%</u>	<u>149.13%</u>	<u>132.69%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
 COMBINING BALANCE SHEET
 DECEMBER 31, 2019

	<u>General Fund Pre GASB 54 Consolidation</u>	<u>Parks and Recreation Fund</u>	<u>Totals Restated General Fund</u>
ASSETS			
Cash and investments	\$ 1,962,434	\$ 532,705	\$ 2,495,139
Receivables:			
Taxes	505,947		505,947
State shared revenue	421,668		421,668
Due from other funds	11,766		11,766
Other	52,516	82	52,598
Other current assets			
Prepaid expenditures	19,516	8,230	27,746
	<u>19,516</u>	<u>8,230</u>	<u>27,746</u>
Total assets	<u>\$ 2,973,847</u>	<u>\$ 541,017</u>	<u>\$ 3,514,864</u>
LIABILITIES			
Accounts payable	\$ 42,273	\$ 1,430	\$ 43,703
Due to other funds	35,378	7,038	42,416
	<u>35,378</u>	<u>7,038</u>	<u>42,416</u>
Total liabilities	<u>77,651</u>	<u>8,468</u>	<u>86,119</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	541,876		541,876
	<u>541,876</u>		<u>541,876</u>
FUND BALANCES			
Nonspendable for prepaids	19,516	8,230	27,746
Committed:			
Building reserve		383,157	383,157
Capital improvement		2,550	2,550
Compensated absences	24,700	9,223	33,923
Non-motorized trails	27,315		27,315
Right of Way	22,218		22,218
Assigned for future budget deficit	28,277	30,448	58,725
Unassigned	2,232,294	98,941	2,331,235
	<u>2,232,294</u>	<u>98,941</u>	<u>2,331,235</u>
Total fund balances	<u>2,354,320</u>	<u>532,549</u>	<u>2,886,869</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,973,847</u>	<u>\$ 541,017</u>	<u>\$ 3,514,864</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2019

	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Building Fund	Totals
ASSETS					
Cash and investments	\$ 289,978	\$ 31,671	\$ 14,485	\$ 1,327,756	\$ 1,663,890
Special assessments receivable		78,999	22,646		101,645
Prepaid expenditures				2,084	2,084
Total assets	<u>\$ 289,978</u>	<u>\$ 110,670</u>	<u>\$ 37,131</u>	<u>\$ 1,329,840</u>	<u>\$ 1,767,619</u>
LIABILITIES					
Accounts payable	\$	\$ 6,735	\$	\$ 300,469	\$ 307,204
Unearned revenue			22,646	164,363	187,009
Due to other funds		1,600		6,354	7,954
Total liabilities		<u>8,335</u>	<u>22,646</u>	<u>471,186</u>	<u>502,167</u>
FUND BALANCE					
Nonspendable for:					
Prepays				2,084	2,084
Restricted for:					
Public works		102,335	14,485		116,820
Legal defense	284,978				284,978
Committed for:					
Compensated absences				21,862	21,862
Ordinance enforcement				834,708	834,708
Assigned for future budget deficit	5,000				5,000
Total fund equity	<u>289,978</u>	<u>102,335</u>	<u>14,485</u>	<u>858,654</u>	<u>1,265,452</u>
Total liabilities and fund equity	<u>\$ 289,978</u>	<u>\$ 110,670</u>	<u>\$ 37,131</u>	<u>\$ 1,329,840</u>	<u>\$ 1,767,619</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL AGENCY FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2019

	<u>Current Tax Fund</u>	<u>Payroll Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 4,413,041	\$ 53,326	\$ 4,466,367
Due from other funds		138,533	138,533
Total assets	<u>\$ 4,413,041</u>	<u>\$ 191,859</u>	<u>\$ 4,604,900</u>
LIABILITIES			
Due to others	\$ 4,407,839	\$ 46,918	\$ 4,454,757
Due to other funds	5,202	144,941	150,143
Total liabilities	<u>\$ 4,413,041</u>	<u>\$ 191,859</u>	<u>\$ 4,604,900</u>

