
Charter Township of Benton

Berrien County, Michigan

Financial Report
with Supplemental Information
December 31, 2021

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Independent Auditor's Report

To the Members of the Township Board
Charter Township of Benton

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Benton (the "Charter Township") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Charter Township's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Charter Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Members of the Township Board
Charter Township of Benton

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Charter Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

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

Supplemental Information

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



October 21, 2022

Our discussion and analysis of the Charter Township of Benton's (the "Charter Township") financial performance provides an overview of the Charter Township's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the Charter Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2021:

The Charter Township's General Fund revenue exceeded budget by approximately \$456,000, which can be attributed to a few factors, mainly special assessments and state-shared revenue and grants. The General Fund expenditures were under budget by approximately \$382,000. The General Fund fund balance saw an increase of approximately \$986,000 for the year ended December 31, 2021.

The Charter Township received approximately \$750,000 in American Rescue Plan Act funding, with the remainder expected to be received in the fiscal year ending December 31, 2022.

The Charter Township, once again, fully funded its annual required contribution of approximately \$245,000 related to the retiree health benefit obligation, bringing the trust balance to \$2,150,021.

In 2015, the Charter Township adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governmental units to recognize the net pension liability and the pension expense on its government-wide financial statements. The Charter Township recorded a decrease in the liability of approximately \$269,000 for an outstanding liability of \$8,172,067.

In 2018, the Charter Township adopted and implemented GASB Statement No. 75, which requires the measurement of other postemployment benefit costs to be expensed as it is earned, rather than as it is funded. The Charter Township recorded a decrease in the liability of approximately \$50,000 for an outstanding liability of \$1,095,054.

Using This Annual Report

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

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

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Charter Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$28,819,355 at the close of the most recent fiscal year.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The Charter Township's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets:						
Cash and cash equivalents	\$ 10,474,984	\$ 8,038,269	\$ 8,045,632	\$ 8,258,919	\$ 18,520,616	\$ 16,297,188
Receivables	4,789,760	5,108,282	1,134,623	1,318,010	5,924,383	6,426,292
Other assets	210,540	206,191	1,805,996	57,463	2,016,536	263,654
Capital assets	6,983,485	7,318,065	33,695,384	31,010,053	40,678,869	38,328,118
Total assets	22,458,769	20,670,807	44,681,635	40,644,445	67,140,404	61,315,252
Deferred Outflows of Resources	1,202,098	981,849	-	-	1,202,098	981,849
Liabilities						
Current liabilities	1,389,190	732,030	1,105,556	488,564	2,494,746	1,220,594
Noncurrent liabilities:						
Due within one year	347,800	361,219	1,454,605	1,325,226	1,802,405	1,686,445
Due in more than one year	9,706,211	10,006,232	17,447,975	17,261,480	27,154,186	27,267,712
Total liabilities	11,443,201	11,099,481	20,008,136	19,075,270	31,451,337	30,174,751
Deferred Inflows of Resources	8,071,810	7,820,343	-	-	8,071,810	7,820,343
Net Position						
Net investment in capital assets	6,887,856	7,129,039	16,562,726	12,475,601	23,450,582	19,604,640
Restricted	2,210,834	1,635,120	-	-	2,210,834	1,635,120
Unrestricted	(4,952,834)	(6,031,327)	8,110,773	9,093,574	3,157,939	3,062,247
Total net position	\$ 4,145,856	\$ 2,732,832	\$ 24,673,499	\$ 21,569,175	\$ 28,819,355	\$ 24,302,007

The financial position of the Charter Township, in total, increased during the year. The governmental activities net position increased by \$1,413,024, or approximately 51.71 percent, from the prior year. Business-type activities increased by \$3,104,324, or approximately 14.39 percent, over the prior year.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The Charter Township's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Charges for services	\$ 1,466,026	\$ 1,528,692	\$ 7,730,006	\$ 7,305,164	\$ 9,196,032	\$ 8,833,856
Operating grants	17,972	475,304	-	-	17,972	475,304
Capital grants	-	-	402,588	38,079	402,588	38,079
General revenue:						
Property taxes	5,985,068	5,669,020	-	-	5,985,068	5,669,020
State-shared revenue and grants	1,996,672	1,723,700	-	-	1,996,672	1,723,700
Investment earnings	17,754	49,902	77,855	100,021	95,609	149,923
Other revenue:						
Cable franchise fees	128,987	126,180	-	-	128,987	126,180
Sale of capital assets	13,718	43,546	9,875	-	23,593	43,546
Other miscellaneous income	175,628	175,531	-	-	175,628	175,531
Total revenue	9,801,825	9,791,875	8,220,324	7,443,264	18,022,149	17,235,139
Expenses						
General government	1,547,770	1,769,569	-	-	1,547,770	1,769,569
Public safety	6,041,664	5,834,244	-	-	6,041,664	5,834,244
Public works	741,560	675,752	-	-	741,560	675,752
Community and economic development	6,373	3,315	-	-	6,373	3,315
Recreation and culture	46,917	58,089	-	-	46,917	58,089
Debt service	4,517	7,397	-	-	4,517	7,397
Sanitary Sewage System Fund	-	-	2,445,873	2,797,480	2,445,873	2,797,480
Water System Fund	-	-	2,670,127	2,537,415	2,670,127	2,537,415
Total expenses	8,388,801	8,348,366	5,116,000	5,334,895	13,504,801	13,683,261
Change in Net Position	1,413,024	1,443,509	3,104,324	2,108,369	4,517,348	3,551,878
Net Position - Beginning of year	2,732,832	1,289,323	21,569,175	19,460,806	24,302,007	20,750,129
Net Position - End of year	\$ 4,145,856	\$ 2,732,832	\$ 24,673,499	\$ 21,569,175	\$ 28,819,355	\$ 24,302,007

During the past fiscal year, governmental activities expenses remained relatively consistent, increasing by \$40,435 or approximately 0.48 percent, with increases in spending for public safety being leveled out by decreases in spending for general government. Business-type activities expenses decreased by \$218,895, or approximately 4.10 percent, due to across the board decreases in interest, depreciation, and water treatment costs.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

Financial Analysis of Individual Funds

As noted earlier, the Charter Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Charter Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Charter Township's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the Charter Township's board or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Charter Township's board.

Below is a comparison of the fund balances of governmental funds by type of constraint:

Within these governmental funds, the General Fund is the most significant to understanding the Charter Township's financial activities. In addition, the Water System and Sanitary Sewage System funds make up significant enterprise activity for the Charter Township. A brief analysis of the funds is presented below:

The General Fund had an increase in fund balance of approximately \$986,000. The Police Fund had an increase in fund balance of approximately \$224,000, and the Fire Fund had an increase in fund balance of approximately \$230,000. This was primarily due to decreases in expenditures over the prior year for the General Fund. The increase in fund balance for the Police Fund and the Fire Fund was primarily due to additional transfers in.

The Debt Service Fund saw no change in fund balance, with very little activity occurring in the fund, as the Charter Township paid off the fire truck loan and the 2017 trash truck loan during the previous fiscal year.

Of the enterprise funds, the Sanitary Sewage System Fund saw an increase in net position of approximately \$1,752,000, and the Water System Fund had an increase in net position of approximately \$1,352,000, primarily attributed to rate increases utilized to pay existing and future projects, as well as decreases in various expenses.

Budgetary Highlights

Actual General Fund revenue was greater than budgeted by approximately \$456,000 due to state-shared revenue and grants and charges for services coming in at more than was anticipated. Actual General Fund expenditures were less than budgeted by approximately \$838,000 due to conservative spending in relation to amounts budgeted.

Actual Fire Fund expenditures were approximately \$209,000 more than anticipated, which were offset by increased transfers in and better than anticipated revenue results.

Overall actual results for the Public Safety Fund were better than budgeted amounts by approximately \$254,000 due to increased property taxes and state source revenue.

Overall results for the Police Fund were better than budgeted amounts by approximately \$225,000 due to conservative expenditure budgeting.

Capital Assets and Debt Administration

The Charter Township paid down \$1,593,581 of principal on its long-term debt. The Charter Township refinanced its 2014 General Obligations during the fiscal year and issued new debt related to a Drinking Water Revolving Fund (DWRF) project during the year ended December 31, 2021. The Charter Township purchased approximately \$253,000 of governmental-type fixed assets and \$3,852,000 of business-type fixed assets.

Economic Factors and Next Year's Budgets and Rates

The Charter Township will continue to implement a 4.5 percent increase in 2022, as described in the rate study completed in 2019, to offset increased operational costs and to pay down debt. The Charter Township issued \$15,925,000 in revenue bonds for sanitary sewer improvements in May 2022. The Charter Township will continue to pursue revolving loan funds from the State of Michigan as needed to finance construction on water and sewer projects.

Charter Township of Benton

Management's Discussion and Analysis (Continued)

The future state of revenue sharing remains uncertain and continues to be monitored to best serve the needs of the public. Taxable values will change very little in the near future; therefore, it is important that the Charter Township continue to control costs and also continue cooperative efforts with other municipalities.

The Charter Township received funding from the American Rescue Plan Act of approximately \$750k in October 2021, and a second payment of a similar amount was received in June 2022. These funds have been restricted for allowable uses per the act, but have not yet been spent in 2022.

Requests for Further Information

This financial report is intended to provide a general overview of the Charter Township's finances and demonstrate the Charter Township's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Charter Township of Benton clerk's office.

