

CHARTER TOWNSHIP OF BLACKMAN

JACKSON COUNTY - MICHIGAN

FINANCIAL STATEMENTS

Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

Township Board
Charter Township of Blackman
Jackson County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Blackman as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Blackman as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter

Required Supplementary Information

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

Other Information

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

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

Boswell, Schultz, Sonnenberg, & Arnett, P.L.C.

Jackson, Michigan
June 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHARTER TOWNSHIP OF BLACKMAN MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Charter Township of Blackman's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2020. Please read it in conjunction with the Township's financial statements that follow.

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2020:

- The Township's total combined net position for both governmental and business-type activities decreased during the year by \$10,561,650.
- The governmental activities total net position decreased by \$10,020,208 and the business-type activities total net position decreased by \$541,442 for the current year.
- As of the close of 2020, the Township's governmental funds reported combined ending fund balances of \$10,502,527, a decrease of \$11,439,567 in comparison with the prior year, mainly due to expending \$13,299,490 of Road Bond proceeds which were recognized in 2019. The amount available for spending at the government's discretion (unassigned fund balance) is \$5,853,354.
- At the end of 2020, fund balance for the General Fund was \$5,945,501, an increase of \$1,783,757 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

A budgetary comparison statement has been provided for the major governmental fund (General Fund and Public Safety Fund) to demonstrate compliance with budget.

Proprietary Funds. Proprietary funds are reported in the fund financial statements and are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds. The Fiduciary Funds are used to account for resources held under tax collection activity on behalf of other agencies and retirement benefit payments. The Fiduciary Fund financial statements report resources that are not available to fund Township activities.

Charter Township of Blackman as a Whole

The following table shows a condensed format of the net position as of December 31, 2020 and 2019.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Primary Government</u>	<u>2019</u>
Assets						
Current and Other Assets	\$13,933,235	\$ 25,133,159	\$ 15,381,889	\$15,587,371	\$29,315,124	\$40,720,530
Non-current Special Assessments	-	-	321,949	350,505	321,949	350,505
Non-current Capital Assets	<u>2,132,711</u>	<u>2,158,312</u>	<u>13,576,650</u>	<u>14,113,080</u>	<u>15,709,361</u>	<u>16,271,392</u>
Total assets	<u>16,065,946</u>	<u>27,294,471</u>	<u>29,280,488</u>	<u>30,690,956</u>	<u>45,346,434</u>	<u>57,342,427</u>
Deferred Outflow of Resources						
OPEB related amounts	-	-	-	-	-	-
Pension	<u>1,056,310</u>	<u>659,920</u>	-	-	<u>1,056,310</u>	<u>659,920</u>
Total deferred outflows of resources	<u>1,056,310</u>	<u>659,920</u>	-	-	<u>1,056,310</u>	<u>659,920</u>
Liabilities						
Other liabilities	1,262,282	992,101	352,703	580,339	1,614,985	1,572,440
Long-term liabilities	17,961,691	18,723,057	1,724	1,712	17,963,415	18,724,769
Net OPEB liability	10,758,966	8,667,411	812,677	682,289	11,571,643	9,349,700
Net pension liability	<u>4,974,148</u>	<u>5,632,117</u>	-	-	<u>4,974,148</u>	<u>5,632,117</u>
Total liabilities	<u>34,957,087</u>	<u>34,014,686</u>	<u>1,167,104</u>	<u>1,264,340</u>	<u>36,124,191</u>	<u>35,279,026</u>
Deferred Inflows of Resources:						
Unavailable special assessment revenue	114,066	114,065	-	-	114,066	114,065
Revenue for future year services	27,689	-	-	-	27,689	-
Property taxes levied for following year	2,854,448	2,799,060	-	-	2,854,448	2,799,060
OPEB related amounts	3,252,539	5,447,498	341,905	473,695	3,594,444	5,921,193
Pension related amounts	<u>401,075</u>	<u>40,522</u>	-	-	<u>401,075</u>	<u>40,522</u>
Total deferred inflows of resources	<u>6,649,817</u>	<u>8,401,145</u>	<u>341,905</u>	<u>473,695</u>	<u>6,991,722</u>	<u>8,874,840</u>
Net Position						
Invested in capital assets - net of related debt	1,814,430	1,785,355	13,576,650	14,113,080	15,391,080	15,898,435
Restricted	648,950	682,978	-	-	648,950	682,978
Unrestricted	<u>(26,948,028)</u>	<u>(16,932,773)</u>	<u>14,194,829</u>	<u>14,199,841</u>	<u>(12,753,199)</u>	<u>(2,732,932)</u>
Total Net Position(Deficit)	\$ <u>(24,484,648)</u>	\$ <u>(14,464,440)</u>	\$ <u>27,771,479</u>	\$ <u>28,312,921</u>	\$ <u>3,286,831</u>	\$ <u>13,848,481</u>

The Township's combined net position for both governmental and business-type activities total \$3,286,831 for the year 2020. Net position is further segregated between restricted and unrestricted net position. The restricted net position is restricted and invested in capital assets, total \$16,040,031. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, total \$(12,753,200).

Charter Township of Blackman as a Whole (Continued)

The following table shows the change in net position for the year ended December 31, 2020 and 2019.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue						
Program revenue:						
Charges for service	\$ 4,412,451	\$ 4,479,477	\$ 3,114,342	\$ 3,201,316	\$ 7,526,793	\$ 7,680,793
Operating grants and contributions	640,795	39,669	-	-	640,795	39,669
Capital grants and contributions	-	500	82,184	238,886	82,184	239,386
General revenue:						
Property taxes	2,856,949	1,511,783	-	-	2,856,949	1,511,783
State sources	1,971,134	1,974,244	-	-	1,971,134	1,974,244
Investment earnings	16,311	37,886	346,505	493,700	362,816	531,586
Gain (loss) on sale of assets	1,000	14,245	-	-	1,000	14,245
Cable franchise fees	<u>245,676</u>	<u>242,509</u>	<u>-</u>	<u>-</u>	<u>245,676</u>	<u>242,509</u>
Total revenue	<u>10,144,316</u>	<u>8,300,313</u>	<u>3,543,031</u>	<u>3,933,902</u>	<u>13,687,347</u>	<u>12,234,215</u>
Expenses						
General government	823,877	632,633	-	-	823,877	632,633
Public Safety	5,156,569	5,191,344	-	-	5,156,569	5,191,344
Public Works	14,121,401	2,016,677	-	-	14,121,401	2,016,677
Community and economic development	26,253	30,918	-	-	26,253	30,918
Recreation	36,424	44,178	-	-	36,424	44,178
Sewer	-	-	3,665,960	4,199,826	3,665,960	4,199,826
Water	-	-	<u>418,513</u>	<u>384,189</u>	<u>418,513</u>	<u>384,189</u>
Total expenses	<u>20,164,524</u>	<u>7,915,750</u>	<u>4,084,473</u>	<u>4,584,051</u>	<u>24,248,997</u>	<u>12,499,765</u>
Change in Net Position	(\$ <u>10,020,208</u>)	\$ <u>384,563</u>	(\$ <u>541,442</u>)	(\$ <u>650,133</u>)	(\$ <u>10,561,650</u>)	(\$ <u>265,550</u>)

Governmental Activities

Governmental activities are those activities (such as public safety and street improvement and maintenance) provided to the constituents of the Township and supported by financing from property taxes and state-shared revenues.