CHARTER TOWNSHIP OF SUPERIOR

**ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund Pre GASB 54 Consolidation	Parks and Recreation Fund	Eliminations	Total Restated General Fund
REVENUES				
Taxes	\$ 567,805	\$	\$	\$ 567,805
Licenses and permits	205,910			205,910
State grants	1,209,980			1,209,980
Contributions from local units	10,000			10,000
Charges for services	25,254			25,254
Interest and rents	76,675	9,471		86,146
Other revenue	22,686	3,514		26,200
Total revenues	2,118,310	12,985		2,131,295
EXPENDITURES				
General government	1,078,284			1,078,284
Public safety	48,972			48,972
Public works	445,342			445,342
Community and economic development	43,479			43,479
Recreation and culture		273,654		273,654
Capital outlay				
General government	5,213			5,213
Parks and recreation		15,500		15,500
Total expenditures	1,621,290	289,154		1,910,444
Excess of revenues over (under) expenditures	497,020	(276,169)		220,851
OTHER FINANCING SOURCES (USES)				
Transfers in	206,253	282,282	(282,282)	206,253
Transfers (out)	(282,282)		282,282	
Total other financing sources (uses)	(76,029)	282,282		206,253
Net change in fund balance	420,991	6,113		427,104
FUND BALANCE, JANUARY 1, 2019	1,933,329	526,436		2,459,765
FUND BALANCE, DECEMBER 31, 2019	\$ 2,354,320	\$ 532,549	\$	\$ 2,886,869

CHARTER TOWNSHIP OF SUPERIOR
ALL NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Hyundai Fund	Building Fund	Totals
REVENUES						
Taxes	\$ 6	\$	\$	\$	\$	\$ 6
Special assessments		78,999	22,646			101,645
Charges for services					531,962	531,962
Interest and rents				3,941	9,247	13,188
Other revenue	3,691				3,500	7,191
Total revenues	<u>3,697</u>	<u>78,999</u>	<u>22,646</u>	<u>3,941</u>	<u>544,709</u>	<u>653,992</u>
EXPENDITURES						
Public works		73,640				73,640
Community and economic development			21,366		378,194	399,560
Capital outlay:						
Housing and development					122,415	122,415
Total expenditures		<u>73,640</u>	<u>21,366</u>		<u>500,609</u>	<u>595,615</u>
Excess of revenues over (under) expenditures	<u>3,697</u>	<u>5,359</u>	<u>1,280</u>	<u>3,941</u>	<u>44,100</u>	<u>58,377</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(206,253)		(206,253)
Net change in fund balance	3,697	5,359	1,280	(202,312)	44,100	(147,876)
FUND BALANCE, JANUARY 1, 2019	<u>286,281</u>	<u>96,976</u>	<u>13,205</u>	<u>202,312</u>	<u>814,554</u>	<u>1,413,328</u>
FUND BALANCE, DECEMBER 31, 2019	<u>\$ 289,978</u>	<u>\$ 102,335</u>	<u>\$ 14,485</u>	<u>\$</u>	<u>\$ 858,654</u>	<u>\$ 1,265,452</u>

INDIVIDUAL FUNDS

GENERAL FUND

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Payment in lieu of taxes	\$ 1,800	\$ 950	\$ (850)
Trailer home fees	4,000	4,557	557
Property taxes	551,844	562,298	10,454
Licenses and permits			
Cable franchise fees	195,000	205,910	10,910
State grants			
State shared revenue	1,152,227	1,199,827	47,600
Other state aid grants	15,400	10,153	(5,247)
Contributions from local units			
CTAP grant	10,000	10,000	
Charges for services			
General charges for services	28,316	25,254	(3,062)
Interest and rents			
Interest income	43,000	44,665	1,665
Cell tower	35,000	32,010	(2,990)
Other revenue			
Reimbursements and refunds	12,548	16,391	3,843
Public and private contributions		1,000	1,000
Other income	5,300	5,295	(5)
Total revenues	2,054,435	2,118,310	63,875

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

GENERAL FUND (PRE GASB 54 - RESTATEMENT)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
General government			
Township board	10,200	8,295	1,905
Supervisor	98,018	97,452	566
Treasurer	170,300	166,808	3,492
Clerk	124,378	124,269	109
Assessing equalization	180,388	169,601	10,787
Elections	17,007	16,613	394
Building and grounds	51,700	53,957	(2,257)
Attorney	7,500	983	6,517
All other general government	491,475	445,519	45,956
Public safety			
Ordinance enforcement	51,563	48,972	2,591
Public works			
Infrastructure	333,461	344,652	(11,191)
Sanitation	11,500	11,879	(379)
Public transportation	88,367	88,811	(444)
Community and economic development			
Planning and zoning	44,040	43,479	561
Total expenditures	1,679,897	1,621,290	58,607
Excess of revenues over (under) expenditures	374,538	497,020	122,482
OTHER FINANCING SOURCES (USES)			
Transfers in		206,253	206,253
Transfers (out)	(374,538)	(282,282)	92,256
Total other financing sources (uses)	(374,538)	(76,029)	298,509
Net change in fund balance		420,991	420,991
FUND BALANCE, JANUARY 1, 2019	1,933,329	1,933,329	
FUND BALANCE, DECEMBER 31, 2019	\$ 1,933,329	\$ 2,354,320	\$ 420,991