Charter Township of Benton

Statement of Net Position

December 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 10,474,984	\$ 8,045,632	\$ 18,520,616
Receivables:			
Property taxes receivable	3,945,596	-	3,945,596
Special assessments receivable	189,761	18,453	208,214
Other receivables	94,738	1,121,736	1,216,474
Due from other governmental units	554,099	-	554,099
Internal balances (Note 5)	5,566	(5,566)	-
Prepaid expenses	210,540	90,124	300,664
Restricted assets	-	1,715,872	1,715,872
Capital assets:			
Assets not subject to depreciation (Note 4)	758,962	5,318,137	6,077,099
Assets subject to depreciation - Net (Note 4)	6,224,523	28,377,247	34,601,770
Total assets	22,458,769	44,681,635	67,140,404
Deferred Outflows of Resources			
Deferred pension costs (Note 9)	1,072,674	-	1,072,674
Deferred OPEB costs (Note 8)	129,424	-	129,424
Total deferred outflows of resources	1,202,098	-	1,202,098
Liabilities			
Accounts payable	224,191	913,627	1,137,818
Due to other governmental units	8,131	-	8,131
Accrued liabilities and other	405,475	191,929	597,404
Unearned revenue	751,393	-	751,393
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 6)	252,171	5,405	257,576
Current portion of long-term debt (Note 6)	95,629	1,449,200	1,544,829
Due in more than one year:			
Compensated absences (Note 6)	439,090	48,645	487,735
Net pension liability (Note 9)	8,172,067	-	8,172,067
Net OPEB liability (Note 8)	1,095,054	-	1,095,054
Long-term debt (Note 6)	-	17,399,330	17,399,330
Total liabilities	11,443,201	20,008,136	31,451,337
Deferred Inflows of Resources			
Property taxes and special assessments levied for the following year	6,182,782	-	6,182,782
Deferred pension cost reductions (Note 9)	1,694,772	-	1,694,772
Deferred OPEB cost reductions (Note 8)	194,256	-	194,256
Total deferred inflows of resources	8,071,810	-	8,071,810
Net Position			
Net investment in capital assets	6,887,856	16,562,726	23,450,582
Restricted:			
Community development	42,937	-	42,937
Rental ordinance	253,330	-	253,330
Fire	773,561	-	773,561
Police	985,606	-	985,606
Street lighting	155,400	-	155,400
Unrestricted	(4,952,834)	8,110,773	3,157,939
Total net position	\$ 4,145,856	\$ 24,673,499	\$ 28,819,355

Charter Township of Benton

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,547,770	\$ 59,409	\$ -	\$ -
Public safety	6,041,664	635,493	1,990	-
Public works	741,560	771,124	15,982	-
Community and economic development	6,373	-	-	-
Recreation and culture	46,917	-	-	-
Interest on long-term debt	4,517	-	-	-
Total governmental activities	8,388,801	1,466,026	17,972	-
Business-type activities:				
Sanitary Sewage System Fund	2,445,873	4,127,230	-	-
Water System Fund	2,670,127	3,602,776	-	402,588
Total business-type activities	5,116,000	7,730,006	-	402,588
Total primary government	\$ 13,504,801	\$ 9,196,032	\$ 17,972	\$ 402,588

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

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities

Year Ended December 31, 2021

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,488,361)	\$ -	\$ (1,488,361)
(5,404,181)	-	(5,404,181)
45,546	-	45,546
(6,373)	-	(6,373)
(46,917)	-	(46,917)
(4,517)	-	(4,517)
(6,904,803)	-	(6,904,803)
-	1,681,357	1,681,357
-	1,335,237	1,335,237
-	3,016,594	3,016,594
(6,904,803)	3,016,594	(3,888,209)
5,985,068	-	5,985,068
1,996,672	-	1,996,672
17,754	77,855	95,609
128,987	-	128,987
13,718	9,875	23,593
175,628	-	175,628
8,317,827	87,730	8,405,557
1,413,024	3,104,324	4,517,348
2,732,832	21,569,175	24,302,007
\$ 4,145,856	\$ 24,673,499	\$ 28,819,355

Charter Township of Benton

Governmental Funds Balance Sheet

December 31, 2021

	General Fund	Police Fund	Fire Fund	Public Safety Fund	Debt Service Fund	Nonmajor Funds	Total
Assets							
Cash and cash equivalents (Note 3)	\$ 6,187,550	\$ 1,171,095	\$ 767,029	\$ 2,037,226	\$ 13,607	\$ 298,477	\$ 10,474,984
Receivables:							
Property taxes receivable	390,455	763,750	487,192	2,304,199	-	-	3,945,596
Special assessments receivable	189,761	-	-	-	-	-	189,761
Other receivables	94,738	-	-	-	-	-	94,738
Due from other governmental units	319,949	11,125	11,125	211,900	-	-	554,099
Due from other funds (Note 5)	3,936	442,262	583,582	-	1,060	862,063	1,892,903
Prepaid expenses	150,358	40,371	19,811	-	-	-	210,540
Total assets	\$ 7,336,747	\$ 2,428,603	\$ 1,868,739	\$ 4,553,325	\$ 14,667	\$ 1,160,540	\$ 17,362,621
Liabilities							
Accounts payable	\$ 165,195	\$ 45,337	\$ 13,609	\$ 50	\$ -	\$ -	\$ 224,191
Due to other governmental units	8,131	-	-	-	-	-	8,131
Due to other funds (Note 5)	821,544	8,225	38,485	1,016,873	-	2,210	1,887,337
Accrued liabilities and other	213,787	94,221	97,467	-	-	-	405,475
Unearned revenue	751,393	-	-	-	-	-	751,393
Total liabilities	1,960,050	147,783	149,561	1,016,923	-	2,210	3,276,527
Deferred Inflows of Resources							
Unavailable revenue	117,106	-	-	-	-	-	117,106
Property taxes and special assessments levied for the following year	736,621	1,148,016	761,743	3,536,402	-	-	6,182,782
Total deferred inflows of resources	853,727	1,148,016	761,743	3,536,402	-	-	6,299,888
Fund Balances							
Nonspendable - Prepays	150,358	40,371	19,811	-	-	-	210,540
Restricted:							
Police	-	985,606	-	-	-	-	985,606
Fire	-	-	738,561	-	-	-	738,561
Community development	-	-	-	-	-	42,937	42,937
Rental ordinance	-	-	-	-	-	253,330	253,330
Street lighting	155,400	-	-	-	-	-	155,400
Assigned:							
Capital improvements	-	-	-	-	-	862,063	862,063
Debt Service	-	-	-	-	14,667	-	14,667
Police	-	106,827	-	-	-	-	106,827
Fire	-	-	199,063	-	-	-	199,063
Unassigned	4,217,212	-	-	-	-	-	4,217,212
Total fund balances	4,522,970	1,132,804	957,435	-	14,667	1,158,330	7,786,206
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,336,747	\$ 2,428,603	\$ 1,868,739	\$ 4,553,325	\$ 14,667	\$ 1,160,540	\$ 17,362,621

Charter Township of Benton

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

December 31, 2021

Fund Balances Reported in Governmental Funds	\$ 7,786,206
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds	6,983,485
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	117,106
Long-term debt obligations are not due and payable in the current period and are not reported in the funds	(95,629)
Some employee fringe benefits, including deferrals, are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(691,261)
Pension benefits	(8,794,165)
Retiree health care benefits	(1,159,886)
Net Position of Governmental Activities	<u>\$ 4,145,856</u>

Charter Township of Benton

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2021

	General Fund	Police Fund	Fire Fund	Public Safety Fund	Debt Service Fund	Nonmajor Funds	Total
Revenue							
Property taxes	\$ 637,762	\$ 1,014,022	\$ 799,024	\$ 3,534,260	\$ -	\$ -	\$ 5,985,068
Special assessments	97,518	192,279	-	-	-	-	289,797
State-shared revenue and grants	1,748,786	47,009	44,385	238,794	-	-	2,078,974
Charges for services	980,715	-	55,470	-	-	-	1,036,185
Fines and forfeitures	-	9,103	-	-	-	-	9,103
Licenses and permits	257,158	16,125	-	-	-	91,008	364,291
Interest and rentals	17,679	75	-	-	-	-	17,754
Other revenue	85,043	29,433	56,454	4,665	-	33	175,628
Total revenue	3,824,661	1,308,046	955,333	3,777,719	-	91,041	9,956,800
Expenditures							
Current services:							
General government	1,329,873	-	-	-	-	20,556	1,350,429
Public safety	594,089	3,416,707	2,072,374	97,811	-	2,691	6,183,672
Public works	812,010	-	-	-	-	-	812,010
Community and economic development	6,373	-	-	-	-	-	6,373
Recreation and culture	33,723	-	-	-	-	-	33,723
Debt service	-	-	-	-	97,914	-	97,914
Total expenditures	2,776,068	3,416,707	2,072,374	97,811	97,914	23,247	8,484,121
Excess of Revenue Over (Under) Expenditures	1,048,593	(2,108,661)	(1,117,041)	3,679,908	(97,914)	67,794	1,472,679
Other Financing Sources (Uses)							
Transfers in (Note 5)	-	2,332,945	1,346,963	-	97,914	-	3,777,822
Transfers out (Note 5)	(97,914)	-	-	(3,679,908)	-	-	(3,777,822)
Sale of capital assets	35,525	-	-	-	-	-	35,525
Total other financing (uses) sources	(62,389)	2,332,945	1,346,963	(3,679,908)	97,914	-	35,525
Net Change in Fund Balances	986,204	224,284	229,922	-	-	67,794	1,508,204
Fund Balances - Beginning of year	3,536,766	908,520	727,513	-	14,667	1,090,536	6,278,002
Fund Balances - End of year	\$ 4,522,970	\$ 1,132,804	\$ 957,435	\$ -	\$ 14,667	\$ 1,158,330	\$ 7,786,206

Charter Township of Benton

Governmental Funds

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

Year Ended December 31, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,508,204
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	251,327
Depreciation expense	(564,100)
Net book value of assets disposed of	(21,807)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(168,692)
Repayment of debt principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	93,397
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported in the governmental funds	314,695
Change in Net Position of Governmental Activities	<u>\$ 1,413,024</u>

