

CHARTER TOWNSHIP OF SUPERIOR
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

CHARTER TOWNSHIP OF SUPERIOR

TOWNSHIP OFFICIALS

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

BOARD OF TRUSTEES

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Lynette Findley
Brenda McKinney
Nancy Caviston
Lisa A. Lewis
Bernice Lindke
Rhonda McGill

LEGAL COUNSEL

Lucas Law, PC

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

June 21, 2021

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, 2020, 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, 2020, 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 51 - 53 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, 2020

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, 2020. 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 \$409,223 and the net position included under business type activities increased by \$614,058.

The Township's total net position at the end of the year was \$31,558,656. This is a \$1,023,281 increase over last year's net position of \$30,535,375.

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, 2020 AND 2019**

	Governmental Activities			Business Type Activities			Totals		
	12/31/2020	12/31/2019	Increase (Decrease)	12/31/2020	12/31/2019	Increase (Decrease)	12/31/2020	12/31/2019	Increase (Decrease)
ASSETS									
Current and other assets	\$ 13,363,729	\$ 12,511,309	\$ 852,420	\$ 4,780,619	\$ 6,839,185	\$ (2,058,566)	\$ 18,144,348	\$ 19,350,494	\$ (1,206,146)
Capital assets	6,447,286	6,630,478	(183,192)	16,720,646	14,837,460	1,883,186	23,167,932	21,467,938	1,699,994
Total assets	19,811,015	19,141,787	669,228	21,501,265	21,676,645	(175,380)	41,312,280	40,818,432	493,848
DEFERRED OUTFLOWS OF RESOURCES									
Pension investment activities	379,903	155,717	224,186				379,903	155,717	224,186
LIABILITIES									
Other liabilities	3,906,126	3,696,906	209,220	436,328	1,125,344	(689,016)	4,342,454	4,822,250	(479,796)
Unearned revenues	119,045	187,009	(67,964)				119,045	187,009	(67,964)
Long-term liabilities	203,585	302,163	(98,578)	302,415	402,837	(100,422)	506,000	705,000	(199,000)
Total liabilities	4,228,756	4,186,078	42,678	738,743	1,528,181	(789,438)	4,967,499	5,714,259	(746,760)
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	5,166,028	4,724,515	441,513				5,166,028	4,724,515	441,513
NET POSITION									
Net investment in capital assets	6,145,123	6,231,880	(86,757)	16,286,809	13,963,902	2,322,907	22,431,932	20,195,782	2,236,150
Restricted	4,081,230	3,308,463	772,767				4,081,230	3,308,463	772,767
Unrestricted	569,781	846,568	(276,787)	4,475,713	6,184,562	(1,708,849)	5,045,494	7,031,130	(1,985,636)
Total net position	\$ 10,796,134	\$ 10,386,911	\$ 409,223	\$ 20,762,522	\$ 20,148,464	\$ 614,058	\$ 31,558,656	\$ 30,535,375	\$ 1,023,281

CHARTER TOWNSHIP OF SUPERIOR

**SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDING DECEMBER 31, 2020 AND 2019**

	Governmental Activities			Business Type Activities			Totals		
	12/31/2020	12/31/2019	Increase (Decrease)	12/31/2020	12/31/2019	Increase (Decrease)	12/31/2020	12/31/2019	Increase (Decrease)
REVENUES									
Program revenues									
Charges for services	\$ 724,259	\$ 864,394	\$ (140,135)	\$ 4,940,459	\$ 4,956,253	\$ (15,794)	\$ 5,664,718	\$ 5,820,647	\$ (155,929)
Capital/operating grants and contributions	324,981	1,337,023	(1,012,042)	10,000		10,000	334,981	1,337,023	(1,002,042)
General revenues									
Taxes	4,751,730	3,943,129	808,601				4,751,730	3,943,129	808,601
Special assessments	104,073	101,645	2,428				104,073	101,645	2,428
Licenses and permits	205,794	205,910	(116)				205,794	205,910	(116)
State grants	1,209,023	1,213,524	(4,501)				1,209,023	1,213,524	(4,501)
Interest and rents	70,089	152,430	(82,341)	16,556	78,219	(61,663)	86,645	230,649	(144,004)
Other revenue	92,209	73,863	18,346	10,296	9,715	581	102,505	83,578	18,927
Gain (loss) on sale of assets		(20,142)	20,142	9,200	2,000	7,200	9,200	(18,142)	27,342
Total revenues	7,482,158	7,871,776	(389,618)	4,986,511	5,046,187	(59,676)	12,468,669	12,917,963	(449,294)
EXPENSES									
General government	1,432,828	1,214,117	218,711				1,432,828	1,214,117	218,711
Public safety	4,256,317	5,298,165	(1,041,848)				4,256,317	5,298,165	(1,041,848)
Public works	628,489	518,982	109,507				628,489	518,982	109,507
Community and economic development	463,160	453,314	9,846				463,160	453,314	9,846
Recreation and culture	285,133	301,501	(16,368)				285,133	301,501	(16,368)
Interest on long-term debt	7,008	8,915	(1,907)				7,008	8,915	(1,907)
Utility system				4,372,453	4,507,654	(135,201)	4,372,453	4,507,654	(135,201)
Total expenses	7,072,935	7,794,994	(722,059)	4,372,453	4,507,654	(135,201)	11,445,388	12,302,648	(857,260)
CHANGE IN NET POSITION	409,223	76,782	332,441	614,058	538,533	75,525	1,023,281	615,315	407,966
BEGINNING 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
ENDING NET POSITION	\$ 10,796,134	\$ 10,386,911	\$ 409,223	\$ 20,762,522	\$ 20,148,464	\$ 614,058	\$ 31,558,656	\$ 30,535,375	\$ 1,023,281

Financial Analysis of the Township's Major Funds

For the year ended December 31, 2020, there were three major funds:

1. **General Fund** - In compliance with GASB Standards, the Parks and Recreation Fund and the Trust and Agency Fund have been consolidated with the General Fund. Overall, the General Fund continues to be strong financially. Its fund balance decreased by \$137,193. This was primarily due to high road maintenance costs during the year.
2. **Fire Operating Fund** - The operations of the Fire Fund resulted in an increase in its fund balance of \$271,891. This was primarily due to lower equipment expenditures as compared to the prior year. 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 \$494,296. 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 community and economic development expenditures exceeded appropriations. This was due to the consolidation of the Trust and Agency Fund, which included expenditures that were not budgeted for. The budget was amended during the year to account for adjustments in the expenditures.

Capital Asset and Debt Administration

There were \$179,820 in capital asset additions under governmental activities this year. These purchases included new voting machines, Prospect Road pathway improvements, a fire vehicle, Dixboro schoolhouse renovations, a riding lawn mower, a play structure at Fireman's Park, and a sidewalk at Fireman's Park.

There were no disposals for the year.

There were no projects in process at the beginning of the fiscal year. Two projects were begun during the year (the Prospect Road pathway project and the Dixboro Schoolhouse project). The Prospect Road pathway project incurred costs of \$28,983 as of December 31, 2020. The project is expected to cost \$180,000 and is expected to be completed in September of 2021. The Dixboro Schoolhouse project incurred costs of \$22,000 as of December 31, 2020. The project is expected to cost \$70,000 and is expected to be completed in November of 2022.

The business-type activities saw additions of \$2,643,903 for the fiscal year ended December 31, 2020. These purchases included water and sanitary pipes and mains, a GIS system, five vehicles, additions to the Clark Road lift station, additions to a security system, a pump rebuild, and other infrastructure.

There were three disposals during the year. These were three fully depreciated vehicles. Total proceeds of \$9,200 were received for these vehicles.

The business-type activities began the year with \$656,735 of construction in progress, incurred another \$2,199,237 in costs, put none of the projects in service, and ended with a balance of \$2,855,972. 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 \$96,435 for Fire activities and \$128,565 for Utility operations. The ending balance amounted to \$302,163 for Fire Activities and \$402,837 for Utility activities.

The business-type activities also extinguished the remaining balance of \$342,156 on the 2010 refunding bonds.

A new bond was issued during the fiscal year; however, only \$31,000 of the expected proceeds had been received as of December 31, 2020. These proceeds were to cover legal costs related to the acquisition of the bond. The remainder of the proceeds are expected in early 2021. The total bond will amount to \$3,230,000. Principal payments will begin in 2022.