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Township board			
Salaries	\$ 10,200	\$ 8,295	\$ 1,905
Supervisor			
Salaries	84,921	84,920	1
Taxable benefits	12,897	12,532	365
Supplies	200		200
Total supervisor	98,018	97,452	566
Treasurer			
Salaries	76,725	73,774	2,951
Other salaries	69,799	70,662	(863)
Training	500	615	(115)
Taxable benefits	18,176	18,302	(126)
Supplies	3,000	2,490	510
Printing and publishing	2,000	875	1,125
Memberships and dues	100	90	10
Total treasurer	170,300	166,808	3,492
Clerk			
Salary	76,725	76,725	
Other salaries	43,122	45,534	(2,412)
Taxable benefits	3,031	1,579	1,452
Supplies	1,500	431	1,069
Total clerk	124,378	124,269	109

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget	Actual	Variance Favorable (Unfavorable)
Assessing equalization			
Salaries	147,419	135,786	11,633
Contract services	9,000	7,925	1,075
Training	1,000	292	708
Taxable benefits	18,669	22,762	(4,093)
Supplies	600	1,008	(408)
Telephone	1,200	607	593
Transportation	500	179	321
Meals and lodging	500	312	188
Memberships and dues	1,500	730	770
	180,388	169,601	10,787
Elections			
Salaries	14,757	14,757	
Supplies and postage	2,000	1,856	144
Rent	250		250
	17,007	16,613	394
Buildings and grounds			
Contract services	19,200	19,200	
Operating supplies	2,500	3,227	(727)
Utilities	11,000	9,070	1,930
Repairs and maintenance	20,000	31,184	(11,184)
Expense allocation	(6,000)	(8,724)	2,724
Building improvements	5,000		5,000
	51,700	53,957	(2,257)
Attorney			
Professional services	7,500	983	6,517

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
All other general government			
Administration salaries	8,188	8,188	
Administration training	500		500
Administration office supplies	2,500		2,500
Administration postage	12,000	12,793	(793)
Administration operating supplies		2,913	(2,913)
Cemetery upkeep	500	1,500	(1,000)
Professional services	60,073	59,572	501
Telephone	4,000	3,012	988
Insurance and bonds	12,000	12,812	(812)
Transportation	5,000	7,028	(2,028)
Printing and publishing	13,000	11,565	1,435
Repairs and maintenance	500		500
Expense allocation	(2,000)	(2,844)	844
Meals on Wheels	2,200	2,150	50
Equipment rental	4,000	6,834	(2,834)
Memberships and dues	21,000	16,486	4,514
Bank charges	600	123	477
Equipment	20,000	9,537	10,463
Miscellaneous	3,000	4,273	(1,273)
Accounting Salaries	79,981	78,653	1,328
Accounting taxable benefits	4,543	4,543	
Accounting supplies	900	1,727	(827)
Accounting expense allocation	(22,000)	(23,684)	1,684
Unallocated FICA	54,990	53,792	1,198
Unallocated medical insurance	86,631	73,067	13,564
Unallocated dental insurance	9,592	7,087	2,505
Unallocated vision insurance	2,046	1,587	459
Unallocated life insurance	1,811	1,726	85
Unallocated HSA administration fees	500	153	347
Unallocated HCSP fees	23,436	7,088	16,348
Unallocated pension expense	81,984	83,838	(1,854)
Total all other general government	<u>491,475</u>	<u>445,519</u>	<u>45,956</u>
TOTAL GENERAL GOVERNMENT	<u>1,150,966</u>	<u>1,083,497</u>	<u>67,469</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC SAFETY			
Ordinance enforcement			
Salaries	43,577	41,561	2,016
Contract services	515		515
Taxable benefits	2,871	2,793	78
Miscellaneous	4,600	4,618	(18)
Total ordinance enforcement	<u>51,563</u>	<u>48,972</u>	<u>2,591</u>
TOTAL PUBLIC SAFETY	<u>51,563</u>	<u>48,972</u>	<u>2,591</u>
PUBLIC WORKS			
Infrastructure			
Master plan revisions	4,100	1,103	2,997
Geddes Ridge drain maintenance	35,000	32,900	2,100
Special projects	27,500	6,152	21,348
Ypsilanti district library	5,261	5,672	(411)
Michigan land conservancy	20,000	20,000	
Miscellaneous	13,300	13,234	66
Salaries	2,500	2,341	159
Contract services	5,000		5,000
Supplies	200		200
Road maintenance	200,000	240,942	(40,942)
Non-motorized trails maintenance	1,000	3,285	(2,285)
Other maintenance	18,000	14,013	3,987
Streetlights		3,446	(3,446)
Drains	1,600	1,564	36
Total infrastructure	<u>333,461</u>	<u>344,652</u>	<u>(11,191)</u>
Sanitation			
Recycling	7,000	6,885	115
Garbage and yard waste tags	2,500	2,550	(50)
Dump usage collection	2,000	2,444	(444)
Total sanitation	<u>11,500</u>	<u>11,879</u>	<u>(379)</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**GENERAL FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public transportation			
A.A.T.A. contract	55,461	55,786	(325)
Demand response	20,406	20,525	(119)
New buses	<u>12,500</u>	<u>12,500</u>	
Total public transportation	<u>88,367</u>	<u>88,811</u>	<u>(444)</u>
TOTAL PUBLIC WORKS	<u>433,328</u>	<u>445,342</u>	<u>(12,014)</u>
COMMUNITY AND ECONOMIC DEVELOPMENT			
Planning and zoning			
Salaries	33,540	30,007	3,533
Supplies	500	768	(268)
Professional services	8,000	12,445	(4,445)
Printing and publishing	<u>2,000</u>	<u>259</u>	<u>1,741</u>
Total planning and zoning	<u>44,040</u>	<u>43,479</u>	<u>561</u>
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	<u>44,040</u>	<u>43,479</u>	<u>561</u>
Total expenditures	<u><u>\$ 1,679,897</u></u>	<u><u>\$ 1,621,290</u></u>	<u><u>\$ 58,607</u></u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PARKS AND RECREATION FUND