Charter Township of Benton

Proprietary Funds Statement of Net Position

December 31, 2021

	Enterprise Funds		Total
	Sanitary Sewage System Fund	Water System Fund	
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 4,607,760	\$ 3,437,872	\$ 8,045,632
Receivables:			
Special assessments receivable - Due within one year	4,881	2,280	7,161
Other receivables	684,115	437,621	1,121,736
Due from other funds (Note 5)	3,965	9,902	13,867
Prepaid expenses	34,622	55,502	90,124
Total current assets	5,335,343	3,943,177	9,278,520
Noncurrent assets:			
Restricted assets	219,448	1,496,424	1,715,872
Special assessment receivables - Greater than one year	259	11,033	11,292
Capital assets:			
Assets not subject to depreciation (Note 4)	1,235,554	4,082,583	5,318,137
Assets subject to depreciation - Net (Note 4)	8,869,474	19,507,773	28,377,247
Total noncurrent assets	10,324,735	25,097,813	35,422,548
Total assets	15,660,078	29,040,990	44,701,068
Liabilities			
Current liabilities:			
Accounts payable	217,616	696,011	913,627
Due to other funds (Note 5)	9,902	9,531	19,433
Accrued liabilities and other	43,622	148,307	191,929
Compensated absences (Note 6)	1,359	4,046	5,405
Current portion of long-term debt (Note 6)	432,000	1,017,200	1,449,200
Total current liabilities	704,499	1,875,095	2,579,594
Noncurrent liabilities:			
Compensated absences (Note 6)	12,234	36,411	48,645
Long-term debt (Note 6)	2,883,000	14,516,330	17,399,330
Total noncurrent liabilities	2,895,234	14,552,741	17,447,975
Total liabilities	3,599,733	16,427,836	20,027,569
Net Position			
Net investment in capital assets	7,009,476	9,553,250	16,562,726
Unrestricted	5,050,869	3,059,904	8,110,773
Total net position	<u>\$ 12,060,345</u>	<u>\$ 12,613,154</u>	<u>\$ 24,673,499</u>

Charter Township of Benton

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

Year Ended December 31, 2021

	Enterprise Funds		
	Sanitary Sewage System Fund	Water System Fund	Total Enterprise Funds
Operating Revenue			
Sale of water	\$ -	\$ 3,602,776	\$ 3,602,776
Sewage disposal charges	4,127,230	-	4,127,230
Total operating revenue	4,127,230	3,602,776	7,730,006
Operating Expenses			
Cost of water	-	1,447,614	1,447,614
Cost of sewage treatment	1,920,942	-	1,920,942
Depreciation	359,326	807,768	1,167,094
Total operating expenses	2,280,268	2,255,382	4,535,650
Operating Income	1,846,962	1,347,394	3,194,356
Nonoperating Revenue (Expense)			
Investment income	71,053	6,802	77,855
Interest expense	(125,605)	(414,745)	(540,350)
Other nonoperating expenses	(40,000)	-	(40,000)
Gain on sale of assets	-	9,875	9,875
Total nonoperating expense	(94,552)	(398,068)	(492,620)
Income - Before capital contributions	1,752,410	949,326	2,701,736
Capital Contributions	-	402,588	402,588
Change in Net Position	1,752,410	1,351,914	3,104,324
Net Position - Beginning of year	10,307,935	11,261,240	21,569,175
Net Position - End of year	\$ 12,060,345	\$ 12,613,154	\$ 24,673,499

Charter Township of Benton

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2021

	Enterprise Funds		Total
	Sanitary Sewage System Fund	Water System Fund	
Cash Flows from Operating Activities			
Receipts from customers	\$ 4,205,815	\$ 3,696,524	\$ 7,902,339
Payments to suppliers	(1,264,290)	(158,260)	(1,422,550)
Payments to employees and fringes	(563,002)	(800,482)	(1,363,484)
Net cash and cash equivalents provided by operating activities	2,378,523	2,737,782	5,116,305
Cash Flows from Noncapital Financing Activities			
Loans received from other funds	-	2,037	2,037
Loans made to other funds	(3,574)	-	(3,574)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(3,574)	2,037	(1,537)
Cash Flows from Capital and Related Financing Activities			
Issuance of bonds	2,315,000	1,949,262	4,264,262
Receipt of capital grants	-	402,588	402,588
Special assessment collections	76,731	5,503	82,234
Proceeds from sale of capital assets	-	9,875	9,875
Purchase of capital assets	(819,345)	(3,033,080)	(3,852,425)
Principal and interest paid on capital debt	(2,955,679)	(1,571,251)	(4,526,930)
Net cash and cash equivalents used in capital and related financing activities	(1,383,293)	(2,237,103)	(3,620,396)
Cash Flows Provided by Investing Activities - Interest received on investments	3,999	4,214	8,213
Net Increase in Cash and Cash Equivalents	995,655	506,930	1,502,585
Cash and Cash Equivalents - Beginning of year	3,831,553	4,427,366	8,258,919
Cash and Cash Equivalents - End of year	\$ 4,827,208	\$ 4,934,296	\$ 9,761,504
Classification of Cash and Cash Equivalents			
Cash and investments	\$ 4,607,760	\$ 3,437,872	\$ 8,045,632
Restricted cash	219,448	1,496,424	1,715,872
Total cash and cash equivalents	\$ 4,827,208	\$ 4,934,296	\$ 9,761,504
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 1,846,962	\$ 1,347,394	\$ 3,194,356
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	359,326	807,768	1,167,094
Changes in assets and liabilities:			
Receivables	78,585	93,748	172,333
Prepaid and other assets	6,184	(38,845)	(32,661)
Accounts payable	81,648	520,170	601,818
Accrued and other liabilities	5,818	7,547	13,365
Total adjustments	531,561	1,390,388	1,921,949
Net cash and cash equivalents provided by operating activities	\$ 2,378,523	\$ 2,737,782	\$ 5,116,305

See notes to financial statements.

Charter Township of Benton

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2021

	Trust Funds - Pension and Retiree Health Insurance	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	\$ 530,238
Investments:		
U.S. government securities	527,272	-
Corporate stocks	1,097,219	-
Corporate bonds	3,460,910	-
Municipal bonds	459,828	-
Bank investment pool funds	19,843,930	-
Due from other funds	104,987	-
Total assets	25,494,146	530,238
Liabilities - Due to governmental units	-	530,238
Net Position		
Pension	23,344,125	-
Postemployment benefits other than pension	2,150,021	-
Total net position	<u>\$ 25,494,146</u>	<u>\$ -</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2021

	Trust Funds - Pension and Retiree Health Insurance	Custodial Funds
Additions		
Investment income:		
Interest and dividends	\$ 512,542	\$ -
Net increase in fair value of investments	1,906,327	-
Net investment income	2,418,869	-
Contributions:		
Employer	1,346,515	-
Employee	225,068	-
Total contributions	1,571,583	-
Property tax collections	-	11,228,538
Total additions	3,990,452	11,228,538
Deductions		
Benefit payments	2,160,565	-
Administrative expenses	78,988	-
Tax distributions to other governments	-	11,228,538
Total deductions	2,239,553	11,228,538
Net Increase in Fiduciary Net Position	1,750,899	-
Net Position - Beginning of year	23,743,247	-
Net Position - End of year	\$ 25,494,146	\$ -

December 31, 2021

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The Charter Township of Benton (the "Charter Township") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Charter Township:

Reporting Entity

The Charter Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Charter Township and its component units, entities for which the Charter Township is considered to be financially accountable.

Fiduciary Component Units

The Benton Charter Township Retiree Medical Plan is governed by a seven-member board - three individuals elected by plan members, three appointed by the Charter Township, and the charter township treasurer, who serves as an ex officio member. Although it is legally separate from the Charter Township, it is reported as a fiduciary component unit because the Charter Township appoints a voting majority to the board and the plan imposes a financial burden on the Charter Township.

The Police and Fire Retirement System has been blended into the Charter Township's financial statements as the Pension Trust Fund. The system is governed by a five-member pension board that includes three individuals chosen by the Charter Township's board. The system is reported as if it were part of the primary government because of the fiduciary responsibility that the Charter Township retains relative to the operations of the retirement system.

The Charter Township has excluded the Housing Commission from this report since the Charter Township is not able to impose its will on the Housing Commission. The Housing Commission was created by ordinance of the Charter Township of Benton. The purpose is to provide safe, sanitary, and decent housing for qualifying senior and low-income families.

In August 2003, the Charter Township created the Brownfield Redevelopment Authority (the "Authority") to revitalize selected environmentally distressed areas within the Charter Township's limits. The Authority had no assets as of December 31, 2021 and no activity for the year then ended.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Note 1 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Police Fund accounts for the activities of the police protection department.
- The Fire Fund accounts for the activities of the fire protection department.
- The Public Safety Fund accounts for the collection of general public safety millages.
- The Debt Service Fund accounts for capital construction and subsequent debt service for major capital projects of the Charter Township.

Proprietary Funds

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

- The Sanitary Sewage System Fund accounts for the activities of the sewage collection system.
- The Water System Fund accounts for the activities of the water distribution system.

Fiduciary Funds

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

- The trust funds account for the activities of the Police and Fire Retirement System and Retiree Health Insurance Fund by accumulating resources for pension benefit payments and health insurance premium payments to qualified police and fire employees.
- The custodial funds account for assets held by the Charter Township in a trustee capacity.

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash and Cash Equivalents

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

Prepaid Items

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

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds. Any residual balances outstanding between governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. All trade and property tax receivables are shown as net of an allowance for uncollectible amounts.

Restricted Assets

Unspent debt proceeds are set aside for future purchases. These amounts have been classified as restricted noncurrent assets.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
	<hr/>
Water and sewer treatment systems	10-50
Buildings and improvements	15-50
Vehicles	3-15
Furniture and equipment	5-15
Office furnishings	3-7
Land improvements	5-15
Intangible assets	20

Unearned Revenue

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts being received through exchange transactions prior to goods or services being provided.