The cost of providing services for governmental activities was \$20,164,524 for the year 2020, which includes \$13,299,490 for road improvements and \$1,200,228 for debt payments on road bonds to fund the project. Additionally, revenues for governmental activities totaled \$10,144,316, which includes \$1,282,410 of voter approved additional millage to pay the road bond debt. The net decrease in net position for the year was \$10,020,208.

Business-type Activities

Business-type activities are those that are financed primarily by charges for services or user fees. The Township's business-type activities consist of the Sewer and Water Funds; these types of operations are most similar to private businesses.

The Township's Funds

The fund financial statements provide detailed information about the most significant funds. The Township board of trustees creates accounting funds to segregate monies, manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds include the General Fund, Public Safety Fund, Road Capital Project Fund, Sewer Fund, and Water Fund.

The General fund pays for most of the Township's governmental services. A transfer of \$300,000 from the General Fund to the Public Safety Fund was required for the audit year 2020, but in the audit year 2019 no transfer was required.

The Road Capital Project Fund expended \$13,299,490 to improve Township roads in the audit year 2020.

General Budgetary Highlights

Over the course of the year, the Township Board monitors the budget, and if necessary, amends the budget to take into account anticipated events that occur during the year.

The following provides specific details regarding the amendments:

- The budget for General Fund total revenues were decreased \$427 compared to the original budget.
- The budget for General Fund total expenditures decreased \$16,427 compared to the original budget.

The following provides specific details regarding the variances between the final General Fund budget and actual results:

- The actual positive revenue variance was \$151,656.
- The actual positive expenditures variance was \$91,298.
- The actual positive other financing sources(uses) variance was \$1,417,572.
- The actual positive combined variance was \$1,660,526.

Capital Asset and Debt Administration

At the end of the year 2020, the Township had \$15,709,362, net of accumulated depreciation and amortization, invested in capital assets (land, buildings, equipment, vehicles, and sewer and water lines). These assets are necessary to carry out the day-to-day operations of the Township. During the current year the Township purchased public safety equipment and vehicles for \$274,605.

Late in 2019 the Township issued bonds for \$16,720,000 to finance road improvements. In 2020 \$13,299,490 of these funds were spent on road improvements. A voter approved additional millage will be used to make the bond payments.

Economic Factors and Next Year's Budgets and Rates

The Township Board continues to maintain a conservative approach when it comes to budgeting for future years.

COVID-19 has created uncertainties that are likely to negatively impact operations and financial condition. While it is difficult to estimate the financial impact of COVID-19, we expect certain revenues to decline. We are confident that our accumulated reserves will be sufficient to help us maintain our current level of services for the coming year.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the revenue it receives. If you have any questions about this report or need additional information, we invite you to contact the Charter Township of Blackman's Supervisor.

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLACKMAN

STATEMENT OF NET POSITION

December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 9,811,237	\$ 2,144,534	\$ 11,955,771	\$ 1,477,991
Investments	1,041,666	12,157,118	13,198,784	-
Prepaid expenses	63,861	2,923	66,784	-
Receivables:				
Taxes	2,404,992	-	2,404,992	372,031
Accrued interest	-	76,241	76,241	-
Customers	-	405,930	405,930	-
Special assessments - current	93,894	31,096	124,990	-
Other	16,134	-	16,134	-
Due from other governments	515,394	556,547	1,071,941	-
Internal Balances	(13,943)	7,500	(6,443)	6,443
Inventory	-	-	-	4,952,802
Special assessments - net of current portion	-	321,949	321,949	-
Capital assets - net	2,132,711	13,576,650	15,709,361	4,241
Total assets	<u>16,065,946</u>	<u>29,280,488</u>	<u>45,346,434</u>	<u>6,813,508</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related plan obligations	1,056,310	-	1,056,310	-
Total deferred outflows of resources	<u>1,056,310</u>	<u>-</u>	<u>1,056,310</u>	<u>-</u>
LIABILITIES:				
Accounts payable and accrued liabilities	337,062	348,303	685,365	7,588
Accrued interest	135,000	-	135,000	3,479
Compensated absences:				
Due within one year	155,544	4,400	159,944	-
Due in more than one year	50,738	1,724	52,462	-
Non-current liabilities:				
Net OPEB liability	10,758,966	853,672	11,612,638	-
Net pension liability	4,974,148	-	4,974,148	-
Long-term debt:				
Due within one year	634,676	-	634,676	250,000
Due in more than one year	17,910,953	-	17,910,953	1,475,000
Total liabilities	<u>34,957,087</u>	<u>1,208,099</u>	<u>36,165,186</u>	<u>1,736,067</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable special assessment revenue	114,066	-	114,066	-
Revenue for future year services	27,689	-	27,689	-
Property taxes levied for following year	2,854,448	-	2,854,448	372,031
OPEB related plan obligations	3,252,539	300,910	3,553,449	-
Pension related plan obligations	401,075	-	401,075	-
Total deferred inflows of resources	<u>6,649,817</u>	<u>300,910</u>	<u>6,950,727</u>	<u>372,031</u>
NET POSITION:				
Invested in capital assets - net of related debt	1,814,430	13,576,650	15,391,080	4,241
Restricted:				
Metro Authority	84,032	-	84,032	-
Street light services	90,910	-	90,910	-
Public Safety	442,265	-	442,265	-
Perpetual care-expendable	14,457	-	14,457	-
Perpetual care-nonexpendable	17,286	-	17,286	-
Unrestricted	(26,948,028)	14,194,829	(12,753,199)	4,701,169
Total net position (deficit)	<u>\$ (24,484,648)</u>	<u>\$ 27,771,479</u>	<u>\$ 3,286,831</u>	<u>\$ 4,705,410</u>