CHARTER TOWNSHIP OF SUPERIOR

**PARKS AND RECREATION FUND (PRE GASB 54 - RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADMINISTRATION			
Salaries	\$ 50,407	\$ 49,374	\$ 1,033
Training	1,000	1,096	(96)
Taxable benefits		730	(730)
Supplies	700	366	334
Professional services	3,700	3,671	29
Telephone	1,200	719	481
Insurance and bonds	8,525	10,254	(1,729)
Transportation	1,100	925	175
Office rent	6,000	6,000	
Printing and publishing	500		500
Repairs and maintenance	500		500
Membership and dues	650	440	210
Bank fees	100	28	72
Small equipment	1,000	712	288
Miscellaneous		334	(334)
Total administration	<u>75,382</u>	<u>74,649</u>	<u>733</u>
RECREATION			
Salaries	10,841	12,156	(1,315)
Training	500		500
Supplies	5,500	7,200	(1,700)
Professional services		750	(750)
Telephone	400	384	16
Miscellaneous	1,200		1,200
Total recreation	<u>18,441</u>	<u>20,490</u>	<u>(2,049)</u>
MAINTENANCE AND IMPROVEMENTS			
Salaries	112,998	108,492	4,506
Training	500		500
Taxable benefits	1,900	3,985	(2,085)
Supplies	5,500	3,592	1,908
Uniforms	1,000	501	499
Fuel and lubricants	5,000	3,651	1,349
Telephone	500	1,609	(1,109)
Utilities	950	586	364
Repair and Maintenance	14,400	15,162	(762)
Equipment	2,500	45	2,455
Total maintenance and improvements	<u>145,248</u>	<u>137,623</u>	<u>7,625</u>
GRANT PARK DEVELOPMENT	<u>30,000</u>	<u>29,087</u>	<u>913</u>
UNALLOCATED EXPENSES	<u>27,711</u>	<u>27,305</u>	<u>406</u>
Total expenditures	<u>\$ 296,782</u>	<u>\$ 289,154</u>	<u>\$ 7,628</u>

This supplementary information shows the Parks and Recreation Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