Economic Conditions and Future Activities

There was a moderate increase in tax revenues for the Township's general and public safety operations, due to increasing taxable values. No taxes were levied for legal defense during the December 31, 2020 fiscal year.

State shared revenues remained flat from 2019 to 2020 due to the COVID-19 pandemic and stagnant spending. The Township again fulfilled the requirement of CVTRS (City, Village and Township Revenue Sharing) with the State of Michigan Department of Treasury to receive additional state shared revenues. Management has and will keep reviewing costs in all areas of the Township to maintain services at minimal costs.

State and federal grants were received during the year, adding relief to the Township and its various activities.

Overall, the Township's financial position remains strong and healthy.

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 7,806,316	\$ 3,910,350	\$ 11,716,666
Receivables:			
Taxes	4,619,443		4,619,443
Special assessments	104,073		104,073
State shared revenues	424,146		424,146
Accounts	323,466	796,318	1,119,784
Inventory		27,570	27,570
Prepaid expenditures	86,285	46,381	132,666
Capital assets			
Assets not being depreciated	1,782,221	3,066,435	4,848,656
Assets, net of depreciation	4,665,065	13,654,211	18,319,276
Total assets	19,811,015	21,501,265	41,312,280
DEFERRED OUTFLOWS OF RESOURCES			
Pension investment activities	379,903		379,903
LIABILITIES			
Accounts payable	558,014	261,078	819,092
Accrued compensated absences	556,068	43,828	599,896
Unearned revenues	119,045		119,045
Net pension liability	2,693,466		2,693,466
Long-term obligations			
Other due within one year	98,578	131,422	230,000
Other due in more than one year	203,585	302,415	506,000
Total liabilities	4,228,756	738,743	4,967,499
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	4,949,187		4,949,187
Pension investment activities	216,841		216,841
Total deferred inflows of resources	5,166,028		5,166,028
Total liabilities and deferred inflows of resources	9,394,784	738,743	10,133,527
NET POSITION			
Invested in capital assets, net of related debt	6,145,123	16,286,809	22,431,932
Restricted for:			
Fire protection	2,772,511		2,772,511
Police protection	898,865		898,865
Public works	123,221		123,221
Legal defense	286,633		286,633
Unrestricted	569,781	4,475,713	5,045,494
Total net position	\$ 10,796,134	\$ 20,762,522	\$ 31,558,656

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

CHARTER TOWNSHIP OF SUPERIOR

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities						
General government	\$ (1,432,828)	\$ 113,631	\$ 23,321	\$ (1,295,876)	\$	\$ (1,295,876)
Public safety - fire	(2,541,934)	200	255,899	(2,285,835)		(2,285,835)
Public safety - police	(1,714,383)	307,228		(1,407,155)		(1,407,155)
Public works	(628,489)			(628,489)		(628,489)
Community and economic development	(463,160)	303,200		(159,960)		(159,960)
Recreation and culture	(285,133)		45,761	(239,372)		(239,372)
Interest on long-term debt	(7,008)			(7,008)		(7,008)
Total governmental activities	<u>(7,072,935)</u>	<u>724,259</u>	<u>324,981</u>	<u>(6,023,695)</u>		<u>(6,023,695)</u>
Business-type activities						
Utility fund	<u>(4,372,453)</u>	<u>4,940,459</u>	<u>10,000</u>		<u>578,006</u>	<u>578,006</u>
Total	<u>\$ (11,445,388)</u>	<u>\$ 5,664,718</u>	<u>\$ 334,981</u>	<u>(6,023,695)</u>	<u>578,006</u>	<u>(5,445,689)</u>
General revenues						
Taxes				4,751,730		4,751,730
Special assessments				104,073		104,073
Licenses and permits				205,794		205,794
State grants				1,209,023		1,209,023
Fines and forfeits				21,782		21,782
Interest and rents				70,089	16,556	86,645
Other revenue				64,882	10,296	75,178
Donations				5,545		5,545
Gain/(loss) on disposal of assets					9,200	9,200
Total general revenues				<u>6,432,918</u>	<u>36,052</u>	<u>6,468,970</u>
Changes in net position				409,223	614,058	1,023,281
Net position, January 1, 2020				<u>10,386,911</u>	<u>20,148,464</u>	<u>30,535,375</u>
Net position, December 31, 2020				<u>\$ 10,796,134</u>	<u>\$ 20,762,522</u>	<u>\$ 31,558,656</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, 2020**

	General Fund	Fire Fund	Law Fund	Other Nonmajor Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 2,891,038	\$ 2,712,560	\$ 1,014,448	\$ 1,188,270	\$ 7,806,316
Receivables:					
Taxes	529,724	2,290,247	1,799,472		4,619,443
Special assessments				104,073	104,073
State grants	424,146				424,146
Due from other funds	15,760	220,351	1,860		237,971
Other	58,644	8,393	26,344		93,381
Other current assets:					
Prepaid expenditures	29,403	53,666	1,200	2,016	86,285
Total assets	\$ 3,948,715	\$ 5,285,217	\$ 2,843,324	\$ 1,294,359	\$ 13,371,615
LIABILITIES					
Accounts payable	\$ 525,038	\$ 4,881	\$ 14,091	\$ 8,149	\$ 552,159
Unearned revenue	96,399			22,646	119,045
Due to other funds	10,066	430	1,246	1,999	13,741
Total liabilities	631,503	5,311	15,337	32,794	684,945
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	567,536	2,453,729	1,927,922		4,949,187
FUND BALANCE					
Nonspendable for prepaids	29,403	53,666	1,200	2,016	86,285
Restricted for:					
Fire Protection		2,772,511			2,772,511
Police Protection			898,865		898,865
Public works				123,221	123,221
Legal defense				286,633	286,633
Committed for:					
Building reserve	401,731				401,731
Capital improvement	2,550				2,550
Compensated absences	46,855			25,451	72,306
Non-motorized trails	31,359				31,359
Ordinance enforcement				824,244	824,244
Right of Way	18,778				18,778
Unassigned	2,219,000				2,219,000
Total fund equity	2,749,676	2,826,177	900,065	1,261,565	7,737,483
Total liabilities, deferred inflows of resources and fund balance	\$ 3,948,715	\$ 5,285,217	\$ 2,843,324	\$ 1,294,359	\$ 13,371,615

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, 2020**

Total governmental fund balance per balance sheet		\$ 7,737,483
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	\$ 10,725,875	
Depreciation	<u>(4,278,589)</u>	
Capital assets net of depreciation		6,447,286
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	191,558	
Differences in experience	188,345	
Differences in investment expectations versus actual	<u>(216,841)</u>	
Net pension-related activities		163,062
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		(2,693,466)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. This includes:		
Bonds payable	(302,163)	
Compensated absences	<u>(556,068)</u>	
Total		<u>(858,231)</u>
Net position of governmental activities		<u><u>\$ 10,796,134</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, 2020**

	General Fund	Fire Fund	Law Fund	Other Nonmajor Funds	Totals
REVENUES					
Taxes	\$ 575,596	\$ 2,338,689	\$ 1,837,445	\$	\$ 4,751,730
Licenses and permits	205,794				205,794
Special assessments				104,073	104,073
Federal grants	57,728	255,899			313,627
State grants	1,205,480	2,025	1,518		1,209,023
Contributions from local units	11,354				11,354
Charges for services	113,631	200	307,228	303,200	724,259
Fines and forfeits			21,782		21,782
Interest and rents	47,297	15,047	1,806	5,939	70,089
Other revenue	30,904	33,851	127		64,882
Total revenues	2,247,784	2,645,711	2,169,906	413,212	7,476,613
EXPENDITURES					
General government	1,310,552			3,345	1,313,897
Public safety	37,157	2,220,094	1,675,610		3,932,861
Public works	552,823			75,666	628,489
Community and economic development	129,099			316,088	445,187
Recreation and culture	253,354				253,354
Capital outlay					
General government	34,528				34,528
Fire protection		50,283			50,283
Housing and development				22,000	22,000
Parks and recreation	67,464				67,464
Debt Service					
Debt - principal		96,435			96,435
Debt - interest		7,008			7,008
Total expenditures	2,384,977	2,373,820	1,675,610	417,099	6,851,506
Net changes in fund balances	(137,193)	271,891	494,296	(3,887)	625,107
FUND BALANCE, JANUARY 1, 2020	2,886,869	2,554,286	405,769	1,265,452	7,112,376
FUND BALANCE, DECEMBER 31, 2020	\$ 2,749,676	\$ 2,826,177	\$ 900,065	\$ 1,261,565	\$ 7,737,483