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

CHARTER TOWNSHIP OF BLACKMAN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Total
PRIMARY GOVERNMENT:								
GOVERNMENTAL								
ACTIVITIES:								
General government	\$ 823,877	\$ 327,639	\$ 9,170	\$ -	\$ (487,068)	\$ -	\$ (487,068)	\$ -
Public safety	5,156,569	3,958,492	631,625	-	(566,452)	-	(566,452)	-
Public works	14,121,401	114,065	-	-	(14,007,336)	-	(14,007,336)	-
Community and economic development	26,253	8,794	-	-	(17,459)	-	(17,459)	-
Recreation	36,424	3,461	-	-	(32,963)	-	(32,963)	-
Total governmental activities	<u>20,164,524</u>	<u>4,412,451</u>	<u>640,795</u>	<u>-</u>	<u>(15,111,278)</u>	<u>-</u>	<u>(15,111,278)</u>	<u>-</u>
BUSINESS-TYPE								
ACTIVITIES:								
Sewer	3,665,960	2,802,101	-	48,406	-	(815,453)	(815,453)	-
Water	418,513	312,241	-	33,778	-	(72,494)	(72,494)	-
Total business-type activities	<u>4,084,473</u>	<u>3,114,342</u>	<u>-</u>	<u>82,184</u>	<u>-</u>	<u>(887,947)</u>	<u>(887,947)</u>	<u>-</u>
Total primary government	<u>\$ 24,248,997</u>	<u>\$ 7,526,793</u>	<u>\$ 640,795</u>	<u>\$ 82,184</u>	<u>(15,111,278)</u>	<u>(887,947)</u>	<u>(15,999,225)</u>	<u>-</u>
COMPONENT UNITS:								
Local Development	39,420	-	-	-	-	-	-	(39,420)
Finance Authority								
Downtown Development Authority	99,323	3,000	-	-	-	-	-	(96,323)
Total business-type activities	<u>\$ 138,743</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,743)</u>
GENERAL REVENUES:								
Property taxes					2,856,949	-	2,856,949	-
Captured taxes					-	-	-	629,049
State sources					1,971,134	-	1,971,134	121,096
Investment earnings					16,311	346,505	362,816	2,210
Gain (loss) on sale of assets					1,000	-	1,000	(32,580)
Cable franchise fees					245,676	-	245,676	-
Total general revenues					<u>5,091,070</u>	<u>346,505</u>	<u>5,437,575</u>	<u>719,775</u>
CHANGES IN NET POSITION					(10,020,208)	(541,442)	(10,561,650)	584,032
NET POSITION (DEFICIT)- BEGINNING OF YEAR					<u>(14,464,440)</u>	<u>27,662,808</u>	<u>13,198,368</u>	<u>4,121,378</u>
NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (24,484,648)</u>	<u>\$ 27,121,366</u>	<u>\$ 2,636,718</u>	<u>\$ 4,705,410</u>

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

BLACKMAN CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2020

	Major Funds					Total Governmental Funds
	General Fund	Public Safety Fund	Road Debt Service Fund	Road Capital Project Fund	Other Non-Major Funds	
ASSETS:						
Cash and cash equivalents	\$ 5,667,820	\$ 493,616	\$ 289,070	\$ 3,749,050	\$ 653,347	\$ 10,852,903
Prepaid expenses	8,115	53,957	-	-	1,789	63,861
Receivables:						
Taxes	349,249	856,714	1,092,270	-	106,759	2,404,992
Special assessments	-	-	-	-	93,894	93,894
Other	12,620	3,514	-	-	-	16,134
Due from other governments	369,528	48,423	-	-	-	417,951
Due from other funds	19,073	12,524	-	-	1,334	32,931
Total assets	\$ 6,426,405	\$ 1,468,748	\$ 1,381,340	\$ 3,749,050	\$ 857,123	\$ 13,882,666
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 14,440	\$ 136,905	\$ -	\$ -	\$ 17,201	\$ 168,546
Accrued liabilities	24,145	142,277	-	-	2,094	168,516
Due to other funds	21,358	-	-	-	19,073	40,431
Due to component units	6,443	-	-	-	-	6,443
Total liabilities	66,386	279,182	-	-	38,368	383,936
Deferred inflows of resources:						
Unavailable special assessment	-	-	-	-	114,066	114,066
Grant reimbursements	-	27,689	-	-	-	27,689
Property taxes levied for following year	414,518	1,016,819	1,296,403	-	126,708	2,854,448
Total deferred inflows of resources	414,518	1,044,508	1,296,403	-	240,774	2,996,203
Fund balance:						
Nonspendable:						
Prepaid items	8,115	53,957	-	-	1,789	63,861
Permanent fund corpus	-	-	-	-	17,286	17,286
Restricted:						
Metro Authority	84,032	-	-	-	-	84,032
Public Safety	-	91,101	-	-	288,004	379,105
Public Works	-	-	-	-	90,910	90,910
Recreation	-	-	-	3,749,050	165,535	3,914,585
Debt Service	-	-	84,937	-	-	84,937
Permanent fund spendable portion	-	-	-	-	14,457	14,457
Unassigned	5,853,354	-	-	-	-	5,853,354
Total fund balances	5,945,501	145,058	84,937	3,749,050	577,981	10,502,527
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,426,405	\$ 1,468,748	\$ 1,381,340	\$ 3,749,050	\$ 857,123	\$ 13,882,666

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

BLACKMAN CHARTER TOWNSHIP
RECONCILIATION OF FUND BALANCES ON THE
BALANCE SHEET FOR GOVERNMENTAL FUNDS
THE STATEMENT OF NET POSITION
December 31, 2020

Fund balances - total governmental funds	\$	10,502,527
Amounts reported for governmental activities in the statement of net position are different because:		
Receivables not received within 60 days from year-end are not recognized in governmental funds		97,443
Capital assets used in governmental activities are not financial resources and are not reported in the funds, net of depreciation		2,132,711
Accrued interest payable is not included as a liability in the governmental funds		(135,000)
Long-term liabilities not due and payable in the current period and are not reported in the governmental funds:		
Compensated absences		(206,282)
Note payable		(318,281)
Bonds payable including bond premium		(18,227,348)
Deferred outflows (inflows) of resources:		
Deferred outflows of resources resulting from net pension liability		1,056,310
Deferred inflows of resources resulting from net pension liability		(401,075)
Deferred inflows of resources resulting from net OPEB liability		(3,252,539)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, not reported as fund liabilities:		
Net OPEB liability		(10,758,966)
Net pension liability		<u>(4,974,148)</u>
Net position of governmental activities	\$	<u><u>(24,484,648)</u></u>