Long-term Obligations

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

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Charter Township reports deferred outflows related to the pension and retiree health care plans, which are reported in the government-wide financial statements.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Charter Township reports three types of items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A second item, property taxes received in advance of the period levied, is reported as deferred inflows of resources in the government-wide statement of net position and governmental funds balance sheet. Lastly, the government-wide statements report deferred inflows related to the pension and retiree health care plans.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Policies

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

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

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

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

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

The 2020 taxable valuation of the Charter Township totaled \$436.3 million, on which taxes levied consisted of 0.9796 mills for operating purposes, 1.92 mills for fire operations, 2.42 mills for police operations, and 8.00 mills for public safety operations. This resulted in \$424,000 ad valorem property tax revenue; \$168,000 in administrative fees for operating services; and \$933,000, \$745,000, and \$3,460,000 in ad valorem property tax revenue for police, fire, and public safety services, respectively. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

Pension

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

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

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

Compensated Absences (Vacation and Sick Leave)

It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Charter Township will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and the Water System and Sanitary Sewage System funds, primarily) are used to liquidate the obligations.

Proprietary Funds Operating Classification

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

Use of Estimates

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

December 31, 2021

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

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

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

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Charter Township's financial statements for the year ending December 31, 2023.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Charter Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Charter Township's financial statements for the year ending December 31, 2022.

Note 2 - Stewardship, Compliance, and Accountability

During the year, the Charter Township incurred expenditures in the General Fund and major special revenue funds, which were in excess of the amounts budgeted, as follows:

	Budget	Actual
General Fund - Public safety - Ordinance officer	\$ 136,310	\$ 169,554
Public Safety Fund - Expenditures	72,880	97,811
Fire Fund - Expenditures	1,863,750	2,072,374
Total	\$ 2,072,940	\$ 2,339,739

December 31, 2021

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Construction Code Fees

The Charter Township oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at January 1, 2021	\$ (2,962,923)
Current year permit revenue	202,746
Less related expenses - Direct costs	<u>424,535</u>
Current year shortfall	<u>(221,789)</u>
Cumulative shortfall December 31, 2021	<u>\$ (3,184,712)</u>

Note 3 - Deposits and Investments

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

The Pension Trust Fund and Retiree Health Insurance Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated four financial institutions for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment, as listed above. The Charter Township's deposits and investments are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had bank deposits of approximately \$18.3 million (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Charter Township believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC)/National Credit Union Administration (NCUA) insurance, it is impractical to insure all deposits. As a result, the Charter 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. At December 31, 2021, the Pension Trust Fund and Retiree Health Insurance Fund did not have any uninsured or uncollateralized bank deposits.

December 31, 2021

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Charter Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Charter Township does not have a policy for custodial credit risk. At December 31, 2021, the following investment securities of the Pension Trust Fund and Retiree Health Insurance Fund were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent:

Investment Type	Carrying Value	How Held
Pension Trust Fund		
Mutual funds	\$ 16,579,919	Counterparty's trust department
Corporate bonds	3,121,353	Counterparty's trust department
Corporate stocks	1,097,219	Counterparty's trust department
Municipal bonds	434,673	Counterparty's trust department
U.S. government or agency bond or notes	501,912	Counterparty's trust department
Retiree Health Insurance Fund		
Mutual funds	1,662,115	Counterparty's trust department
Corporate bonds	339,557	Counterparty's trust department
Municipal bonds	25,155	Counterparty's trust department
U.S. government or agency bond or notes	25,360	Counterparty's trust department

Interest Rate Risk

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

At year end, the Charter Township had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Years)
Pension Trust Fund		
Corporate and municipal bonds	\$ 3,556,026	2.16
U.S. government agency securities	501,912	1.75
Retiree Health Insurance Fund		
Corporate and municipal bonds	364,712	1.85
U.S. government agency securities	25,360	1.33

December 31, 2021

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter Township has no investment policy that would further limit its investment choices. As of December 31, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Pension Trust Fund			
Corporate and municipal bonds	\$ 1,112,002	AAA	S&P
Corporate and municipal bonds	165,208	AA1	S&P
Corporate and municipal bonds	132,746	AA+	S&P
Corporate and municipal bonds	472,975	AA	S&P
Corporate and municipal bonds	695,876	A+	S&P
Corporate and municipal bonds	204,524	A	S&P
Corporate and municipal bonds	368,204	A-	S&P
Corporate and municipal bonds	<u>404,491</u>	AA-	S&P
Total Pension Trust Fund	3,556,026		
Retiree Health Insurance Fund			
Corporate and municipal bonds	150,552	AAA	S&P
Corporate and municipal bonds	26,549	AA+	S&P
Corporate and municipal bonds	25,155	AA	S&P
Corporate and municipal bonds	101,882	A+	S&P
Corporate and municipal bonds	25,040	A-	S&P
Corporate and municipal bonds	<u>35,534</u>	BBB+	S&P
Total Retiree Health Insurance Fund	<u>364,712</u>		
Total	<u><u>\$ 3,920,738</u></u>		

Concentration of Credit Risk

The Charter Township places no limit on the amount it may invest in any one issuer. No more than 5 percent of the Charter Township's investments are invested in any one issuer.

Fair Value Measurements

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

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

December 31, 2021

Note 3 - Deposits and Investments (Continued)

The Charter Township has the following recurring fair value measurements as of December 31, 2021:

	Assets Measured at Carrying Value on a Recurring Basis at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Pension Trust Fund				
Debt securities:				
U.S. Treasury securities	\$ 304,594	\$ -	\$ -	\$ 304,594
Municipal bonds	-	434,673	-	434,673
Government agencies	-	501,912	-	501,912
Corporate bonds	-	3,121,353	-	3,121,353
Mutual funds - Fixed income	3,932,024	-	-	3,932,024
	<u>4,236,618</u>	<u>4,057,938</u>	<u>-</u>	<u>8,294,556</u>
Total debt securities				
Equity securities:				
Common stock	1,097,219	-	-	1,097,219
Mutual funds - Equity	12,344,382	-	-	12,344,382
Mutual funds - ETF	303,513	-	-	303,513
	<u>13,745,114</u>	<u>-</u>	<u>-</u>	<u>13,745,114</u>
Total equity securities				
Total pension trust fund assets	<u>\$ 17,981,732</u>	<u>\$ 4,057,938</u>	<u>\$ -</u>	<u>\$ 22,039,670</u>
Retiree Health Trust Fund				
Debt securities:				
U.S. Treasury securities	\$ 25,359	\$ -	\$ -	\$ 25,359
Municipal bonds	-	25,155	-	25,155
Corporate bonds	-	339,557	-	339,557
Mutual funds - Fixed income	407,516	-	-	407,516
	<u>432,875</u>	<u>364,712</u>	<u>-</u>	<u>797,587</u>
Total debt securities				
Equity securities -				
Mutual funds - Equity	1,254,599	-	-	1,254,599
	<u>\$ 1,687,474</u>	<u>\$ 364,712</u>	<u>\$ -</u>	<u>\$ 2,052,186</u>
Total retiree health fund assets				
Total	<u>\$ 19,669,206</u>	<u>\$ 4,422,650</u>	<u>\$ -</u>	<u>\$ 24,091,856</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of governmental agencies, corporate bonds, and municipal bonds at December 31, 2021 was determined primarily based on Level 2 inputs. The Charter Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

December 31, 2021

Note 4 - Capital Assets

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

Governmental Activities

	Balance January 1, 2021	Additions	Disposals	Balance December 31, 2021
Capital assets not being depreciated - Land	\$ 780,769	\$ -	\$ (21,807)	\$ 758,962
Capital assets being depreciated:				
Buildings and improvements	4,919,801	12,124	-	4,931,925
Vehicles	3,924,106	76,672	-	4,000,778
Land improvements	109,274	-	-	109,274
Furniture and equipment	2,078,224	8,431	-	2,086,655
Office furnishings	424,516	-	(2,684)	421,832
Intangible storm drain rights	2,112,767	154,100	-	2,266,867
Subtotal	13,568,688	251,327	(2,684)	13,817,331
Accumulated depreciation:				
Buildings and improvements	2,159,204	103,094	-	2,262,298
Vehicles	2,563,817	218,888	-	2,782,705
Land improvements	82,013	7,305	-	89,318
Furniture and equipment	1,497,142	115,799	-	1,612,941
Office furnishings	367,774	25,041	(2,684)	390,131
Intangible storm drain rights	361,442	93,973	-	455,415
Subtotal	7,031,392	564,100	(2,684)	7,592,808
Net capital assets being depreciated	6,537,296	(312,773)	-	6,224,523
Net governmental activities capital assets	<u>\$ 7,318,065</u>	<u>\$ (312,773)</u>	<u>\$ (21,807)</u>	<u>\$ 6,983,485</u>

December 31, 2021

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2021	Additions	Disposals	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 1,354,112	\$ -	\$ -	\$ 1,354,112
Construction in progress	364,714	3,599,311	-	3,964,025
Subtotal	1,718,826	3,599,311	-	5,318,137
Capital assets being depreciated:				
Water and sewer lines	39,549,030	42,018	-	39,591,048
Buildings and improvements	9,494,357	-	-	9,494,357
Furniture and equipment	4,591,900	211,096	(1,577)	4,801,419
Vehicles	718,394	-	(40,130)	678,264
Subtotal	54,353,681	253,114	(41,707)	54,565,088
Accumulated depreciation:				
Water and sewer lines	19,789,022	620,335	-	20,409,357
Buildings and improvements	2,164,790	252,674	-	2,417,464
Furniture and equipment	2,415,533	278,370	(1,577)	2,692,326
Vehicles	693,109	15,715	(40,130)	668,694
Subtotal	25,062,454	1,167,094	(41,707)	26,187,841
Net capital assets being depreciated	29,291,227	(913,980)	-	28,377,247
Net business-type activity capital assets	<u>\$ 31,010,053</u>	<u>\$ 2,685,331</u>	<u>\$ -</u>	<u>\$ 33,695,384</u>

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

Governmental activities:	
General government	\$ 224,224
Public safety	258,068
Public works	68,614
Recreation and culture	13,194
Total governmental activities	<u>\$ 564,100</u>
Business-type activities:	
Sanitary Sewage System Fund	\$ 359,326
Water System Fund	807,768
Total business-type activities	<u>\$ 1,167,094</u>

December 31, 2021

Note 4 - Capital Assets (Continued)

Construction Commitments

At December 31, 2021, the Charter Township did not have any signed construction contracts.