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, 2020**

Net change in fund balances - governmental funds \$ 625,107

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	\$	174,275
Depreciation expense		(363,012)
Donations of assets		5,545
		5,545

Net change (183,192)

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		96,435
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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, 2019		505,380
Accrued absences at December 31, 2020		(556,068)
		(556,068)

Net change (50,688)

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)		(85,784)
Differences in projected investments to actual		(239,401)
Change in assumptions and experience		246,746
		246,746

Net change (78,439)

Change in net position \$ 409,223

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, 2020

CURRENT ASSETS

Cash and investments	\$	2,865,589
Receivables:		
Due from other funds		5,855
Usage charges		691,609
Other		98,854
Inventory		27,570
Prepaid expenses		<u>46,381</u>

Total current assets \$ 3,735,858

RESTRICTED ASSETS

Cash and investments		1,044,761
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PROPERTY, PLANT AND EQUIPMENT

Capital assets not depreciated		3,066,435
Capital assets depreciated, net		<u>13,654,211</u>

Property, plant and equipment 16,720,646

Total assets \$ 21,501,265

CURRENT LIABILITIES

Accounts payable	\$	253,931
Accrued sick and vacation		43,828
Due to other funds		7,147
Bonds payable (from restricted assets)		<u>131,422</u>

Total current liabilities \$ 436,328

LONG-TERM OBLIGATIONS

Bonds payable (from restricted assets)		<u>302,415</u>
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Total liabilities 738,743

NET POSITION

Invested in capital assets, net of related debt		16,286,809
Unrestricted		<u>4,475,713</u>

Total net position \$ 20,762,522

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, 2020**

OPERATING REVENUES	
Charges for services	\$ 4,918,819
Meter sales	21,640
Total operating revenues	<u>4,940,459</u>
OPERATING EXPENSES	
Water and sewer purchases	2,396,138
Salaries	514,362
Taxable benefits	52,196
Payroll taxes	41,925
Insurance benefits	82,250
Pension expense	64,665
Repairs and maintenance - administration building	5,024
Computer services and supplies	17,393
Supplies	5,107
Utilities	5,005
Telecommunications	19,387
Leased equipment	9,204
Cleaning services	3,965
Lift and booster station expense	37,413
Maintenance facility expense	70,589
System repairs and maintenance	36,772
Professional fees	49,909
Employee expense	5,541
Meters and supplies	85,328
Fuel	5,604
Insurance and bonds	34,374
Depreciation	760,717
Postage	17,926
Bank fees	7,119
Bad debt expense	3,934
Printing and publishing	3,309
Membership and dues	15,446
Miscellaneous	630
Total operating expenses	<u>4,351,232</u>
OPERATING INCOME	<u>589,227</u>
NON-OPERATING REVENUES AND (EXPENSES)	
Grant income	10,000
Interest income - operations	16,556
Interest expense - debt	(20,035)
Agency fees - debt	(1,186)
Other income	10,296
Gain / (loss) on disposal of fixed assets	9,200
Total non-operating revenues and (expenses)	<u>24,831</u>
Change in net position	614,058
NET POSITION, JANUARY 1, 2020	<u>20,148,464</u>
NET POSITION, DECEMBER 31, 2020	<u>\$ 20,762,522</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from customers	\$ 4,999,235
Cash payments to employees for services	(600,113)
Cash payments to suppliers of goods and services	<u>(3,339,996)</u>
Net cash from operating activities	\$ 1,059,126
CASH FLOWS (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on contract payable	(439,721)
Interest payments on debt	(20,035)
Debt fees	(1,186)
Acquisition of fixed assets	(2,643,903)
Grant income	10,000
Other income	10,296
Proceeds from sale of fixed assets	<u>9,200</u>
Net cash (used in) capital and related financing activities	(3,075,349)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash and cash equivalents	<u>16,556</u>
Net (decrease) in cash and cash equivalents	(1,999,667)
CASH AND CASH EQUIVALENTS, JANUARY 1, 2020	<u>5,910,017</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2020	<u><u>\$ 3,910,350</u></u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FROM (USED IN) OPERATING ACTIVITIES:	
Operating income	\$ 589,227
Adjustments to reconcile operating income to net cash from (used in) operating activities:	
Depreciation	760,717
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	58,776
(Increase) decrease in prepaid expenses	693
(Increase) decrease in inventory	5,179
Increase (decrease) in due to other funds	(28,864)
Increase (decrease) in accounts payable	(334,972)
Increase (decrease) in accrued compensated absences	<u>8,370</u>
Net cash from operating activities	<u><u>\$ 1,059,126</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, 2020

ASSETS

Cash and investments	<u>\$ 4,843,979</u>
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LIABILITIES

Due to others	\$ 4,621,041
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Due to other funds	<u>222,938</u>
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Total liabilities	<u>\$ 4,843,979</u>
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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, 2020

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, 2020

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, 2020

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 2019 levy (which reflects tax revenues for the December 31, 2020 fiscal year) 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 2020 levy (which reflects tax revenues for the December 31, 2021 fiscal year) is also shown for comparative purposes below.

<u>Taxable Value</u>	<u>2019</u>	<u>2020</u>
General Township	\$ 660,538,803	\$ 686,893,837
<u>Millage Rates</u>	<u>2019</u>	<u>2020</u>
General township operations	0.8096	0.8073
Police	2.2241	2.7423
Fire	2.9655	3.4902
	5.9992	7.0398
Total millage	5.9992	7.0398

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

H. DEFINED PENSION BENEFIT PLAN

For purposes of measuring the Net Pension Liability, deferred outflows of resources related to pensions, 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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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.

J. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

Under GASB standards, the Township is reporting two 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, 2020, the Township records deferred outflows of resources on the Statement of Net Position relating to differences in experience and differences in actuarial assumptions:

Deferred Outflows of Resources	
Differences in investment expectations versus actual	\$
Differences in experience	188,345
Differences in actuarial assumptions	<u>191,558</u>
Totals	<u>\$ 379,903</u>

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.

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. DEFERRED OUTFLOWS AND DEFERRED INFLOWS (continued)

For the year ended December 31, 2020, 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 and differences in investment expectations versus actual. Property taxes levied in December 2020 will not be recognized as revenue until the year 2021. This type of transaction is listed on both the Statement of Net Position as well as the Balance Sheets under Fund Accounting:

Deferred Inflows of Resources	
Unavailable revenues	\$ 4,949,187
Differences in investment expectations versus actual	216,841
Differences in actuarial assumptions	
Differences in experience	
Totals	\$ 5,166,028

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	\$ 430	Fire Fund	\$ 430	Reimbursement between funds
General Fund	861	Streetlight fund	861	Reimbursement between funds
General Fund	1,246	Law Fund	1,246	Reimbursement between funds
General Fund	1,138	Building Fund	1,138	Reimbursement between funds
General Fund	7,147	Parks Fund	7,147	Reimbursement between funds
General Fund	4,938	Utility Fund	4,938	Reimbursement between funds
Fire Fund	2,351	Trust and Agency Fund	2,351	Reimbursement between funds
Fire Fund	218,000	Payroll Fund	218,000	Reimbursement between funds
Law Fund	1,860	Trust and Agency Fund	1,860	Reimbursement between funds
Utility Fund	5,855	General Fund	5,855	Reimbursement between funds
Total	\$ 243,826	Total	\$ 243,826	

The General Fund transferred \$290,750 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.