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

BLACKMAN CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended December 31, 2020

	Major Funds					Total Governmental Funds
	General Fund	Public Safety Fund	Road Debt Service Fund	Road Capital Project Fund	Other Non-Major Funds	
REVENUES:						
Taxes and penalties	\$ 728,830	\$ 992,692	\$ 1,282,410	\$ -	\$ 125,430	\$ 3,129,362
Licenses and permits	254,770	-	-	-	144,545	399,315
Federal sources	9,170	516,756	-	-	-	525,926
State sources	1,910,941	2,179,170	-	-	10,226	4,100,337
Contribution from local units	-	1,566,551	-	-	-	1,566,551
Fines and forfeitures	-	43,844	-	-	-	43,844
Charges for services	25,991	24,985	-	-	3,701	54,677
Interest	15,941	-	-	-	371	16,312
Other revenues	6,214	88,572	-	-	114,765	209,551
Total revenues	<u>2,951,857</u>	<u>5,412,570</u>	<u>1,282,410</u>	<u>-</u>	<u>399,038</u>	<u>10,045,875</u>
EXPENDITURES						
Current:						
General government	817,977	-	-	-	-	817,977
Public safety	-	5,457,946	-	-	161,784	5,619,730
Public works	16,173	-	152	13,299,490	131,152	13,446,967
Community and economic development	26,253	-	-	-	-	26,253
Recreation	-	-	-	-	25,469	25,469
Other	2,868	3,456	-	-	-	6,324
Capital outlay	4,829	274,605	-	-	-	279,434
Debt service	-	64,212	1,200,076	-	-	1,264,288
Total expenditures	<u>868,100</u>	<u>5,800,219</u>	<u>1,200,228</u>	<u>13,299,490</u>	<u>318,405</u>	<u>21,486,442</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,083,757</u>	<u>(387,649)</u>	<u>82,182</u>	<u>(13,299,490)</u>	<u>80,633</u>	<u>(11,440,567)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	-	1,000	-	-	-	1,000
Operating transfers in	-	300,000	-	-	-	300,000
Operating transfers (out)	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>301,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,783,757	(86,649)	82,182	(13,299,490)	80,633	(11,439,567)
FUND BALANCES - BEGINNING OF YEAR	<u>4,161,744</u>	<u>231,707</u>	<u>2,755</u>	<u>17,048,540</u>	<u>497,348</u>	<u>21,942,094</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,945,501</u>	<u>\$ 145,058</u>	<u>\$ 84,937</u>	<u>\$ 3,749,050</u>	<u>\$ 577,981</u>	<u>\$ 10,502,527</u>

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

BLACKMAN CHARTER TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
December 31, 2020

Net change in fund balance - total governmental funds \$ (11,439,567)

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

Governmental funds report revenue if measurable and available, in the statement of activities, all revenues are recorded when it is earned 97,443

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and when disposed of remaining basis is offset against the proceeds 279,434

Depreciation on capital assets is reported as part of governmental activities. (305,035)

Interest expense is reported in the statement of activities when incurred; it is not reported in the governmental funds until paid (121,027)

Principal portion of note/bond payments are recorded as expenditures in the governmental funds, but on the statement of expenditures 701,345

Accumulated employee vacation pay, recorded when earned in the statement of activities - change in accrual. (30,009)

The statement of net position reports the net pension liability and deferred outflows and deferred inflows of resources related to the net pension liability and pension expense. However, the amount recorded by the governmental funds equals actual pension contributions.

Net change in net pension liability 657,969

Net change in deferred outflow of resources related to pension liability 35,835

The statement of net OPEB reports the net OPEB liability and deferred outflows and deferred inflows of resources related to the net OPEB liability and pension expense. However, the amount recorded by the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability (2,091,555)

Net change in deferred outflow of resources related to OPEB liability

Net change in deferred inflow of resources related to OPEB liability 2,194,959

Changes in net position of governmental activities \$ (10,020,208)

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

BLACKMAN CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION

December 31, 2020

	Business-Type Activities Enterprise Funds		Total
	Sewer Fund	Water Fund	
<u>ASSETS:</u>			
Current assets:			
Cash and cash equivalents	\$ 915,005	\$ 1,229,529	\$ 2,144,534
Investments	9,463,986	2,693,132	12,157,118
Prepaid expenses	2,641	282	2,923
Receivables:			
Accrued interest	47,914	28,327	76,241
Customers	405,930	-	405,930
Special assessments - current	29,181	1,915	31,096
Due from other governments	492,922	63,625	556,547
Due from other funds	3,750	3,750	7,500
Total current assets	11,361,329	4,020,560	15,381,889
Non-current assets:			
Special assessments - net of current portion	299,342	22,607	321,949
Capital assets - net	6,210,501	7,366,149	13,576,650
Total non-current assets	6,509,843	7,388,756	13,898,599
Total assets	17,871,172	11,409,316	29,280,488
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	328,503	12,477	340,980
Accrued expenses	6,544	779	7,323
Compensated absences - current	4,400	-	4,400
Total current liabilities	339,447	13,256	352,703
Non-current liabilities:			
Compensated absences -net of current portion	1,724	-	1,724
Net OPEB liability	770,336	83,336	853,672
Total non-current liabilities	772,060	83,336	855,396
Total liabilities	1,111,507	96,592	1,208,099
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
OPEB related plan obligations	258,569	42,341	300,910
Total deferred inflows of resources	258,569	42,341	300,910
<u>NET POSITION:</u>			
Invested in capital assets - net of related debt	6,210,501	7,366,149	13,576,650
Unrestricted	10,290,595	3,904,234	14,194,829
Total net position	\$ 16,501,096	\$ 11,270,383	\$ 27,771,479

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

BLACKMAN CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
 Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds		Total
	Sewer Fund	Water Fund	
OPERATING REVENUES:			
Charges for services and penalties	\$ 2,802,101	\$ 312,241	\$ 3,114,342
Total revenues	2,802,101	312,241	3,114,342
OPERATING EXPENDITURES:			
Treatment fees	1,901,659	-	1,901,659
Operation and maintenance	1,218,840	137,062	1,355,902
General and administrative	270,210	20,272	290,482
Depreciation and amortization	275,251	261,179	536,430
Total operating expenditures	3,665,960	418,513	4,084,473
OPERATING INCOME (LOSS)	(863,859)	(106,272)	(970,131)
NON-OPERATING REVENUES (EXPENSES):			
Connection fees	48,406	33,778	82,184
Net investment income	295,683	50,822	346,505
Total non-operating revenues - net	344,089	84,600	428,689
CHANGES IN NET POSITION	(519,770)	(21,672)	(541,442)
NET POSITION - BEGINNING OF YEAR	17,020,866	11,292,055	28,312,921
NET POSITION - END OF YEAR	\$ 16,501,096	\$ 11,270,383	\$ 27,771,479