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service Fund	Fire Fund	\$ 1,060
Capital Projects Fund	General Fund	811,033
	Water System Fund	7,805
	Fire Fund	35,000
	Police Fund	8,225
	Total Capital Projects Fund	862,063
General Fund	Community Development Fund	2,210
	Water System Fund	1,726
	Community Development Fund	3,936
Sanitary Sewage System Fund	General Fund	3,965
Police Fund	Public Safety Fund	435,727
	Fire Fund	2,425
	General Fund	4,110
	Fire Fund	442,262
Water System Fund	Sanitary Sewage System Fund	9,902
Fire Fund	General Fund	2,436
	Public Safety Fund	581,146
	Total Fire Fund	583,582
	Total	<u>\$ 1,906,770</u>

The due to and from other funds results from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Public Safety Fund	Fire Fund	\$ 1,346,963
	Police Fund	2,332,945
	Total Public Safety Fund	3,679,908
General Fund	Debt Service Fund	97,914
	Total	<u>\$ 3,777,822</u>

December 31, 2021

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the General Fund to the Debt Service Fund results from the debt payment on a trash truck. The transfers from the Public Safety Fund to the Fire and Police funds are to distribute property tax millages received.

Note 6 - Long-term Debt

Long-term debt activity for the year ended December 31, 2021 can be summarized as follows:

Governmental Activities

	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds and contracts payable -							
Direct borrowings and							
direct placements -							
Trash Truck Loan - 2019	0	0	\$ 189,026	\$ -	\$ (93,397)	\$ 95,629	\$ 95,629
Compensated absences			<u>591,966</u>	<u>385,555</u>	<u>(286,260)</u>	<u>691,261</u>	<u>252,171</u>
Total governmental			<u>\$ 780,992</u>	<u>\$ 385,555</u>	<u>\$ (379,657)</u>	<u>\$ 786,890</u>	<u>\$ 347,800</u>
activities long-							
term debt							

December 31, 2021

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Direct borrowings and direct placements:							
General obligation bond - 2012 - Refinanced	0.5-1.9%	2023	\$ 555,000	\$ -	\$ (275,000)	\$ 280,000	\$ 140,000
General obligation bond - 2014	2.0-4.0%	2034	2,450,000	-	(2,450,000)	-	-
General obligation bond - 2014 - Refinanced	2.50-4.0%	2030	-	2,315,000	-	2,315,000	212,000
General obligation bond - 2015	0.85-3.3%	2030	800,000	-	(80,000)	720,000	80,000
General obligation bond - 2018 - Refunded	3.06-3.38%	2030	12,130,000	-	(845,000)	11,285,000	875,000
General obligation bond - 2018 - New	3.06-3.38%	2030	1,160,000	-	(85,000)	1,075,000	85,000
2021 DWRF Loan			-	1,949,262	-	1,949,262	57,200
Unamortized bond premium			1,462,068	-	(237,800)	1,224,268	-
Unamortized bond discount			(22,616)	-	22,616	-	-
Total direct borrowings and direct placements principal outstanding			18,534,452	4,264,262	(3,950,184)	18,848,530	1,449,200
Compensated absences			52,254	49,201	(47,405)	54,050	5,405
Total business-type activities long-term debt			<u>\$ 18,586,706</u>	<u>\$ 4,313,463</u>	<u>\$ (3,997,589)</u>	<u>\$ 18,902,580</u>	<u>\$ 1,454,605</u>

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31	Governmental Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2022	\$ 95,629	\$ 2,286	\$ 97,915
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
Total	\$ 95,629	\$ 2,286	\$ 97,915

Years Ending December 31	Business-type Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2022	\$ 1,392,000	\$ 659,131	\$ 2,051,131
2023	1,550,000	592,062	2,142,062
2024	1,406,000	532,726	1,938,726
2025	1,468,000	472,548	1,940,548
2026	1,531,000	409,112	1,940,112
2027-2031	8,328,000	971,307	9,299,307
Total	\$ 15,675,000	\$ 3,636,886	\$ 19,311,886

Outstanding principal and interest on the 2021 Drinking Water Revolving Fund Bond has been excluded from the schedules above because the loan has not been drawn in full at December 31, 2021. An amortization schedule will be determined at the completion of the project.

Current Bond Refunding

During the year, the Charter Township issued \$2,315,000 in 2021 general obligation bonds with an average interest rate of 1.380 percent. The net proceeds of these bonds were used to immediately refund \$2,275,000 of outstanding 2014 capital improvement bonds with an interest rate ranging from 2.000 to 4.000 percent. As a result, the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next 13 years by approximately \$400,000.

Series 2022 Sanitary Sewer System Junior Lien Revenue Bonds

Subsequent to December 31, 2021, the Charter Township issued bonds in the amount of \$15,925,000 to fund work performed on the sanitary sewer system, of which approximately \$3,185,000 is to be forgiven by the State of Michigan Department of Environment, Great Lakes, and Energy (EGLE).

December 31, 2021

Note 7 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation and in the Michigan Townships Participating Plan for all other claims.

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

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Note 8 - Other Postemployment Benefit Plan

Plan Description

The Charter Township provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the Benton Charter Township Retiree Medical Plan, a single-employer defined benefit OPEB plan administered by the Charter Township.

The financial statements of the OPEB plan are included in these financial statements as the Retiree and Health Insurance Fund (a fiduciary fund).

Management of the plan is vested in the pension board, which consists of seven members - three elected by plan members, three appointed by the Charter Township, and the charter township treasurer, who serves as an ex officio member.

Benefits Provided

Upon retirement and attainment of eligibility, the police and fire labor contracts provide for a benefit not to exceed \$400 per month toward health care plan premiums, while the municipal employee handbook provides for a benefit not to exceed \$800 per month toward health care plan premiums. Municipal employees hired after January 1, 2013 are no longer eligible for the reimbursement benefit. The retiree may elect to enroll in the Charter Township's retirement health care plan and then must pay any premiums exceeding the monthly benefit. The retiree may also elect to obtain coverage outside of the Charter Township and receive reimbursement for the health care premium up to the earned benefit amount. The health care plan may include coverage of the spouse and eligible dependents. A surviving spouse is entitled to the earned benefit. The Charter Township has the authority to establish and amend the benefit terms.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2021
Inactive plan members or beneficiaries currently receiving benefits	43
Active plan members	31
	<hr/>
Total plan members	74
	<hr/> <hr/>

December 31, 2021

Note 8 - Other Postemployment Benefit Plan (Continued)

Contributions

Retiree health care costs are paid by the Charter Township on a pay-as-you-go basis. The Charter Township has no obligation to make contributions in advance of when the insurance premiums are due for payment. The Charter Township establishes contribution rates based on an actuarially determined rate per a funding valuation. For the fiscal year ended December 31, 2021, the Charter Township made payments for postemployment health benefit premiums of \$244,552. Employees are not required to contribute to the plan.

Net OPEB Liability

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

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2021	\$ 3,096,598	\$ 1,951,243	\$ 1,145,355
Changes for the year:			
Service cost	37,237	-	37,237
Interest	187,059	-	187,059
Differences between expected and actual experience	109,496	-	109,496
Changes in assumptions	59,237	-	59,237
Contributions - Employer	-	244,552	(244,552)
Net investment income	-	204,965	(204,965)
Benefit payments, including refunds	(244,552)	(244,552)	-
Administrative expenses	-	(6,187)	6,187
Net changes	148,477	198,778	(50,301)
Balance at December 31, 2021	<u>\$ 3,245,075</u>	<u>\$ 2,150,021</u>	<u>\$ 1,095,054</u>

The plan's fiduciary net position represents 66.3 percent of the total OPEB liability.

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

For the year ended December 31, 2021, the Charter Township recognized OPEB expense of \$109,802.

December 31, 2021

Note 8 - Other Postemployment Benefit Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 88,777	\$ (12,365)
Changes in assumptions	40,647	(8,903)
Net difference between projected and actual earnings on OPEB plan investments	-	(172,988)
Total	<u>\$ 129,424</u>	<u>\$ (194,256)</u>

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

Years Ending December 31	Amount
2022	\$ 1,076
2023	(19,278)
2024	(29,989)
2025	(16,641)

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.5 to 10.2 percent; an investment rate of return (net of investment expenses) of 6.25 percent; the Pub-2010 mortality tables with projection scale MP-2019; and a health care cost trend rate of 7.5 percent, gradually decreasing to a trend of 3.5 percent in year 12. These assumptions were applied to all periods included in the measurement.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study conducted for the period from January 1, 2014 through December 31, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that charter township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

December 31, 2021

Note 8 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

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

Asset Class	Long-term Expected Real Rate of Return
Domestic equity - Large	5.50 %
Domestic equity - Mid	6.00
Domestic equity - Small	7.00
International equity	6.50
Cash	(0.50)

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

The following presents the net OPEB liability of the Charter Township, calculated using the discount rate of 6.25 percent, as well as what the Charter Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.25%)	Current Discount Rate (6.25%)	1 Percentage Point Increase (7.25%)
Net OPEB liability of the Benton Charter Township Retiree Medical Plan	\$ 1,389,909	\$ 1,095,054	\$ 839,417

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

The following presents the net OPEB liability of the Charter Township, calculated using the health care cost trend rate of 7.5 percent, as well as what the Charter Township's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.5%)	Current Health Care Cost Trend Rate (7.5%)	1 Percentage Point Increase (8.5%)
Net OPEB liability of the Benton Charter Township Retiree Medical Plan	\$ 1,064,178	\$ 1,095,054	\$ 1,130,331

Assumption Changes

Since the prior measurement date, there was a change in the health care cost trend rates and the mortality tables. The new assumptions include a non-Medicare initial health care cost trend rate of 7.5 percent, decreasing 0.25 percent per year to a 3.5 percent long-term rate in year 12. Mortality tables used are the Pub-2010 General Employees, General Health Retiree, and Disabled tables, using scale MP-2019.