UTILITY FUND

CHARTER TOWNSHIP OF SUPERIOR

**UTILITY FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$ 3,855,738	\$ 4,921,683	\$ 1,065,945
Interest income	21,000	78,219	57,219
Meter sales	5,000	34,570	29,570
Other	9,550	11,715	2,165
Total revenues	<u>3,891,288</u>	<u>5,046,187</u>	<u>1,154,899</u>
EXPENSES			
Water and sewer purchases	2,384,077	2,334,583	49,494
Salaries	636,250	548,268	87,982
Taxable benefits	32,896	45,150	(12,254)
Payroll taxes	40,556	44,221	(3,665)
Insurance benefits	91,611	83,784	7,827
Pension expense	69,632	67,110	2,522
Repairs and maintenance - administration building	8,000	6,057	1,943
Computer services and supplies	13,000	10,870	2,130
Supplies	6,000	5,617	383
Utilities	6,000	5,197	803
Telecommunications	9,000	8,745	255
Leased equipment	9,000	8,891	109
Cleaning services	5,000	5,000	
Lift and booster station expense	68,000	47,052	20,948
Maintenance facility expense	109,000	90,061	18,939
System repairs and maintenance	50,000	43,642	6,358
Professional fees	28,950	29,160	(210)
Employee expense	8,300	8,695	(395)
Meters and supplies	180,000	212,278	(32,278)
Fuel	9,000	8,336	664
Insurance and bonds	40,000	35,469	4,531
Depreciation		789,531	(789,531)
Postage	10,000	8,373	1,627
Bank fees	50	17	33
Bad debt expense	3,400	3,421	(21)
Printing and publishing	4,000	3,604	396
Membership and dues	11,000	21,133	(10,133)
Miscellaneous	250	643	(393)
Bond interest expense		32,306	(32,306)
Agency fee		440	(440)
Total expenses	<u>3,832,972</u>	<u>4,507,654</u>	<u>(674,682)</u>
Change in net assets	<u>\$ 58,316</u>	<u>\$ 538,533</u>	<u>\$ 480,217</u>

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR

**UTILITY FUND - COMPARATIVE STATEMENT OF REVENUES AND EXPENSES - OPERATING ACCOUNTS ONLY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, 2017, 2016, 2015, 2014, AND 2013**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES							
Charges for services	\$ 4,921,683	\$ 4,747,460	\$ 4,095,235	\$ 4,208,728	\$ 3,508,267	\$ 3,067,196	\$ 2,646,685
Meter sales	34,570	12,377	17,868	24,716	28,618	12,265	4,345
Total revenues	<u>4,956,253</u>	<u>4,759,837</u>	<u>4,113,103</u>	<u>4,233,444</u>	<u>3,536,885</u>	<u>3,079,461</u>	<u>2,651,030</u>
EXPENSES							
Water and sewer purchases	2,334,583	2,857,115	2,292,120	2,262,792	2,047,088	1,855,590	1,591,836
Salaries and wages	548,268	488,461	373,647	377,151	376,305	373,262	439,453
Taxable benefits	45,150	32,093	48,304	36,855	26,534	25,256	29,168
Payroll taxes	44,221	38,761	33,195	31,760	29,537	29,409	36,123
Insurance benefits	83,784	84,048	68,843	62,095	59,324	77,676	112,456
Pension	67,110	51,942	46,477	43,973	39,017	31,150	38,442
Repairs and maintenance	139,760	206,184	179,585	142,777	149,361	70,484	61,125
Computer expenses	10,870	13,277	5,000	9,414	10,941	16,183	10,483
Operating supplies and meters	217,895	89,886	138,778	69,731	48,577	33,646	35,896
Utilities	52,249	5,204	35,914	33,024	35,770	44,502	40,665
Telecommunications	8,745	9,327	7,457	13,385	11,952	9,098	8,539
Lease equipment	8,891	8,211	6,470	8,640	4,441	3,674	3,538
Office expenses	22,369	11,997	13,943	37,429	32,248	21,527	18,433
Professional services	29,160	22,025	19,570	12,852	46,515	34,452	46,719
Health savings expense		7,706	11,935	11,093	10,871	11,463	13,770
Insurance and bonds	35,469	32,796	30,440	30,391	28,223	24,552	25,864
Bad debt expense	3,421		3,272	3,224	5,541	3,173	3,136
Printing and publishing	3,604	4,165	4,801	2,312	3,430	3,186	4,210
Memberships and dues	21,133	8,984	8,061	7,638	6,765	4,372	9,628
Training and other employee expenses	8,695	917	5,779	3,717	3,980	3,189	5,288
Total expenses	<u>3,685,377</u>	<u>3,973,099</u>	<u>3,333,591</u>	<u>3,200,253</u>	<u>2,976,420</u>	<u>2,675,844</u>	<u>2,534,772</u>
Net revenues over expenses	<u>\$ 1,270,876</u>	<u>\$ 786,738</u>	<u>\$ 779,512</u>	<u>\$ 1,033,191</u>	<u>\$ 560,465</u>	<u>\$ 403,617</u>	<u>\$ 116,258</u>

This schedule only includes operating revenues and expenses (excludes connection fees revenue, interest income, depreciation expense, and interest expense) and as such does not present results of operations on the basis of generally accepted accounting principles but is presented for supplementary information.