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS

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

	Balance 1/1/2020	Additions	Deletions	Reclassifications	Balance 12/31/2020
Capital Assets Not Being Depreciated					
Land	\$ 1,614,918	\$	\$	\$	\$ 1,614,918
Conservation easement	116,320				116,320
Other non-depreciable assets		50,983			50,983
Total non-depreciable	1,731,238	50,983			1,782,221
Capital Assets Being Depreciated					
Non-motorized Trails					
Harris road trail	238,169				238,169
Geddes #1 trail	581,411				581,411
Structures					
Parks	89,755				89,755
Buildings					
General	1,952,497				1,952,497
Fire	2,492,877				2,492,877
Law	47,362				47,362
Building Department	128,111				128,111
Parks	10,500	16,750			27,250
Vehicles					
General	24,163				24,163
Fire	2,493,980	50,283			2,544,263
Building Department	34,806				34,806
Parks	114,849				114,849
Equipment					
General	130,585	11,090			141,675
Fire	203,068				203,068
Law	5,945				5,945
Building Department	31,634				31,634
Parks	235,105	50,714			285,819
Total depreciable	8,814,817	128,837			8,943,654
Total capital assets	10,546,055	179,820			10,725,875
Accumulated depreciation	(3,915,577)	(363,012)			(4,278,589)
Governmental Funds					
Capital Assets, Net	\$ 6,630,478	\$ (183,192)	\$	\$	6,447,286
Related long term debt outstanding at December 31, 2020					(302,163)
Capital assets, net related long term debt					\$ 6,145,123

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	\$ 72,630
Fire	244,561
Law	1,616
Building department	14,384
Parks	29,821
Total	\$ 363,012

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 1/1/2020	Additions	Deletions	Reclassifications	Balance 12/31/2020
Non-depreciable assets					
Land	\$ 210,463	\$	\$	\$	\$ 210,463
Construction in progress	656,735	2,199,237			2,855,972
Total non-depreciable assets	867,198	2,199,237			3,066,435
Depreciable assets					
Building	3,385,724				3,385,724
Utility system	20,146,300	189,633			20,335,933
Equipment and improvements	941,102	7,230			948,332
Office improvements	122,945				122,945
Office equipment	162,668				162,668
Vehicles	504,005	247,803	(76,719)		675,089
Metering program	169,482				169,482
Total depreciable	25,432,226	444,666	(76,719)		25,800,173
Total capital assets	26,299,424	2,643,903	(76,719)		28,866,608
Less accumulated depreciation	(11,461,964)	(760,717)	76,719		(12,145,962)
Business type activities					
Capital assets, net	\$ 14,837,460	\$ 1,883,186	\$	\$	\$ 16,720,646

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

Cost	\$ 28,866,608
Accumulated depreciation	(12,145,962)
Related debt	(433,837)
Investment in capital assets, net of related debt	\$ 16,286,809

Construction in progress activity is described below:

Project	Project costs as of 1/1/2020	Costs incurred during 12/31/2020 fiscal year	Project completed and placed in service	Construction in progress remaining as of 12/31/2020	% Complete
2019 MacArthur water main	\$ 502,092	\$ 366,159	\$	\$ 868,251	78.93%
2021 Sewer - Stamford and Dawn		1,558,292		1,558,292	89.05%
Clark Road lift station	121,648	265,241		386,889	77.38%
Security system	20,045	9,545		29,590	59.18%
Prospect Pump #1 rebuild	12,950			12,950	10.79%
Totals	\$ 656,735	\$ 2,199,237	\$	\$ 2,855,972	

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 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 2020:

<u>Description</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 505,380	\$ 50,688	\$	\$ 556,068	\$ 556,068
2013 Refunding Bonds Fire	398,598		(96,435)	302,163	98,578
Totals	<u>\$ 903,978</u>	<u>\$ 50,688</u>	<u>\$ (96,435)</u>	<u>\$ 858,231</u>	<u>\$ 654,646</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

B. BUSINESS-TYPE LONG-TERM OBLIGATIONS

The Township's business-type activities have three 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.

3. The 2020 Capital Improvement Bonds were issued during the December 31, 2020 fiscal year to assist in the funding of Township capital improvement projects. Only \$31,000 of the future \$3,230,000 has been received. Interest will be charged at 2% per annum.

<u>Description</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
2010 Refunding Bonds Payable	\$ 342,156	\$	\$ (342,156)	\$	\$
2013 Refunding Bonds Utility Payable	531,402		(128,565)	402,837	131,422
2020 Capital Improvement Bonds		<u>31,000</u>		<u>31,000</u>	
Totals	<u>\$ 873,558</u>	<u>\$ 31,000</u>	<u>\$ (470,721)</u>	<u>\$ 433,837</u>	<u>\$ 131,422</u>

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The following is a schedule of future required principal and interest due from the Township's governmental activities:

Year	2013 Refund Bonds		
	Total	Principal	Interest
2021	\$ 103,636	\$ 98,579	\$ 5,057
2022	103,785	100,721	3,064
2023	103,892	102,863	1,029
	<u>\$ 311,313</u>	<u>\$ 302,163</u>	<u>\$ 9,150</u>

The following is a schedule of future required principal and interest due from the Township's business-type activities:

Year	2013 Refunding Bonds		
	Total	Principal	Interest
2021	\$ 138,165	\$ 131,422	\$ 6,743
2022	138,365	134,279	4,086
2023	138,507	137,136	1,371
	<u>\$ 415,037</u>	<u>\$ 402,837</u>	<u>\$ 12,200</u>

Year	2020 Capital Improvement Bonds		
	Total	Principal	Interest
2021	\$ 64,600	\$	\$ 64,600
2022	198,250	135,000	63,250
2023	195,550	135,000	60,550
2024	197,800	140,000	57,800
2025	195,000	140,000	55,000
2026 - 2030	981,100	750,000	231,100
2031 - 2035	977,350	825,000	152,350
2036 - 2040	975,700	910,000	65,700
2041	196,950	195,000	1,950
	<u>\$ 3,982,300</u>	<u>\$ 3,230,000</u>	<u>\$ 752,300</u>

Year	Total Proprietary Long-Term Debt		
	Total	Principal	Interest
2021	\$ 202,765	\$ 131,422	\$ 71,343
2022	336,615	269,279	67,336
2023	334,057	272,136	61,921
2024	197,800	140,000	57,800
2025	195,000	140,000	55,000
2026 - 2030	981,100	750,000	231,100
2031 - 2035	977,350	825,000	152,350
2036 - 2040	975,700	910,000	65,700
2041	196,950	195,000	1,950
	<u>\$ 4,397,337</u>	<u>\$ 3,632,837</u>	<u>\$ 764,500</u>

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 6 - 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:

	1/1/2020	12/31/2020
Unrestricted - operations		
Cash and investments	\$ 1,511,698	\$ 2,865,589
Restricted		
Cash and investments	4,398,319	1,044,761
Total	\$ 5,910,017	\$ 3,910,350

The restricted cash and investments consist of the following:

Capital (construction, replacement, improvement)	\$
Debt service	1,044,761
Total	\$ 1,044,761

NOTE 7 - 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.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN (continued)

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 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 2020:

Total value January 1, 2020		\$ 724,296
Additions		
Employee contributions	\$ 17,737	
Employer contributions	35,474	
Net gain/(loss) for 2020	128,392	
Total additions		181,603
Withdrawals		(8,749)
Total value December 31, 2020		\$ 897,150

NOTE 8 - 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.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PLAN (continued)

Employees Covered by Benefit Terms

At the December 31, 2019 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	9	6
Inactive employees entitled to but not yet receiving benefits	0	1
Active employees	17	12
	26	19

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, 2020 was 14.48% of eligible wages, with total contributions of \$143,622 for Division 01 and 17.72%, with total contributions of \$200,081 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, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2019.

Actuarial assumptions

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%.
- Salary Increases: 3.00% in the long term.
- Investment rate of return: 7.35%, net of investment and administrative expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% 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.