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

BLACKMAN TOWNSHIP
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,503,916	\$ 322,580	\$ 2,826,496
Payments to employees	(249,928)	(30,712)	(280,640)
Payments to suppliers	(3,376,577)	(122,623)	(3,499,200)
Internal activity - payment (to) from other funds	-	-	-
Net cash provided (used) by operating activities	(1,122,589)	169,245	(953,344)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Connection fees and capital contributions	100,502	43,467	143,969
Construction/acquisition of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	100,502	43,467	143,969
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	293,326	67,826	361,152
Proceeds from sales and maturities from investments	8,151,495	1,459,341	9,610,836
Purchase of investments	(8,212,864)	(1,723,934)	(9,936,798)
Net cash provided (used) by investing activities	231,957	(196,767)	35,190
DECREASE IN CASH AND CASH EQUIVALENTS	(790,130)	15,945	(774,185)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,705,135	1,213,584	2,918,719
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 915,005	\$ 1,229,529	\$ 2,144,534

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

BLACKMAN CHARTER TOWNSHIP
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Continued)
 Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds		Total
	Sewer Fund	Water Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (863,859)	\$ (106,272)	\$ (970,131)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation and amortization	275,251	261,179	536,430
Changes in assets and liabilities:			
Prepaid expenses	(2,511)	(260)	(2,771)
Receivables	100,236	-	100,236
Due from other governments	(398,421)	10,339	(388,082)
Accounts payable and other accrued liabilities	<u>(233,285)</u>	<u>4,259</u>	<u>(229,026)</u>
Net cash provided (used) by operating activities	<u>\$ (1,122,589)</u>	<u>\$ 169,245</u>	<u>\$ (953,344)</u>

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

CHARTER TOWNSHIP OF BLACKMAN
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 December 31, 2020

	<u>Other Postemployment Benefit Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ -	\$ 809,594	\$ 809,594
Investments	<u>289,446</u>	<u>-</u>	<u>289,446</u>
Total assets	<u>289,446</u>	<u>809,594</u>	<u>1,099,040</u>
 <u>LIABILITIES:</u>			
Due to others	-	15,732	15,732
Due to other governmental units	<u>-</u>	<u>793,862</u>	<u>793,862</u>
Total liabilities	<u>-</u>	<u>809,594</u>	<u>809,594</u>
 <u>NET POSITION:</u>			
Restricted:			
Funds held in trust -			
Other postemployment benefits	<u>289,446</u>	<u>-</u>	<u>289,446</u>
Total net position	<u>\$ 289,446</u>	<u>\$ -</u>	<u>\$ 289,446</u>

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

BLACKMAN CHARTER TOWNSHIP
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 Year Ended December 31, 2020

	<u>Other Postemployment Benefit Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
ADDITIONS:			
Investment income(loss)			
Net (decrease) in fair value of investments	\$ 50,564	\$ -	\$ 50,564
Investment -related expenses	(386)	-	(386)
Net investment income	<u>50,178</u>	<u>-</u>	<u>50,178</u>
Contributions - employer	111,069	-	111,069
Property taxes collected for other governments	<u>-</u>	<u>20,837,215</u>	<u>20,837,215</u>
Total additions	<u>161,247</u>	<u>20,837,215</u>	<u>20,998,462</u>
DEDUCTIONS:			
Payment of property taxes to other governments	<u>-</u>	<u>20,837,215</u>	<u>20,837,215</u>
Total deductions	<u>-</u>	<u>20,837,215</u>	<u>20,837,215</u>
CHANGES IN NET POSITION	161,247	-	161,247
NET POSITION - BEGINNING OF YEAR	<u>128,199</u>	<u>-</u>	<u>128,199</u>
NET POSITION - END OF YEAR	<u>\$ 289,446</u>	<u>\$ -</u>	<u>\$ 289,446</u>

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

CHARTER TOWNSHIP OF BLACKMAN
 COMPONENT UNITS
 STATEMENT OF NET POSITION
 December 31, 2020

	<u>Local Development Finance Authority</u>	<u>Downtown Development Authority</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 478,212	\$ 999,779	\$ 1,477,991
Receivables:			
Taxes	76,225	295,806	372,031
Due from primary governments	-	6,443	6,443
Inventory	1,042,729	3,910,073	4,952,802
Capital assets - net	<u>4,241</u>	<u>-</u>	<u>4,241</u>
Total assets	<u>1,601,407</u>	<u>5,212,101</u>	<u>6,813,508</u>
 <u>LIABILITIES:</u>			
Accounts payable	630	6,958	7,588
Accrued interest	-	3,479	3,479
Long-term debt:			
Due within one year	-	250,000	250,000
Due in more than one year	<u>-</u>	<u>1,475,000</u>	<u>1,475,000</u>
Total liabilities	<u>630</u>	<u>1,735,437</u>	<u>1,736,067</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>			
Property taxes levied for following year	<u>76,225</u>	<u>295,806</u>	<u>372,031</u>
 <u>NET POSITION:</u>			
Invested in capital assets - net of related debt	4,241	-	4,241
Unrestricted	<u>1,520,311</u>	<u>3,180,858</u>	<u>4,701,169</u>
Total net position	<u>\$ 1,524,552</u>	<u>\$ 3,180,858</u>	<u>\$ 4,705,410</u>

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

CHARTER TOWNSHIP OF BLACKMAN
 COMPONENT UNITS
 STATEMENT OF ACTIVITIES
 Year Ended December 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Local Development Finance</u>	<u>Downtown Development Authority</u>	<u>Total</u>
Local Development Finance Authority - Community Development	\$ 39,420	\$ -	\$ -	\$ -	\$ (39,420)	\$ -	\$ (39,420)
Downtown Development Authority - Community Development	<u>99,323</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,323)</u>	<u>(96,323)</u>
Total component units	<u>\$ 138,743</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(39,420)</u>	<u>(96,323)</u>	<u>(135,743)</u>
 GENERAL REVENUES:							
Captured taxes					199,919	429,130	629,049
State sources					92,795	28,301	121,096
Investment earnings					32	2,178	2,210
Loss on sale of assets					<u>-</u>	<u>(32,580)</u>	<u>(32,580)</u>
Total general revenues					<u>292,746</u>	<u>427,029</u>	<u>719,775</u>
CHANGES IN NET POSITION					253,326	330,706	584,032
NET POSITION - BEGINNING OF YEAR					<u>1,271,226</u>	<u>2,850,152</u>	<u>4,121,378</u>
NET POSITION - END OF YEAR					<u>\$ 1,524,552</u>	<u>\$ 3,180,858</u>	<u>\$ 4,705,410</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Blackman conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Blackman.