December 31, 2021

Note 8 - Other Postemployment Benefit Plan (Continued)

Investment Policy

The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board’s adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
Domestic equity - Large	34.00 %
Domestic equity - Mid	8.00
Domestic equity - Small	4.00
International equity	12.00
Domestic fixed income	37.00
Cash	5.00

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.52 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 9 - Pension Plan - Police and Fire Retirement System

Plan Description

The Charter Township of Benton provides pensions for all permanent full-time public safety employees of the Charter Township. Benefit terms have been established by contractual agreements between the Charter Township and the various employee union representation; amendments are subject to the same process. The benefits are provided through the Charter Township of Benton Pension Plan, a single-employer plan administered by the police and fire pension board.

The financial statements of the pension system are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plan is vested in the pension board, which consists of five members - two elected by plan members, two appointed by the Charter Township, and the charter township treasurer, who serves as an ex officio member.

December 31, 2021

Note 9 - Pension Plan - Police and Fire Retirement System (Continued)

Benefits Provided

The Charter Township of Benton Pension Plan provides retirement, disability, and death benefits. Retirement benefits for police command members are calculated as 3 percent of the member's average final compensation (based on the 3 years of highest annual compensation received by a member in the 10 years preceding retirement) times the member's years of service up to 25 years. Benefits for patrol union plan members hired prior to January 1, 2011 and fire union members hired prior to December 31, 2011 are calculated as 3 percent of the member's average final compensation times the member's years of service up to 25 years. Benefits for patrol union plan members hired after January 1, 2011 and fire union members hired after December 31, 2011 are calculated at 2 percent of the member's average final compensation. Police command plan members with 25 or more years of service are eligible to retire regardless of age or at age 60 regardless of service. Police patrol plan members with 20 or more years of service are eligible to retire regardless of age or age 60 regardless of service. Fire union plan members hired prior to December 31, 2011 with 25 or more years of service are eligible to retire regardless of age or age 60 regardless of service. Police patrol plan members hired after January 1, 2011 and fire union plan members hired after December 31, 2011 may retire at age 55 regardless of service. All plan members are eligible for deferred retirement benefits after 10 years of service. All plan members are eligible for nonduty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Nonduty disability retirement benefits are calculated as 1.5 percent of average final compensation until age 55 and, once 55, in the same manner as retirement benefits. Duty disability retirement benefits are calculated as 50 percent of the average final compensation until age 55 and, once 55, in the same manner as retirement benefits with a service credit from the date of disability to age 55. Nonduty death benefits are payable to a surviving spouse upon the death of a member with 20 or more years of service in the same manner as retirement benefits reduced in accordance with the Option 1 election. Duty death in service benefits are payable upon the expiration of workers' compensation to survivors of a member who died in the line of duty at the same amount that was paid by workers' compensation. An employee who leaves charter township service may withdraw his or her contributions plus any accumulated interest.

Benefit terms are generally established and amended by authority of the members of the township board generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	December 31, 2021
Date of member count	
Inactive plan members or beneficiaries currently receiving benefits	60
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>33</u>
Total employees covered by the plan	<u><u>96</u></u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The Charter Township hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by contractual agreements with the plan members. The Charter Township's required contribution is determined after consideration of the required contribution rate of employees. For the year ended December 31, 2021, the average active employee contribution rate was 9.50 percent of annual pay, and the Charter Township's average contribution rate was 45.06 percent of annual payroll for the various employee groups.

December 31, 2021

Note 9 - Pension Plan - Police and Fire Retirement System (Continued)

Net Pension Liability

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2021	\$ 30,238,364	\$ 21,797,260	\$ 8,441,104
Changes for the year:			
Service cost	491,898	-	491,898
Interest	2,066,841	-	2,066,841
Differences between expected and actual experience	150,462	-	150,462
Changes in assumptions	494,695	-	494,695
Contributions - Employer	-	1,101,963	(1,101,963)
Contributions - Employee	-	225,068	(225,068)
Net investment income	-	2,213,904	(2,213,904)
Benefit payments, including refunds	(1,916,013)	(1,916,013)	-
Administrative expenses	-	(68,002)	68,002
Net changes	1,287,883	1,556,920	(269,037)
Balance at December 31, 2021	<u>\$ 31,526,247</u>	<u>\$ 23,354,180</u>	<u>\$ 8,172,067</u>

The plan's fiduciary net position represents 74.1 percent of the total pension liability.

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

For the year ended December 31, 2021, the Charter Township recognized pension expense of \$822,724.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 318,751	\$ (72,593)
Changes in assumptions	753,923	-
Net difference between projected and actual earnings on pension plan investments	-	(1,622,179)
Total	<u>\$ 1,072,674</u>	<u>\$ (1,694,772)</u>

December 31, 2021

Note 9 - Pension Plan - Police and Fire Retirement System (Continued)

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

Years Ending December 31	Amount
2022	\$ 58,959
2023	(313,631)
2024	(237,657)
2025	(129,769)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 3.5 percent, assumed salary increases (including inflation) of 3.5 to 7.5 percent, an investment rate of return (net of investment expenses) of 6.85 percent, and the Pub-2010 fully generational mortality with a base year of 2010 and projection scale MP-2019. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that charter township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

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

Asset Class	Long-term Expected Real Rate of Return
Domestic equity - Large	5.50 %
Domestic equity - Mid	6.00
Domestic equity - Small	7.00
International equity	6.50
Cash	(0.50)

December 31, 2021

Note 9 - Pension Plan - Police and Fire Retirement System (Continued)

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

The following presents the net pension liability of the Charter Township, calculated using the discount rate of 6.85 percent, as well as what the Charter Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.85%)	Current Discount Rate (6.85%)	1 Percentage Point Increase (7.85%)
Net pension liability of the Charter Township of Benton Pension Plan	\$ 11,846,559	\$ 8,172,067	\$ 5,110,785

Assumption Changes

Since the prior measurement date, there was a change in the assumed rate of return. The new assumptions include an investment rate of return (discount rate) of 6.85 percent.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
Domestic equity - Large	34.00 %
Domestic equity - Mid	8.00
Domestic equity - Small	4.00
International equity	12.00
Domestic fixed income	37.00
Cash	5.00

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.34 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with plan provisions, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0 percent. For any employees who terminate before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

December 31, 2021

Note 9 - Pension Plan - Police and Fire Retirement System (Continued)

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at December 31, 2021 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 21,089,602	\$ 21,089,602
Employee reserve	3,633,212	3,633,212
Employer reserve	-	(1,378,689)
Total	\$ 24,722,814	\$ 23,344,125

Note 10 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	Pension Trust Fund	Retiree Health Insurance Fund	Total
Statement of Net Position			
Investments	\$ 23,239,138	\$ 2,150,021	\$ 25,389,159
Other assets	104,987	-	104,987
Net position	\$ 23,344,125	\$ 2,150,021	\$ 25,494,146
Statement of Changes in Net Position			
Investment income	\$ 2,213,904	\$ 204,965	\$ 2,418,869
Contributions	1,327,031	244,552	1,571,583
Benefit payments	(1,916,013)	(244,552)	(2,160,565)
Administrative expenses	(72,801)	(6,187)	(78,988)
Net change in net position	\$ 1,552,121	\$ 198,778	\$ 1,750,899

Note 11 - Defined Contribution Pension Plans

The Charter Township provides pension benefits to all of its full-time employees (except for police and fire) through a defined contribution plan, administered by John Hancock. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment and are fully vested after four years of service, at a rate of 25 percent per year of service. As established by the Charter Township of Benton's board, the Charter Township contributes 10 percent of employees' gross earnings and employees contribute 5 percent in mandatory contributions. The employees may also elect to contribute additional voluntary contributions. In accordance with these requirements, the Charter Township contributed approximately \$196,000 during the current year and employees contributed approximately \$118,000.

Note 12 - Tax Abatements

The Charter Township offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the Charter Township.

December 31, 2021

Note 12 - Tax Abatements (Continued)

The Charter Township uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Charter Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties). For the fiscal year ended December 31, 2021, the Charter Township abated approximately \$20,000 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

The Charter Township uses brownfield redevelopment agreements (PA 381 of 1996) to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield's tax revenue is reduced. For the fiscal year ended December 31, 2021, the brownfield abated approximately \$77,000 of taxes under this program. There are no provisions to recapture taxes.

The Charter Township uses personal property tax exemptions (PA 328 of 1998, as amended by PA 20 of 1999) to enter into agreements with local businesses to add additional personal property to their facilities. Under the program, the new purchases of eligible personal property are 100 percent exempt from personal property taxes. For the fiscal year ended December 31, 2021, the Charter Township abated approximately \$0 of taxes under this program. There are no provisions to recapture taxes.

There are no significant abatements made by other governments that reduce the Charter Township's tax revenue.