CHARTER TOWNSHIP OF SUPERIOR

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 8 - DEFINED BENEFIT PLAN (continued)

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	60.00%	x	7.75%	=	4.65%
Global Fixed Income	20.00%	x	3.75%	=	0.75%
Private Investments	20.00%	x	9.75%	=	1.95%
					<u>7.35%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.60% for the 2019 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.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at 12/31/2019	\$ 8,416,008	\$ 5,808,326	\$ 2,607,682
Changes for the year			
Service Cost	248,262		248,262
Interest on Total Pension Liability	629,872		629,872
Changes in Benefits			
Difference between expected and actual experience	186,896		186,896
Changes in assumptions	239,448		239,448
Employer Contributions		343,703	(343,703)
Employee Contributions		117,461	(117,461)
Net Investment Income		750,073	(750,073)
Benefit payments, including employee refunds	(504,709)	(504,709)	
Administrative expense		(11,724)	11,724
Other Changes	(19,181)		(19,181)
Net Changes	<u>780,588</u>	<u>694,804</u>	<u>85,784</u>
Balances as of 12/31/2020	<u>\$ 9,196,596</u>	<u>\$ 6,503,130</u>	<u>\$ 2,693,466</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PLAN (continued)

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 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability at 12/31/2020	\$ 2,693,466	\$ 2,693,466	\$ 2,693,466
Change in Net Pension Liability (NPL) from change in discount rate	1,084,031		(910,903)
Calculated NPL	\$ 3,777,497	\$ 2,693,466	\$ 1,782,563

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.

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

For the year ended December 31, 2020, the Township recognized pension expense of \$422,142. 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	\$	\$ 216,841
Differences in experience	188,345	
Differences in actuarial assumptions	191,558	
Totals	\$ 379,903	\$ 216,841

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

Year Ended	Expense
2021	\$ 51,993
2022	103,521
2023	(15,572)
2024	23,120
Total	\$ 163,062

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Township maintains a proprietary fund which is financed by user charges. Segment information as of December 31, 2020, follows:

	Utility System
Operating revenues	\$ 4,940,459
Depreciation	760,717
Operating income	589,227
Non-operating revenues and (expenses) net	24,831
Changes in net position	614,058
Current assets	3,735,858
Current liabilities	436,328
Net working capital	3,299,530
Total assets	21,501,265
Total liabilities	738,743
Net position	20,762,522

NOTE 10 - 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 2020, the Township paid for the cost of covering these retirees. During the fiscal year 2020, the net cost of health care benefits for the retirees was \$4,692, which was paid directly to the healthcare provider.

NOTE 11 - 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, 2020 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 12 - 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, 2020.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - 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	Building Fund	
Nonspendable for:								
Prepays	\$ 29,403	\$ 53,666	\$ 1,200	\$	\$	\$	\$ 2,016	\$ 86,285
Restricted for:								
Fire protection								
General		1,643,954						1,643,954
Compensated absences		481,213						481,213
Truck replacement		52,308						52,308
Debt reserve		123,160						123,160
Building construction		471,876						471,876
Police protection			898,865					898,865
Public works					108,096	15,125		123,221
Legal defense				286,633				286,633
Committed for:								
Building reserve	401,731							401,731
Capital improvement	2,550							2,550
Compensated absences	46,855						25,451	72,306
Non-motorized trails	31,359							31,359
Ordinance enforcement							824,244	824,244
Right of Way	18,778							18,778
Unassigned	<u>2,219,000</u>							<u>2,219,000</u>
Total designated	<u>\$ 2,749,676</u>	<u>\$ 2,826,177</u>	<u>\$ 900,065</u>	<u>\$ 286,633</u>	<u>\$ 108,096</u>	<u>\$ 15,125</u>	<u>\$ 851,711</u>	<u>\$ 7,737,483</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, 2020**

NOTE 14 - 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, 2020, cash and investments consist of the following:

	Total	Cash	Investments
Deposits			
Checking accounts	\$ 11,507,212	\$ 11,507,212	\$
Money market accounts	5,360,649		5,360,649
Non-negotiable CDs	341,582		341,582
Total	\$ 17,209,443	\$ 11,507,212	\$ 5,702,231

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

Statement of Net Position:

Cash and investments	\$ 11,716,666
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Fiduciary Funds:

Cash and investments	4,843,979
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Total cash and investments	\$ 16,560,645
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The carrying amount of cash and investments is stated at \$16,560,645 as of December 31, 2020. The difference between the carrying amounts and amounts mentioned above stem from cash on hand of \$1,100, outstanding checks of \$681,261, and outstanding deposits of \$31,363.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - 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, 2020, deposits in banks totaled \$17,209,443, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 774,949
Uninsured and uncollateralized	<u>16,434,494</u>
	<u><u>\$ 17,209,443</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 15 - 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 2020, the Township contributed \$265 per non-union employee and \$325 per union employee per month to individual accounts, a total of \$89,615 for all employees. The Township utilized accumulated forfeitures of \$38,386 to offset required contributions, with the remaining contributions of \$51,229 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 6% 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, 2020.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - 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 16 - COVID-19

In March of 2020, the governor of Michigan took measures to contain the spread of the COVID-19 virus, including travel bans, quarantines, social distancing, and closures of non-essential services. This has triggered significant disruptions to the economy. The Township has taken steps to reduce the negative effect on its financial position by taking cost reduction measures and applying for various grants. As a result, the Township saw an increase in its net position on December 31, 2020. The Township continues to carefully monitor the situation.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 21, 2021, the date the financial statements were available to be issued.

Management has determined the ongoing COVID-19 events mentioned in Note 16 are non-adjusting subsequent events. Accordingly, the financial position and statement of activities as of and for the year ended December 31, 2020 have not been adjusted for their impact. The duration and impact of COVID-19 remains unclear at this time. While the Township is optimistic about continuing operations going forward, it is not possible to reliably estimate the duration and severity of these consequences, nor their impact on the financial position and statement of activities of the Township for future periods.

Management has determined that the Township does not have any other material recognizable or non-recognizable events.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 18 - 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 Township is currently assessing the impact that this Standard will have on the Township's financial statements. The standard was originally required to be implemented for the statements for the year ended December 31, 2020. However, 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 Township is currently assessing the impact that this Standard will have on the Township's financial statements. The standard was originally required to be implemented for the statements for the year ended December 31, 2020. However, 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.

GASB 96 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, GASB issued Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the year ended December 31, 2023.

The Township is assessing the impact that these standards will have on its 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, 2020**

	<u>Budget Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 580,456	\$ 580,456	\$ 575,596	\$ (4,860)
Licenses and permits	195,000	195,000	205,794	10,794
Federal grants		57,967	57,728	(239)
State grants	1,208,569	1,208,569	1,205,480	(3,089)
Contributions from local units	10,000		11,354	11,354
Charges for services	34,427	25,427	113,631	88,204
Interest and rents	83,000	50,000	47,297	(2,703)
Other revenue	4,020	34,395	30,904	(3,491)
Total revenues	<u>2,115,472</u>	<u>2,151,814</u>	<u>2,247,784</u>	<u>95,970</u>
EXPENDITURES				
General government	1,152,320	1,340,129	1,316,097	24,032
Public safety	52,907	38,055	37,157	898
Public works	504,671	592,171	581,806	10,365
Community and economic development	43,287	41,287	129,099	(87,812)
Recreation and culture	333,024	351,547	320,818	30,729
Total expenditures	<u>2,086,209</u>	<u>2,363,189</u>	<u>2,384,977</u>	<u>(21,788)</u>
Net change in fund balance	29,263	(211,375)	(137,193)	74,182
FUND BALANCE, JANUARY 1, 2020	<u>2,886,869</u>	<u>2,886,869</u>	<u>2,886,869</u>	
FUND BALANCE, DECEMBER 31, 2020	<u>\$ 2,916,132</u>	<u>\$ 2,675,494</u>	<u>\$ 2,749,676</u>	<u>\$ 74,182</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, 2020**

	<u>Budget Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,354,768	\$ 2,354,768	\$ 2,338,689	\$ (16,079)
Federal grants		239,000	255,899	16,899
State grants	2,900	2,900	2,025	(875)
Charges for services	500	500	200	(300)
Interest and rents	49,000	16,000	15,047	(953)
Other revenue	2,500	33,500	33,851	351
Total revenues	<u>2,409,668</u>	<u>2,646,668</u>	<u>2,645,711</u>	<u>(957)</u>
EXPENDITURES				
Public safety	2,009,916	2,371,916	2,270,377	101,539
Debt service	118,000	118,000	103,443	14,557
Total expenditures	<u>2,127,916</u>	<u>2,489,916</u>	<u>2,373,820</u>	<u>116,096</u>
Net change in fund balance	281,752	156,752	271,891	115,139
FUND BALANCE, JANUARY 1, 2020	<u>2,554,286</u>	<u>2,554,286</u>	<u>2,554,286</u>	
FUND BALANCE, DECEMBER 31, 2020	<u>\$ 2,836,038</u>	<u>\$ 2,711,038</u>	<u>\$ 2,826,177</u>	<u>\$ 115,139</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, 2020