Reporting Entity

The Charter Township of Blackman is governed by an elected seven (7) member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The following component units are reported within the component unit column in the combined financial statements. Separate financial statements are not issued for these component units. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township (see discussion below for description).

Local Development Finance Authority

The Local Development Finance Authority (L.D.F.A.) which was created pursuant to the provisions of Public Act 281 of 1986, is governed by an eleven (11) member board, which consists of seven (7) representatives appointed by the Charter Township of Blackman, one (1) representative appointed by Jackson College, two (2) representatives of Northwest School District, and one (1) representative appointed by the County of Jackson.

The L.D.F.A. was established to finance the acquisition and development of an industrial site in the Township. Subsequently the initial plan was amended and the boundary expanded. In 2008 the expanded properties in the L.D.F.A. received the designation of the Jackson Technology Park SmartZone, as one of the new SmartZones in Michigan. SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers can locate in close proximity to each other and the community assets they need. The L.D.F.A. captures real and personal property taxes within the district over the initial assessed value of the same property, multiplied by the millage rates (operating only) of all applicable units of government.

There are no separately issued financial statements for the L.D.F.A. component unit.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Downtown Development Authority

The Downtown Development Authority of the Charter Township of Blackman (D.D.A.) was established as a legally separate entity and is governed by a nine (9) member board appointed by the Charter Township of Blackman. This authority was established to finance improvements to the Township's water supply system serving the downtown development district. The plan was amended to expand the boundaries and provide for the construction of sidewalks, a bike path, and an access drive. The revenues of this authority consist of captured real and personal property taxes within the district over the initial assessed value of the same property (assessed value at the time of the D.D.A.'s creation, multiplied by the millage rate of all applicable units of government).

There are no separately issued financial statements for the D.D.A. component unit.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary funds, fiduciary fund, and component units' financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. All other revenue items are considered to be available only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenue from general property taxes and state-shared revenue.

Public Safety Fund - The Public Safety Fund is used to account for all the activities of the Township's Public Safety Department. It also accounts for the use of property taxes received under a specially voted millage.

Road Debt Service Fund - The Road Debt Service Fund accounts tax revenue and debt service related to the 2019 bond issuance for road improvements.

Capital Project Fund - The Capital Project Fund accounts for the proceeds of the 2019 bond issuance for road improvements in the Township and the related costs of the improvements.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Township reports the following major proprietary funds:

Sewer Fund - The Sewer Fund is used to account for the results of operations for providing sewer service. The primary revenues are generated through user charges from those requesting sewer service.

Water Fund - The Water Fund is used to account for the results of operations for providing water service. The fund's primary revenues are generated through user charges from those requesting water service.

Additionally, the Township reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

Permanent Fund - The Permanent Fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for perpetual care of cemetery lots.

Other Employee Benefit Trust Fund - The Other Employee Benefit Trust Fund accounts for the assets and expenses of the Township retirees' other postemployment benefits (OPEB).

Custodial Funds - The Custodial Funds account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, and other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer and water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from non-operating 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 our proprietary funds relate to charges to customers for sales and services. The sewer fund directly bills customers for their usage. The water fund billing is provided through a contractual agreement with the City of Jackson. The City bills 160% of its billing and readiness charges and then forwards 60% to the Township. The City also charges 125% of its commodity charge, but retains the entire charge. The sewer and water fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary 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 non-operating revenue and expenses.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2019 tax is levied and collectible on December 1, 2019, and is recognized as revenue in the year ended December 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Township totaled approximately \$527,301,000 on which ad valorem taxes levied consisted of .8156 mills for operating purposes, 1.9626 mills for Public Safety, .2494 mills for Parks, and .255 mills for Roads. These tax amounts are recognized in the General Fund, Special Revenue Funds and discrete component unit's financial statements as tax revenue (net of reductions for delinquent amounts and prior year tax tribunal changes).

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are considered to be fully collectible.

Special Assessments Receivable - Special assessments receivable consist of long-term receivables from customers and benefited parties for various water and sewer improvement projects.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are recorded as prepaid items in both the governmental-wide and fund financial statements.

Inventory - Component unit inventory consists of land and infrastructure improvements held for resale and are valued at cost.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (Continued)

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$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 fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 45 years
Sewer and water transportation lines	50 years
Furnishings and equipment	3 to 10 years
Vehicles	3 to 25 years
Land improvements	25 years
Access rights	11 years

Compensated Absences - It is the Township's policy to not permit employees to accumulate earned but unused sick pay benefits if the time is not used within a year following the date of their anniversary. There is no liability for unpaid sick pay since the Township does not have a policy to pay any amounts when employees separate from service with the Township. It is the policy to permit eligible employees to accumulate earned but unused vacation pay benefits. Employees may accrue and carryover at their anniversary date, up to forty hours of vacation time. Vacation pay is accrued when incurred 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.

Long-term Obligations - In the government-wide financial statements and 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, as well as issuance costs, 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 premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (Continued)

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

Other Postemployment Benefit Costs (OPEB) - The Township offers retiree healthcare benefits to retirees. The Township receives a calculation in accordance with GASB No. 75 to compute the total OPEB liability. In the governmental funds, OPEB costs are recognized as premiums are paid or additional contributions are made to the trust. For the government-wide statements, the Township reports the full accrual cost equal to the change in the total OPEB liability for the year.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reported deferred outflows of resources related to defined benefit pension and OPEB plans, date, variance between the plan’s actual investment earnings compared to the plan’s assumed investment earnings, and changes in assumptions related to economic and demographic factors.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, reflects an increase in net assets that applies to future periods. The Township has three types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The Township reports unavailable revenues from property taxes, special assessments, and captured property taxes. Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Equity (Continued)

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions or enabling legalization for use for specific purpose.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by the Township Board ordinance or resolution.
- Assigned - Amounts that are designated by the Supervisor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the Township Board.
- Unassigned - Amounts that do not fall into any other category above. This is the residual classification of amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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.