Required Supplemental Information

Charter Township of Benton

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 585,000	\$ 585,000	\$ 637,762	\$ 52,762
Special assessments	26,700	28,125	97,518	69,393
State-shared revenue and grants	1,415,000	1,415,000	1,748,786	333,786
Charges for services	810,500	810,000	980,715	170,715
Licenses and permits	389,337	389,337	257,158	(132,179)
Investment income	100,000	100,000	17,679	(82,321)
Other revenue	41,675	40,750	85,043	44,293
Total revenue	3,368,212	3,368,212	3,824,661	456,449
Expenditures				
Current services:				
General government:				
Township board	403,370	403,370	403,204	166
Supervisor	79,590	79,590	76,744	2,846
Treasurer	155,820	155,820	116,541	39,279
Assessing	343,850	338,860	267,956	70,904
Board of review	5,720	5,720	2,406	3,314
Clerk	195,245	195,245	170,182	25,063
Buildings and grounds	234,070	229,710	201,581	28,129
Elections	95,440	95,440	91,259	4,181
Public safety:				
Ordinance officer	184,310	136,310	169,554	(33,244)
Building department	488,330	488,330	424,535	63,795
Public works:				
Streets	180,470	180,470	149,481	30,989
Rubbish disposal	530,630	497,580	484,365	13,215
Street lighting	118,480	118,480	81,744	36,736
Garage	108,860	108,860	96,420	12,440
Community and economic development:				
Planning	8,110	8,110	5,882	2,228
Zoning	2,760	2,760	491	2,269
Recreation and culture	120,570	113,060	33,723	79,337
Total expenditures	3,255,625	3,157,715	2,776,068	381,647
Excess of Revenue Over Expenditures	112,587	210,497	1,048,593	838,096
Other Financing (Uses) Sources				
Transfers out	(331,265)	(331,265)	(97,914)	233,351
Sale of capital assets	120,768	120,768	35,525	(85,243)
Total other financing uses	(210,497)	(210,497)	(62,389)	148,108
Net Change in Fund Balance	(97,910)	-	986,204	986,204
Fund Balance - Beginning of year	3,536,766	3,536,766	3,536,766	-
Fund Balance - End of year	\$ 3,438,856	\$ 3,536,766	\$ 4,522,970	\$ 986,204

Charter Township of Benton

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

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 749,750	\$ 749,750	\$ 799,024	\$ 49,274
State-shared revenue and grants	16,250	16,250	44,385	28,135
Charges for services	50,000	50,000	55,470	5,470
Other revenue	10,000	10,000	56,454	46,454
Total revenue	826,000	826,000	955,333	129,333
Expenditures - Public safety	1,955,370	1,863,750	2,072,374	(208,624)
Excess of Expenditures Over Revenue	(1,129,370)	(1,037,750)	(1,117,041)	(79,291)
Other Financing Sources (Uses)				
Transfers in	1,239,440	1,239,440	1,346,963	107,523
Transfers out	(201,690)	(201,690)	-	201,690
Total other financing sources	1,037,750	1,037,750	1,346,963	309,213
Net Change in Fund Balance	(91,620)	-	229,922	229,922
Fund Balance - Beginning of year	727,513	727,513	727,513	-
Fund Balance - End of year	\$ 635,893	\$ 727,513	\$ 957,435	\$ 229,922

Charter Township of Benton

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

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,395,650	\$ 3,395,650	\$ 3,534,260	\$ 138,610
State-shared revenue and grants - State sources	100,000	100,000	238,794	138,794
Other revenue	3,267	3,267	4,665	1,398
Total revenue	3,498,917	3,498,917	3,777,719	278,802
Expenditures - Public safety	72,880	72,880	97,811	(24,931)
Excess of Revenue Over Expenditures	3,426,037	3,426,037	3,679,908	253,871
Other Financing Uses - Transfers out	(3,426,037)	(3,426,037)	(3,679,908)	(253,871)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Charter Township of Benton

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

Year Ended December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,013,703	\$ 1,013,703	\$ 1,014,022	\$ 319
Special assessments	176,880	176,880	192,279	15,399
State-shared revenue and grants	19,950	19,950	47,009	27,059
Fines and forfeitures	16,000	16,000	9,103	(6,897)
Licenses and permits	15,000	15,000	16,125	1,125
Interest and rentals	250	250	75	(175)
Other revenue	40,000	40,000	29,433	(10,567)
Total revenue	1,281,783	1,281,783	1,308,046	26,263
Expenditures - Public safety	3,654,560	3,654,560	3,416,707	237,853
Excess of Expenditures Over Revenue	(2,372,777)	(2,372,777)	(2,108,661)	264,116
Other Financing Sources (Uses)				
Transfers in	2,456,737	2,456,737	2,332,945	(123,792)
Transfers out	(83,960)	(83,960)	-	83,960
Total other financing sources	2,372,777	2,372,777	2,332,945	(39,832)
Net Change in Fund Balance	-	-	224,284	224,284
Fund Balance - Beginning of year	908,520	908,520	908,520	-
Fund Balance - End of year	\$ 908,520	\$ 908,520	\$ 1,132,804	\$ 224,284

Charter Township of Benton

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

Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 491,898	\$ 502,802	\$ 498,058	\$ 511,176	\$ 559,126	\$ 556,011	\$ 520,965	\$ 566,962
Interest	2,066,841	1,944,048	1,910,761	1,850,778	1,817,977	1,833,433	1,773,298	1,638,236
Differences between expected and actual experience	150,462	413,113	(294,868)	298,542	(315,318)	(1,151,122)	(447,726)	1,256,878
Changes in assumptions	494,695	727,096	78,774	(117,631)	-	-	456,048	-
Benefit payments, including refunds	(1,916,013)	(1,738,829)	(1,700,304)	(1,658,511)	(1,479,923)	(1,441,442)	(1,480,641)	(1,538,583)
Net Change in Total Pension Liability	1,287,883	1,848,230	492,421	884,354	581,862	(203,120)	821,944	1,923,493
Total Pension Liability - Beginning of year	30,238,364	28,390,134	27,897,713	27,013,359	26,431,497	26,634,617	25,812,673	23,889,180
Total Pension Liability - End of year	\$ 31,526,247	\$ 30,238,364	\$ 28,390,134	\$ 27,897,713	\$ 27,013,359	\$ 26,431,497	\$ 26,634,617	\$ 25,812,673
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,101,963	\$ 1,059,316	\$ 956,123	\$ 932,763	\$ 1,056,574	\$ 947,792	\$ 851,779	\$ 800,203
Contributions - Member	225,068	224,281	205,096	179,443	181,354	165,901	160,486	137,898
Net investment income (loss)	2,213,904	2,627,914	2,967,515	(802,033)	2,054,024	988,091	(37,297)	862,704
Administrative expenses	(68,002)	(58,384)	(55,740)	(55,071)	(53,027)	(49,222)	(50,070)	(50,060)
Benefit payments, including refunds	(1,916,013)	(1,738,829)	(1,700,304)	(1,658,511)	(1,479,923)	(1,441,442)	(1,480,641)	(1,538,583)
Net Change in Plan Fiduciary Net Position	1,556,920	2,114,298	2,372,690	(1,403,409)	1,759,002	611,120	(555,743)	212,162
Plan Fiduciary Net Position - Beginning of year	21,797,260	19,682,962	17,310,272	18,713,681	16,954,679	16,343,559	16,899,302	16,687,140
Plan Fiduciary Net Position - End of year	\$ 23,354,180	\$ 21,797,260	\$ 19,682,962	\$ 17,310,272	\$ 18,713,681	\$ 16,954,679	\$ 16,343,559	\$ 16,899,302
Charter Township's Net Pension Liability - Ending	\$ 8,172,067	\$ 8,441,104	\$ 8,707,172	\$ 10,587,441	\$ 8,299,678	\$ 9,476,818	\$ 10,291,058	\$ 8,913,371
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.08 %	72.08 %	69.33 %	62.05 %	69.28 %	64.15 %	61.36 %	65.47 %
Covered Payroll	\$ 2,297,808	\$ 2,164,422	\$ 2,221,565	\$ 2,164,663	\$ 1,993,736	\$ 2,082,378	\$ 2,011,315	\$ 1,995,350
Charter Township's Net Pension Liability as a Percentage of Covered Payroll	355.65 %	389.99 %	391.94 %	489.10 %	416.29 %	455.10 %	511.66 %	446.71 %

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Charter Township of Benton

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,101,963	\$ 1,059,316	\$ 956,123	\$ 932,763	\$ 1,056,574	\$ 947,792	\$ 851,779	\$ 831,530	\$ 777,366	\$ 719,812
Contributions in relation to the actuarially determined contribution	1,101,963	1,059,316	956,123	932,763	1,056,574	947,792	851,779	800,203	730,162	690,326
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,327)	\$ (47,204)	\$ (29,486)
Covered Payroll	\$ 2,297,808	\$ 2,164,422	\$ 2,221,565	\$ 2,164,663	\$ 1,993,736	\$ 2,082,378	\$ 2,011,315	\$ 1,995,350	\$ 2,132,675	\$ 2,250,626
Contributions as a Percentage of Covered Payroll	47.96 %	48.94 %	43.04 %	43.09 %	52.99 %	45.51 %	42.35 %	40.10 %	34.24 %	30.67 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, the year prior to the end of the fiscal year in which the contributions are reported. Covered employee payroll is as of December 31 of the current year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	15 years; closed
Asset valuation method	5-year smoothed market
Inflation	3.5 percent wage inflation assumption
Salary increase	3.5 percent to 7.5 percent, including inflation
Investment rate of return	7.0 percent (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Mortality Table

Charter Township of Benton

**Required Supplemental Information
Schedule of Pension Investment Returns**

**Last Eight Fiscal Years
Years Ended December 31**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	10.34 %	13.34 %	17.10 %	(4.66)%	11.94 %	5.87 %	(0.22)%	4.47 %

GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Charter Township of Benton

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

	Last Five Fiscal Years				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 37,237	\$ 42,312	\$ 46,459	\$ 52,211	\$ 49,139
Interest	187,059	186,320	190,231	187,828	185,410
Differences between expected and actual experience	109,496	20,957	(44,205)	11,964	-
Changes in assumptions	59,237	-	(31,830)	-	-
Benefit payments, including refunds	(244,552)	(225,915)	(216,406)	(204,935)	(189,880)
Net Change in Total OPEB Liability	148,477	23,674	(55,751)	47,068	44,669
Total OPEB Liability - Beginning of year	3,096,598	3,072,924	3,128,675	3,081,607	3,036,938
Total OPEB Liability - End of year	<u>\$ 3,245,075</u>	<u>\$ 3,096,598</u>	<u>\$ 3,072,924</u>	<u>\$ 3,128,675</u>	<u>\$ 3,081,607</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 244,552	\$ 225,915	\$ 216,406	\$ 225,535	\$ 235,881
Net investment income (loss)	204,965	230,474	257,295	(70,857)	156,737
Administrative expenses	(6,187)	(5,187)	(4,812)	(4,665)	(4,219)
Benefit payments, including refunds	(244,552)	(225,915)	(216,406)	(204,935)	(189,881)
Other	-	-	-	-	5,370
Net Change in Plan Fiduciary Net Position	198,778	225,287	252,483	(54,922)	203,888
Plan Fiduciary Net Position - Beginning of year	1,951,243	1,725,956	1,473,473	1,528,395	1,324,507
Plan Fiduciary Net Position - End of year	<u>\$ 2,150,021</u>	<u>\$ 1,951,243</u>	<u>\$ 1,725,956</u>	<u>\$ 1,473,473</u>	<u>\$ 1,528,395</u>
Net OPEB Liability - Ending	<u>\$ 1,095,054</u>	<u>\$ 1,145,355</u>	<u>\$ 1,346,968</u>	<u>\$ 1,655,202</u>	<u>\$ 1,553,212</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	66.25 %	63.01 %	56.17 %	47.10 %	49.60 %
Covered Payroll	\$ 2,186,105	\$ 2,302,497	\$ 2,588,169	\$ 2,933,093	\$ 2,881,147
Net OPEB Liability as a Percentage of Covered Payroll	50.09 %	49.74 %	52.04 %	56.43 %	53.91 %

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Charter Township of Benton

Required Supplemental Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 164,194	\$ 169,269	\$ 163,802	\$ 169,873	\$ 175,286	\$ 277,722	\$ 277,722	\$ 277,722	\$ 202,101	\$ 201,945
Contributions in relation to the actuarially determined contribution	244,552	225,915	216,406	225,535	235,881	280,670	280,206	283,530	155,065	136,938
Contribution Excess (Deficiency)	\$ 80,358	\$ 56,646	\$ 52,604	\$ 55,662	\$ 60,595	\$ 2,948	\$ 2,484	\$ 5,808	\$ (47,036)	\$ (65,007)

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, every two years.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	16 years, closed
Asset valuation method	Market value of assets
Inflation	2.5 percent
Health care cost trend rates	Inflation trend of 8.5 percent gradually decreasing to an ultimate trend of 4.5 percent in year 10 Municipal: 3.5 to 10.2 percent, including inflation
Salary increase	Police and fire: 3.5 to 7.5 percent, including inflation
Investment rate of return	6.25 percent (net of administrative expense)
Retirement age	Police and fire: Experience-based table of rates that are specific to the type of eligibility condition Municipal: Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2014 Generational Mortality Tables, adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2019

Charter Township of Benton

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Five Fiscal Years
Years Ended December 31**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	10.52 %	13.37 %	17.14 %	(6.28)%	11.92 %

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

December 31, 2021

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories, rather than as other financing sources (uses). The budgets are prepared by the Charter Township comptroller and are approved by the Charter Township's board prior to the start of the fiscal year. The budget was amended during the year for the General Fund.

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

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

	Budget	Actual	Variance
General Fund - Public safety - Ordinance officer	\$ 136,310	\$ 169,554	\$ (33,244)
Public Safety Fund - Expenditures	72,880	97,811	(24,931)
Fire Fund - Expenditures	1,863,750	2,072,374	(208,624)

Pension Information

Changes in Assumptions

For the year ended December 31, 2021, there was a change in the assumed rate of return. The new assumptions include an investment rate of return (discount rate) of 6.85 percent.

For the year ended December 31, 2020, there was a change in the mortality assumptions. The new assumptions include Pub-2010 fully generational mortality with a base year of 2020 and projection scale MP-2019.

For the year ended December 31, 2019, there was a change in the mortality assumptions. The new assumptions for the year ended December 31, 2019 include RP-2014 fully generational mortality tables with projection scale MP-2019.

For the year ended December 31, 2015, the normal cost and actuarial accrued liability for retirement benefits increased by 5.0 percent to account for the inclusion of unused vacation and longevity payment lump sums in the development of the average final compensation.

OPEB Information

Changes in Assumptions

For the year ended December 31, 2021, there was a change in the health care cost trend rates and the mortality tables. The new assumptions include a non-Medicare initial health care cost trend rate of 7.5 percent, decreasing by 0.25 percent per year to a 3.5 percent long-term rate in year 12. Mortality tables used are the Pub-2010 General Employees, General Health Retiree, and Disabled tables, using scale MP-2019.

For the year ended December 31, 2019, there was a change in the mortality assumptions, salary increases, and the health care cost trend rates. The new assumptions for the year ended December 31, 2019 include RP-2014 fully generational mortality tables with projection scale MP-2019; salary increases from 3.5 to 7.5 percent for police and fire and from 3.5 to 10.2 percent for municipal; and a non-Medicare initial health care cost trend rate of 8.5 percent, decreasing by 0.25 percent per year to a 4.5 percent long-term rate, and a Medicare initial health care cost trend rate of 7.0 percent, decreasing by 0.25 percent per year to a 4.5 percent long-term rate.

Other Supplemental Information

Charter Township of Benton

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds			Total
	Rental Ordinance Fund	Community Development Fund	Capital Projects Fund	
Assets				
Cash and investments	\$ 253,330	\$ 45,147	\$ -	\$ 298,477
Due from other funds	-	-	862,063	862,063
Total assets	<u>\$ 253,330</u>	<u>\$ 45,147</u>	<u>\$ 862,063</u>	<u>\$ 1,160,540</u>
Liabilities - Due to other funds	\$ -	\$ 2,210	\$ -	\$ 2,210
Fund Balances				
Restricted:				
Community development	-	42,937	-	42,937
Rental ordinance	253,330	-	-	253,330
Assigned	-	-	862,063	862,063
Total fund balances	<u>253,330</u>	<u>42,937</u>	<u>862,063</u>	<u>1,158,330</u>
Total liabilities and fund balances	<u>\$ 253,330</u>	<u>\$ 45,147</u>	<u>\$ 862,063</u>	<u>\$ 1,160,540</u>

Charter Township of Benton

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

Year Ended December 31, 2021

	Special Revenue Funds			Capital Projects Fund	Total
	Rental Ordinance Fund	Community Development Fund	Total Special Revenue Funds		
Revenue					
Licenses and permits	\$ 91,008	\$ -	\$ 91,008	\$ -	\$ 91,008
Other revenue	-	33	33	-	33
Total revenue	91,008	33	91,041	-	91,041
Expenditures					
Current services:					
General government	-	-	-	20,556	20,556
Public safety	2,691	-	2,691	-	2,691
Total expenditures	2,691	-	2,691	20,556	23,247
Excess of Revenue Over (Under) Expenditures	88,317	33	88,350	(20,556)	67,794
Net Change in Fund Balances	88,317	33	88,350	(20,556)	67,794
Fund Balances - Beginning of year	165,013	42,904	207,917	882,619	1,090,536
Fund Balances - End of year	\$ 253,330	\$ 42,937	\$ 296,267	\$ 862,063	\$ 1,158,330

Charter Township of Benton

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

December 31, 2021

	Pension and Retiree Health Insurance Trust Funds			Custodial Funds			Total Fiduciary Funds
	Pension Trust Fund	Retiree Health Insurance Fund	Total	Current Tax Collections Fund	Delinquent Tax Fund	Total	
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 341,864	\$ 188,374	\$ 530,238	\$ 530,238
Investments	23,239,138	2,150,021	25,389,159	-	-	-	25,389,159
Due from other funds	104,987	-	104,987	-	-	-	104,987
Total assets	23,344,125	2,150,021	25,494,146	341,864	188,374	530,238	26,024,384
Liabilities - Due to other governmental units	-	-	-	341,864	188,374	530,238	530,238
Net Position - Restricted							
Pension	23,344,125	-	23,344,125	-	-	-	23,344,125
Postemployment benefits other than pension	-	2,150,021	2,150,021	-	-	-	2,150,021
Total net position	<u>\$ 23,344,125</u>	<u>\$ 2,150,021</u>	<u>\$ 25,494,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,494,146</u>

Charter Township of Benton

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

Year Ended December 31, 2021

	Pension and Retiree Health Insurance Trust Funds			Custodial Funds			Total Fiduciary Funds
	Pension Trust Fund	Retiree Health Insurance Fund	Total	Current Tax Collections Fund	Delinquent Tax Fund	Total	
Additions							
Investment income:							
Interest and dividends	\$ 470,184	\$ 42,358	\$ 512,542	\$ -	\$ -	\$ -	\$ 512,542
Net increase in fair value of investments	1,743,720	162,607	1,906,327	-	-	-	1,906,327
Net investment income	2,213,904	204,965	2,418,869	-	-	-	2,418,869
Contributions:							
Employer	1,101,963	244,552	1,346,515	-	-	-	1,346,515
Employee	225,068	-	225,068	-	-	-	225,068
Total contributions	1,327,031	244,552	1,571,583	-	-	-	1,571,583
Property tax collections	-	-	-	11,040,227	188,311	11,228,538	11,228,538
Total additions	3,540,935	449,517	3,990,452	11,040,227	188,311	11,228,538	15,218,990
Deductions							
Benefit payments	1,916,013	244,552	2,160,565	-	-	-	2,160,565
Administrative expenses	72,801	6,187	78,988	-	-	-	78,988
Tax distributions to other governments	-	-	-	11,040,227	188,311	11,228,538	11,228,538
Total deductions	1,988,814	250,739	2,239,553	11,040,227	188,311	11,228,538	13,468,091
Net Increase in Fiduciary Net Position	1,552,121	198,778	1,750,899	-	-	-	1,750,899
Net Position - Beginning of year	21,792,004	1,951,243	23,743,247	-	-	-	23,743,247
Net Position - End of year	\$ 23,344,125	\$ 2,150,021	\$ 25,494,146	\$ -	\$ -	\$ -	\$ 25,494,146