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 1,851,109	\$ 1,847,109	\$ 1,837,445	\$ (9,664)
State grants	4,200	1,600	1,518	(82)
Charges for services	311,529	311,529	307,228	(4,301)
Fines and forfeits	30,000	30,000	21,782	(8,218)
Interest and rents	2,000	2,000	1,806	(194)
Other revenue	500	500	127	(373)
Total revenues	2,199,338	2,192,738	2,169,906	(22,832)
EXPENDITURES				
Public safety	1,844,222	1,689,203	1,675,610	13,593
Net change in fund balance	355,116	503,535	494,296	(9,239)
FUND BALANCE, JANUARY 1, 2020	405,769	405,769	405,769	
FUND BALANCE, DECEMBER 31, 2020	\$ 760,885	\$ 909,304	\$ 900,065	\$ (9,239)

CHARTER TOWNSHIP OF SUPERIOR

**REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Schedule of Employer Contributions

	For the Plan Year Ended <u>12/31/2020</u>	For the Plan Year Ended <u>12/31/2019</u>	For the Plan Year Ended <u>12/31/2018</u>	For the Plan Year Ended <u>12/31/2017</u>	For the Plan Year Ended <u>12/31/2016</u>	For the Plan Year Ended <u>12/31/2015</u>
Actuarial determined contributions	\$ 343,704	\$ 323,064	\$ 257,074	\$ 243,677	\$ 208,778	\$ 187,940
Contributions in relation to the actuarial determined contribution	<u>343,704</u>	<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>	<u>\$</u>
Covered employee payroll	<u>\$ 2,080,582</u>	<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>16.52 %</u>	<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	22 years
Asset valuation method	5 years smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
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, 2020**

	<u>For the Plan Year Ended 12/31/2020</u>	<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>
TOTAL PENSION LIABILITY						
Service Cost	\$ 248,262	\$ 220,760	\$ 204,939	\$ 187,817	\$ 185,852	\$ 171,059
Interest	629,872	634,256	597,127	574,515	531,168	505,344
Changes in benefit terms						
Differences between expected and actual experience	186,896	(12,135)	132,291	(60,111)	138,559	
Changes of assumptions	239,448				285,083	
Benefit payments, including refunds of employee contributions	(504,709)	(471,235)	(423,572)	(405,961)	(362,555)	(349,525)
Other changes	<u>(19,181)</u>	<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	780,588	362,568	480,040	282,889	763,764	312,133
TOTAL PENSION LIABILITY - BEGINNING	<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>	<u>6,214,614</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 9,196,596</u>	<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	343,703	323,064	257,074	243,677	208,778	187,940
Contributions - employee	117,461	117,023	99,482	97,044	89,336	86,207
Net investment income	750,073	701,819	(213,390)	644,352	505,591	(68,734)
Benefit payments, including refunds of employee contributions	(504,709)	(471,235)	(423,572)	(405,961)	(362,555)	(349,525)
Administrative Expenses	<u>(11,724)</u>	<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	694,804	658,573	(290,961)	568,916	431,175	(154,175)
PLAN FIDUCIARY NET POSITION, BEGINNING	<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>	<u>4,594,798</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>\$ 6,503,130</u>	<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>\$ 2,693,466</u>	<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>70.71%</u>	<u>69.02%</u>	<u>63.94%</u>	<u>71.84%</u>	<u>66.82%</u>	<u>68.04%</u>
Covered employee payroll	<u>\$ 2,080,582</u>	<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>129.46%</u>	<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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF SUPERIOR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE - BUDGETARY INFORMATION

Budget Overruns

The following expenditures exceeded appropriations:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance (Unfavorable)</u>
General Fund			
Community and economic development	<u>\$ 41,287</u>	<u>\$ 129,099</u>	<u>\$ (87,812)</u>

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
COMBINING BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund Pre GASB 54 Consolidation</u>	<u>Parks and Recreation Fund</u>	<u>Trust and Agency Fund</u>	<u>Eliminations</u>	<u>Totals Restated General Fund</u>
ASSETS					
Cash and investments	\$ 1,813,565	\$ 544,853	\$ 532,620	\$	\$ 2,891,038
Receivables:					
Taxes	529,724				529,724
State shared revenue	424,146				424,146
Due from other funds	16,053		4,920	(5,213)	15,760
Other	58,481	163			58,644
Prepaid expenditures	21,600	7,803			29,403
Total assets	<u>\$ 2,863,569</u>	<u>\$ 552,819</u>	<u>\$ 537,540</u>	<u>\$ (5,213)</u>	<u>\$ 3,948,715</u>
LIABILITIES					
Accounts payable	\$ 87,959	\$ 149	\$ 436,930	\$	\$ 525,038
Unearned revenues			96,399		96,399
Due to other funds	10,775	293	4,211	(5,213)	10,066
Total liabilities	<u>98,734</u>	<u>442</u>	<u>537,540</u>	<u>(5,213)</u>	<u>631,503</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	567,536				567,536
FUND BALANCES					
Nonspendable for prepaids	21,600	7,803			29,403
Committed:					
Building reserve		401,731			401,731
Capital improvement		2,550			2,550
Compensated absences	35,674	11,181			46,855
Non-motorized trails	31,359				31,359
Right of Way	18,778				18,778
Unassigned	2,089,888	129,112			2,219,000
Total fund balances	<u>2,197,299</u>	<u>552,377</u>			<u>2,749,676</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,863,569</u>	<u>\$ 552,819</u>	<u>\$ 537,540</u>	<u>\$ (5,213)</u>	<u>\$ 3,948,715</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2020

	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Building Fund	Totals
ASSETS					
Cash and investments	\$ 286,633	\$ 34,424	\$ 15,125	\$ 852,088	\$ 1,188,270
Special assessments receivable		81,427	22,646		104,073
Prepaid expenditures				2,016	2,016
Total assets	<u>\$ 286,633</u>	<u>\$ 115,851</u>	<u>\$ 37,771</u>	<u>\$ 854,104</u>	<u>\$ 1,294,359</u>
LIABILITIES					
Accounts payable	\$	\$ 6,894	\$	\$ 1,255	\$ 8,149
Unearned revenue			22,646		22,646
Due to other funds		861		1,138	1,999
Total liabilities		<u>7,755</u>	<u>22,646</u>	<u>2,393</u>	<u>32,794</u>
FUND BALANCE					
Nonspendable for:					
Prepays				2,016	2,016
Restricted for:					
Public works		108,096	15,125		123,221
Legal defense	286,633				286,633
Committed for:					
Compensated absences				25,451	25,451
Ordinance enforcement				824,244	824,244
Total fund equity	<u>286,633</u>	<u>108,096</u>	<u>15,125</u>	<u>851,711</u>	<u>1,261,565</u>
Total liabilities and fund equity	<u>\$ 286,633</u>	<u>\$ 115,851</u>	<u>\$ 37,771</u>	<u>\$ 854,104</u>	<u>\$ 1,294,359</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL AGENCY FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2020

	<u>Current Tax Fund</u>	<u>Payroll Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	<u>\$ 4,572,616</u>	<u>\$ 271,363</u>	<u>\$ 4,843,979</u>
 LIABILITIES			
Due to others	\$ 4,572,616	\$ 48,425	\$ 4,621,041
Due to other funds	<u> </u>	<u>222,938</u>	<u>222,938</u>
 Total liabilities	<u>\$ 4,572,616</u>	<u>\$ 271,363</u>	<u>\$ 4,843,979</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, 2020