Subsequent Events

As a result of COVID-19, which occurred before the end of the year and continues subsequent the year end, economic uncertainties have arisen which are likely to negatively impact the Township. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the financial impact on the Township. Therefore, the Township expects this matter to negatively impact its operations and financial condition. However, the related financial impact and duration cannot be reasonably estimated at this time.

CHARTER TOWNSHIP OF BLACKMAN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and all Special Revenue Funds. All annual appropriations lapse at year end. The proposed budget is submitted to the Township Board 120 days prior to the beginning of the next year. Public hearings are held, and a final budget is adopted no later than December 31. The Township Board must approve any budget amendments.

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

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended December 31, 2020 the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Retiree health insurance	\$ 160,488	\$ 160,571	\$ (83)

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The 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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the board of trustees in accordance with Public Act 196 of 1997, has authorized investment in the investments in the preceding paragraph. The Township's deposit and investment policy is in accordance with statutory authority.

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

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township and its component unit had \$17,625,145 and \$1,477,991 of bank deposits (certificates of deposit, checking and savings accounts), respectively, of which \$1,973,632 and \$500,000 were covered by federal depository insurance, respectively, and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. Certificates of deposit and money market accounts are included in the above totals.

Interest Rate Risk

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

<u>Investment</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More than 10 Years</u>
Primary Government					
U.S. agency securities	\$4,422,215	\$ -	\$ 632,560	\$1,058,582	\$2,731,073
Negotiable certificates of deposit	5,412,044	1,486,369	3,425,675	500,000	-
Bank investment pools	3,364,525	3,364,525	-	-	-

Credit Risk

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
U.S. agency securities	\$ 99,983	AA+	S&P
	1,431,001	AA	S&P
	362,373	A+	S&P
	506,393	A	S&P
	502,151	A-	S&P
	100,719	Aaa	S&P
	377,022	Aa1	S&P
	273,510	Aa2	S&P
	769,063	A1	S&P
Negotiable certificates of deposit	5,412,044	Not rated	N/A
Bank investment pools	3,332,782	AAm	S&P
Bank investment pools	<u>31,743</u>	Not rated	N/A
Total	<u>\$ 13,198,784</u>		

CHARTER TOWNSHIP OF BLACKMAN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

3. DEPOSITS AND INVESTMENTS (Continued)

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

In instances whereby 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 upon the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factor specific to each asset or liability.

The Township has the following recurring fair value measurements as of December 31, 2020:

- U.S. agency securities of \$4,422,215 valued using matrix pricing model (Level 2 inputs)
- Negotiable certificates of deposit of \$5,412,044 valued using matrix pricing model (Level 2 inputs)
- Investments in MI CLASS of \$3,332,782 valued using matrix pricing model (Level 2 inputs)
- The Township's investment in Comerica Government Cash Investment Fund of \$31,743 is measured at net asset value (NAV)

Summary of deposit and investment balances. The following is a reconciliation of deposit and investment balances as of December 31, 2020.

Deposits (including deposits in transit at year end)	\$ 13,432,232
Investments	13,198,784
Cash on hand	<u>1,530</u>
	\$ <u>26,632,546</u>
Cash and cash equivalents:	
Township wide	11,955,771
Component units	1,477,991
Investments:	
Township wide	<u>13,198,784</u>
	\$ <u>26,632,546</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. CAPITAL ASSETS:

Capital asset activity of the Township's governmental activities was as follows:

	<u>Balance</u> <u>January 1, 2020</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>December 31, 2020</u>
Primary Government				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>114,693</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>114,693</u>
Total capital assets not being depreciated	<u>114,693</u>	<u>-</u>	<u>-</u>	<u>114,693</u>
Capital assets being depreciated:				
Buildings and improvements	1,480,220	-	4,426	1,475,794
Furniture and equipment	845,260	161,005	29,600	976,665
Vehicles	2,532,617	118,429	-	2,651,046
Land improvements	<u>275,544</u>	<u>-</u>	<u>-</u>	<u>275,544</u>
Total capital assets being depreciated:	<u>5,133,641</u>	<u>279,434</u>	<u>34,026</u>	<u>5,379,049</u>
Less accumulated depreciation:				
Buildings & improvements	741,097	39,986	4,426	776,657
Furniture and equipment	662,593	73,959	29,600	706,952
Vehicles	1,552,333	180,067	-	1,732,400
Land improvements	<u>133,999</u>	<u>11,023</u>	<u>-</u>	<u>145,022</u>
Total accumulated depreciation	<u>3,090,022</u>	<u>305,035</u>	<u>34,026</u>	<u>3,361,031</u>
Total capital assets being depreciated - net	<u>2,043,619</u>	<u>(25,601)</u>	<u>-</u>	<u>2,018,018</u>
Total capital assets - net	<u>\$ 2,158,312</u>	<u>\$ (25,601)</u>	<u>\$ -</u>	<u>\$ 2,132,711</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. CAPITAL ASSETS (Continued):

	<u>Balance</u> <u>January 1, 2020</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>December 31, 2020</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ <u>8,675</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>8,675</u>
Total capital assets not being depreciated	<u>8,675</u>	<u>-</u>	<u>-</u>	<u>8,675</u>
Capital assets being depreciated:				
Buildings and improvements	1,796,627	-	-	1,796,627
Sewer and water transportation lines	26,511,073	-	-	26,511,073
Equipment	<u>370,034</u>	<u>-</u>	<u>-</u>	<u>370,034</u>
Total capital assets being depreciated:	<u>28,677,734</u>	<u>-</u>	<u>-</u>	<u>28,677,734</u>
Less accumulated depreciation:				
Buildings and improvements	686,227	-	46,076	732,303
Sewer and water transportation lines	13,575,335	-	487,621	14,062,956
Equipment	<u>311,767</u>	<u>-</u>	<u>2,733</u>	<u>314,500</u>
Total accumulated depreciation	<u>14,573,329</u>	<u>-</u>	<u>536,430</u>	<u>15,109,759</u>
Total capital assets being depreciated - net	<u>14,104,405</u>	<u>-</u>	<u>(536,430)</u>	<u>13,567,975</u>
Total capital assets - net	<u>\$ 14,113,080</u>	<u>\$ -</u>	<u>\$ (536,430)</u>	<u>\$ 13,576,650</u>
Component Units:				
Capital assets being depreciated:				
Buildings and improvements	<u>11,225</u>	<u>-</u>	<u>-</u>	<u>11,225</u>
Total capital assets being depreciated:	<u>11,225</u>	<u>-</u>	<u>-</u>	<u>11,225</u>
Less accumulated depreciation:				
Buildings and improvements	<u>6,237</u>	<u>-</u>	<u>747</u>	<u>6,984</u>
Total accumulated depreciation	<u>6,237</u>	<u>-</u>	<u>747</u>	<u>6,984</u>
Total capital assets being depreciated - net	<u>4,988</u>	<u>-</u>	<u>(747)</u>	<u>4,241</u>
Total capital assets - net	<u>\$ 4,988</u>	<u>\$ -</u>	<u>\$ (747)</u>	<u>\$ 4,241</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