	General Fund Pre GASB 54 Consolidation	Parks and Recreation Fund	Trust and Agency Fund	Eliminations	<u>Total Restated General Fund</u>
REVENUES					
Taxes	\$ 575,596	\$	\$	\$	\$ 575,596
Licenses and permits	205,794				205,794
Federal grants	11,967	45,761			57,728
State grants	1,205,480				1,205,480
Contributions from local units	11,354				11,354
Charges for services	22,764		90,867		113,631
Interest and rents	45,012	2,285			47,297
Other revenue	29,054	1,850			30,904
Total revenues	<u>2,107,021</u>	<u>49,896</u>	<u>90,867</u>		<u>2,247,784</u>
EXPENDITURES					
General government	1,310,552				1,310,552
Public safety	37,157				37,157
Public works	552,823				552,823
Community and economic development	38,232		90,867		129,099
Recreation and culture		253,354			253,354
Capital outlay					
General government	34,528				34,528
Parks and recreation		67,464			67,464
Total expenditures	<u>1,973,292</u>	<u>320,818</u>	<u>90,867</u>		<u>2,384,977</u>
Excess of revenues over (under) expenditures	<u>133,729</u>	<u>(270,922)</u>			<u>(137,193)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		290,750		(290,750)	
Transfers (out)	(290,750)			290,750	
Total other financing sources (uses)	<u>(290,750)</u>	<u>290,750</u>			
Net change in fund balance	<u>(157,021)</u>	<u>19,828</u>			<u>(137,193)</u>
FUND BALANCE, JANUARY 1, 2020	<u>2,354,320</u>	<u>532,549</u>			<u>2,886,869</u>
FUND BALANCE, DECEMBER 31, 2020	<u>\$ 2,197,299</u>	<u>\$ 552,377</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,749,676</u>

CHARTER TOWNSHIP OF SUPERIOR

ALL NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Legal Defense Fund	Streetlight Fund	Side Street Maintenance Fund	Building Fund	Totals
REVENUES					
Special assessments	\$	\$ 81,427	\$ 22,646	\$	\$ 104,073
Charges for services				303,200	303,200
Interest and rents				5,939	5,939
Total revenues		81,427	22,646	309,139	413,212
EXPENDITURES					
General government	3,345				3,345
Public works		75,666			75,666
Community and economic development			22,006	294,082	316,088
Capital outlay:					
Housing and development				22,000	22,000
Total expenditures	3,345	75,666	22,006	316,082	417,099
Net change in fund balance	(3,345)	5,761	640	(6,943)	(3,887)
FUND BALANCE, JANUARY 1, 2020	289,978	102,335	14,485	858,654	1,265,452
FUND BALANCE, DECEMBER 31, 2020	\$ 286,633	\$ 108,096	\$ 15,125	\$ 851,711	\$ 1,261,565

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, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Payment in lieu of taxes	\$ 1,800	\$ 683	\$ (1,117)
Trailer home fees	4,000	4,567	567
Property taxes	574,656	570,346	(4,310)
Licenses and permits			
Cable franchise fees	195,000	205,794	10,794
Federal grants			
General government	11,967	11,967	
State grants			
State shared revenue	1,193,169	1,194,362	1,193
Other state aid grants	15,400	11,118	(4,282)
Contributions from local units			
CTAP grant		11,354	11,354
Charges for services			
General charges for services	25,427	22,764	(2,663)
Interest and rents			
Interest income	12,000	12,042	42
Cell tower	35,000	32,970	(2,030)
Other revenue			
Reimbursements and refunds	29,820	26,382	(3,438)
Public and private contributions		250	250
Other income	2,875	2,422	(453)
	2,101,114	2,107,021	5,907

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, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
General government			
Township board	10,050	8,413	1,637
Supervisor	93,999	94,171	(172)
Treasurer	191,057	191,936	(879)
Clerk	134,878	134,671	207
Assessing equalization	194,908	189,826	5,082
Elections	147,300	149,830	(2,530)
Building and grounds	68,200	55,690	12,510
Attorney	5,000	705	4,295
All other general government	494,737	490,855	3,882
Public safety			
Ordinance enforcement	38,055	37,157	898
Public works			
Infrastructure	500,800	492,689	8,111
Sanitation	10,229	9,960	269
Public transportation	81,142	79,157	1,985
Community and economic development			
Planning and zoning	41,287	38,232	3,055
Total expenditures	2,011,642	1,973,292	38,350
Excess of revenues over (under) expenditures	89,472	133,729	44,257
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(290,750)	(290,750)	
Net change in fund balance	(201,278)	(157,021)	44,257
FUND BALANCE, JANUARY 1, 2020	2,354,320	2,354,320	
FUND BALANCE, DECEMBER 31, 2020	\$ 2,153,042	\$ 2,197,299	\$ 44,257

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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT			
Township board			
Salaries	\$ 10,050	\$ 8,413	\$ 1,637
Supervisor			
Salaries	87,467	87,467	
Assistant salary	1,000	1,506	(506)
Taxable benefits	5,432	5,198	234
Supplies	100		100
Total supervisor	<u>93,999</u>	<u>94,171</u>	<u>(172)</u>
Treasurer			
Salaries	79,026	79,026	
Other salaries	91,566	90,098	1,468
Training	500	300	200
Taxable benefits	17,865	16,219	1,646
Supplies	1,000	2,653	(1,653)
Printing and publishing	1,000	3,564	(2,564)
Memberships and dues	100	76	24
Total treasurer	<u>191,057</u>	<u>191,936</u>	<u>(879)</u>
Clerk			
Salary	79,026	79,026	
Other salaries	44,408	45,726	(1,318)
Training	1,500	99	1,401
Taxable benefits	8,944	8,948	(4)
Supplies	1,000	872	128
Total clerk	<u>134,878</u>	<u>134,671</u>	<u>207</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Assessing equalization			
Salaries	170,204	168,853	1,351
Contract services	5,000	1,367	3,633
Training	1,000	1,161	(161)
Taxable benefits	14,404	14,959	(555)
Supplies	1,800	2,021	(221)
Telephone	650	607	43
Transportation	250	151	99
Meals and lodging	300	190	110
Memberships and dues	1,300	517	783
Total assessing equalization	<u>194,908</u>	<u>189,826</u>	<u>5,082</u>
Elections			
Salaries	112,500	112,709	(209)
Contracted services		355	(355)
Supplies and postage	24,000	23,726	274
Rent	250	2,490	(2,240)
Equipment	10,550	10,550	
Total elections	<u>147,300</u>	<u>149,830</u>	<u>(2,530)</u>
Buildings and grounds			
Contract services	18,000	18,765	(765)
Operating supplies	12,000	11,105	895
Utilities	10,000	8,880	1,120
Repairs and maintenance	24,000	25,118	(1,118)
Expense allocation	(8,300)	(9,665)	1,365
Building improvements	12,500	1,487	11,013
Total buildings and grounds	<u>68,200</u>	<u>55,690</u>	<u>12,510</u>
Attorney			
Professional services	5,000	705	4,295

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
All other general government			
MESC unemployment benefits		5,404	(5,404)
Administration postage	26,000	25,128	872
Administration operating supplies	8,000	6,989	1,011
Cemetery upkeep	500	1,500	(1,000)
Professional services	59,073	65,212	(6,139)
Telephone	10,000	9,243	757
Insurance and bonds	13,000	13,839	(839)
Transportation	5,000	5,214	(214)
Printing and publishing	13,000	12,886	114
Repairs and maintenance	500	145	355
Expense allocation	(3,000)	(6,691)	3,691
Meals on Wheels	2,200		2,200
Equipment rental	4,000	6,021	(2,021)
Memberships and dues	26,000	16,374	9,626
Bank charges	100	7,072	(6,972)
Equipment	10,000	17,602	(7,602)
Miscellaneous	2,500	6,980	(4,480)
Accounting Salaries	87,588	82,324	5,264
Accounting taxable benefits	4,517	4,917	(400)
Accounting supplies	1,500	1,242	258
Accounting expense allocation	(25,000)	(25,270)	270
Unallocated FICA	57,415	63,017	(5,602)
Unallocated medical insurance	88,632	77,418	11,214
Unallocated dental insurance	9,478	6,228	3,250
Unallocated vision insurance	2,046	1,690	356
Unallocated life insurance	1,811	1,565	246
Unallocated HSA administration fees	250	204	46
Unallocated pension expense	89,627	84,602	5,025
Total all other general government	<u>494,737</u>	<u>490,855</u>	<u>3,882</u>
TOTAL GENERAL GOVERNMENT	<u>1,340,129</u>	<u>1,316,097</u>	<u>24,032</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC SAFETY			
Ordinance enforcement			
Salaries	34,033	34,033	
Contract services	500		500
Taxable benefits	2,822	2,942	(120)
Miscellaneous	700	182	518
Total ordinance enforcement	<u>38,055</u>	<u>37,157</u>	<u>898</u>
TOTAL PUBLIC SAFETY	<u>38,055</u>	<u>37,157</u>	<u>898</u>
PUBLIC WORKS			
Infrastructure			
Master plan revisions	5,100	3,908	1,192
Geddes Ridge drain maintenance	35,000	32,085	2,915
Special projects	10,000	14,065	(4,065)
Ypsilanti district library	40,000	58,454	(18,454)
Pathway	25,000	28,983	(3,983)
Miscellaneous	2,000		2,000
Salaries	2,500	2,498	2
Contract services	5,000	4,000	1,000
Supplies	200	1,602	(1,402)
Road maintenance	350,000	323,325	26,675
Non-motorized trails maintenance	5,000		5,000
Other maintenance	15,000	14,005	995
Streetlights		3,901	(3,901)
Drains	6,000	5,863	137
Total infrastructure	<u>500,800</u>	<u>492,689</u>	<u>8,111</u>
Sanitation			
Recycling	5,000	5,595	(595)
Garbage and yard waste tags	2,500	1,350	1,150
Dump usage collection	2,729	3,015	(286)
Total sanitation	<u>10,229</u>	<u>9,960</u>	<u>269</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public transportation			
A.A.T.A. contract	47,759	47,113	646
Demand response	20,883	21,092	(209)
New buses	12,500	10,952	1,548
Total public transportation	<u>81,142</u>	<u>79,157</u>	<u>1,985</u>
TOTAL PUBLIC WORKS	<u>592,171</u>	<u>581,806</u>	<u>10,365</u>
COMMUNITY AND ECONOMIC DEVELOPMENT			
Planning and zoning			
Salaries	30,787	24,838	5,949
Taxable benefits		843	(843)
Supplies	500	425	75
Professional services	9,000	11,743	(2,743)
Printing and publishing	1,000	383	617
Total planning and zoning	<u>41,287</u>	<u>38,232</u>	<u>3,055</u>
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	<u>41,287</u>	<u>38,232</u>	<u>3,055</u>
Total expenditures	<u>\$ 2,011,642</u>	<u>\$ 1,973,292</u>	<u>\$ 38,350</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADMINISTRATION			
Salaries	\$ 52,005	\$ 50,621	\$ 1,384
Training	1,300	920	380
Taxable benefits		752	(752)
Supplies	600	390	210
Professional services	4,040	2,216	1,824
Telephone	1,400	1,039	361
Insurance and bonds	9,000	8,893	107
Transportation	1,200	482	718
Office rent	6,000	6,000	
Printing and publishing	500		500
Repairs and maintenance	500		500
Membership and dues	650	450	200
Capital improvement	1,700	1,682	18
Miscellaneous	1,210	635	575
Total administration	<u>80,105</u>	<u>74,080</u>	<u>6,025</u>
RECREATION			
Salaries	6,651	6,045	606
Training	500		500
Taxable benefits	206		206
Supplies	5,500	2,207	3,293
Professional services	2,000	1,990	10
Telephone	359	384	(25)
Miscellaneous	1,600		1,600
Total recreation	<u>16,816</u>	<u>10,626</u>	<u>6,190</u>
MAINTENANCE AND IMPROVEMENTS			
Salaries	116,370	116,720	(350)
Training	500		500
Taxable benefits	4,444	4,863	(419)
Supplies	4,800	2,897	1,903
Uniforms	1,000	335	665
Fuel and lubricants	3,000	2,992	8
Telephone	2,800	1,885	915
Utilities	950	588	362
Repair and Maintenance	16,000	9,379	6,621
Equipment	25,500	18,158	7,342
Total maintenance and improvements	<u>175,364</u>	<u>157,817</u>	<u>17,547</u>
GRANT PARK DEVELOPMENT	<u>51,000</u>	<u>50,293</u>	<u>707</u>
UNALLOCATED EXPENSES	<u>28,262</u>	<u>28,002</u>	<u>260</u>
Total expenditures	<u>\$ 351,547</u>	<u>\$ 320,818</u>	<u>\$ 30,729</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Charges for services	\$ 4,246,239	\$ 4,918,819	\$ 672,580
Interest income	7,000	16,556	9,556
Meter sales	50,000	21,640	(28,360)
Grant income		10,000	10,000
Other	(567,009)	19,496	586,505
Total revenues	<u>3,736,230</u>	<u>4,986,511</u>	<u>1,250,281</u>
EXPENSES			
Water and sewer purchases	2,438,588	2,396,138	42,450
Salaries	530,134	514,362	15,772
Taxable benefits	50,911	52,196	(1,285)
Payroll taxes	43,914	41,925	1,989
Insurance benefits	83,336	82,250	1,086
Pension expense	65,477	64,665	812
Repairs and maintenance - administration building	5,860	5,024	836
Computer services and supplies	16,000	17,393	(1,393)
Supplies	7,000	5,107	1,893
Utilities	6,000	5,005	995
Telecommunications	20,000	19,387	613
Leased equipment	9,000	9,204	(204)
Cleaning services	5,000	3,965	1,035
Lift and booster station expense	48,400	37,413	10,987
Maintenance facility expense	80,260	70,589	9,671
System repairs and maintenance	33,000	36,772	(3,772)
Professional fees	37,550	49,909	(12,359)
Employee expense	7,100	5,541	1,559
Meters and supplies	150,000	85,328	64,672
Fuel	9,000	5,604	3,396
Insurance and bonds	46,000	34,374	11,626
Depreciation		760,717	(760,717)
Postage	20,000	17,926	2,074
Bank fees	50	7,119	(7,069)
Bad debt expense	3,400	3,934	(534)
Printing and publishing	5,000	3,309	1,691
Membership and dues	15,000	15,446	(446)
Miscellaneous	250	630	(380)
Bond interest expense		20,035	(20,035)
Agency fee		1,186	(1,186)
Total expenses	<u>3,736,230</u>	<u>4,372,453</u>	<u>(636,223)</u>
Change in net assets	<u>\$</u>	<u>\$ 614,058</u>	<u>\$ 614,058</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, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES							
Charges for services	\$ 4,918,819	\$ 4,921,683	\$ 4,747,460	\$ 4,095,235	\$ 4,208,728	\$ 3,508,267	\$ 3,067,196
Meter sales	21,640	34,570	12,377	17,868	24,716	28,618	12,265
Total revenues	<u>4,940,459</u>	<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>
EXPENSES							
Water and sewer purchases	2,396,138	2,334,583	2,857,115	2,292,120	2,262,792	2,047,088	1,855,590
Salaries and wages	514,362	548,268	488,461	373,647	377,151	376,305	373,262
Taxable benefits	52,196	45,150	32,093	48,304	36,855	26,534	25,256
Payroll taxes	41,925	44,221	38,761	33,195	31,760	29,537	29,409
Insurance benefits	82,250	83,784	84,048	68,843	62,095	59,324	77,676
Pension	64,665	67,110	51,942	46,477	43,973	39,017	31,150
Repairs and maintenance	112,385	139,760	206,184	179,585	142,777	149,361	70,484
Computer expenses	17,393	10,870	13,277	5,000	9,414	10,941	16,183
Operating supplies and meters	90,435	217,895	89,886	138,778	69,731	48,577	33,646
Utilities	42,418	52,249	5,204	35,914	33,024	35,770	44,502
Telecommunications	19,387	8,745	9,327	7,457	13,385	11,952	9,098
Lease equipment	9,204	8,891	8,211	6,470	8,640	4,441	3,674
Office expenses	4,595	22,369	11,997	13,943	37,429	32,248	21,527
Professional services	49,909	29,160	22,025	19,570	12,852	46,515	34,452
Health savings expense			7,706	11,935	11,093	10,871	11,463
Insurance and bonds	34,374	35,469	32,796	30,440	30,391	28,223	24,552
Bad debt expense	3,934	3,421		3,272	3,224	5,541	3,173
Printing and publishing	21,235	3,604	4,165	4,801	2,312	3,430	3,186
Memberships and dues	15,446	21,133	8,984	8,061	7,638	6,765	4,372
Training and other employee expenses	18,264	8,695	917	5,779	3,717	3,980	3,189
Total expenses	<u>3,590,515</u>	<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>
Net revenues over expenses	<u>\$ 1,349,944</u>	<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>

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.