4. CAPITAL ASSETS (Continued)

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

Governmental activities:		
General government	\$	43,038
Public Safety		251,042
Recreation		<u>10,955</u>
Total governmental activities	\$	<u><u>305,035</u></u>
Business-type activities:		
Sewer Fund	\$	275,252
Water Fund		<u>261,179</u>
Total business-type activities	\$	<u><u>536,431</u></u>
Component units:		
L.D.F.A.	\$	<u><u>748</u></u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds:		
General Fund	Building Fund	\$ 13,329
	Street Lights Fund	<u>5,744</u>
		\$ <u><u>19,073</u></u>
Public Safety Fund	General Fund	\$ <u><u>12,524</u></u>
Parks Fund	General Fund	\$ <u><u>1,334</u></u>
Sewer Fund	General Fund	\$ <u><u>3,750</u></u>
Water Fund	General Fund	\$ <u><u>3,750</u></u>
Due to Component Unit/from Primary Government:		
Downtown Development Fund	General Fund	\$ <u><u>6,443</u></u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

6. LONG-TERM OBLIGATIONS

Installment Purchase Agreements - The Township entered into an installment purchase agreement to finance the construction of a fire truck. The LDFA entered into an installment purchase agreement to finance the purchase of investment land.

General Obligation Bonds - The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Unlimited tax bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied by an extra voted millage. The premium on the bonds is amortized over the life of the bonds.

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Primary Government:						
Governmental activities:						
Installment purchase agreement to purchase fire truck, issue amount \$561,108, monthly payments of \$5,351, including interest 2.74%			\$ 372,957	\$ (54,676)	\$ 318,281	\$ 54,676
General Obligation Unlimited Tax Bond for road improvement, issue amount \$16,720,000, maturity through 2036	3.00- 5.00%	\$520,000 – 1,500,000	<u>16,720,000</u>	<u>(520,000)</u>	<u>16,200,000</u>	<u>570,000</u>
Total			17,092,957	(574,676)	16,518,281	634,676
Plus: Premium on issuance			<u>2,154,057</u>	<u>(126,709)</u>	<u>2,027,348</u>	-
Total			19,247,014	(701,385)	18,545,629	634,676
Compensated absences			<u>176,273</u>	<u>30,009</u>	<u>206,282</u>	<u>155,544</u>
Total governmental activities			\$ <u>19,423,287</u>	\$ <u>(671,376)</u>	\$ <u>18,751,911</u>	\$ <u>780,220</u>
Business-type activities:						
Compensated absences			\$ <u>3,932</u>	\$ <u>2,192</u>	\$ <u>6,124</u>	\$ <u>4,400</u>
Total business-type activities			\$ <u>3,932</u>	\$ <u>2,192</u>	\$ <u>6,124</u>	\$ <u>4,400</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

6. LONG-TERM OBLIGATIONS (Continued)

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Component Units:						
General obligation Limited	1.200 - 5.75%					
Tax Bond to purchase land, DDA, issue amount	before 45% Build American Bond					
\$3,380,000 maturity through 2027	interest credit	\$80,000 - 300,000	1,925,000	(200,000)	1,725,000	225,000
 Total component units			<u>\$ 1,925,000</u>	<u>(\$ 200,000)</u>	<u>\$ 1,725,000</u>	<u>\$ 225,000</u>

For the governmental activities, compensated absences are liquidated by general and public safety activities.

Annual debt service requirement to maturity for the above obligations are as follows:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Component Units</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 626,194	\$ 783,288	1,409,422	\$ -	\$ -	\$ -	\$ 225,000	\$ 92,719	\$ 317,719
2022	672,753	752,043	1,424,796	-	-	-	225,000	79,781	304,781
2023	724,355	718,442	1,442,797	-	-	-	225,000	66,844	291,844
2024	781,002	682,169	1,463,171	-	-	-	250,000	53,188	303,188
2025	837,695	643,102	1,480,797	-	-	-	250,000	38,812	288,812
2026-2030	4,861,282	2,545,444	7,406,726	-	-	-	550,000	33,063	583,063
2031-2035	6,515,000	1,391,121	7,906,121	-	-	-	-	-	-
2036	<u>1,500,000</u>	<u>149,209</u>	<u>1,649,209</u>	-	-	-	-	-	-
Total	<u>\$ 16,518,281</u>	<u>\$ 7,964,758</u>	<u>\$ 24,183,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,725,000</u>	<u>\$ 364,407</u>	<u>\$ 2,089,407</u>

7. RISK MANAGEMENT

The Charter Township of Blackman is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employee injury and medical claims, and participates in the Michigan Township Participating Plan risk pool for claims relating to property loss, torts and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Township Participating Plan 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.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Administration

The Township administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 10. The Bookkeeper is responsible for administration of the plan in accordance with the Township Board oversight. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through the employer contributions.

Plan Membership

As of December 31, 2020, plan members consisted of the following:

Active employees	49
Retirees	<u>46</u>
Total participants	<u>95</u>

Benefits Provided

The Township provides medical, dental, and prescription insurance benefits for retired employees meeting specific age and years of continued service requirements. The Township will provide 100% of premiums for retirees prior to 2017 and 80% of premiums for retirees starting in 2017 medical, dental, and prescription insurance coverage comparable to that provided to active employees. Retired employees have the option of receiving an annual benefit of 50% of the employer cost in lieu of coverage.

Contributions

Employees do not contribute to the plan during their active service. The Township contributes amounts sufficient to cover OPEB benefit payments as they come due, as well as additional contributions to attain 40% funding in 30 years. The Township contributed \$329,153 to provide insurance coverage for retired employees and \$111,069 to the OPEB Trust Fund for the year ended December 31, 2020. The additional contribution included the required normal cost of \$12,800 for employees hired after June 30, 2018.

Investment Policy

The Plan does not have a formal policy in regards to the allocation of invested assets. It is the intention of the Township Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across the broad selection of distinct asset classes.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% (for purposes of allocating liability)
Investment rate of return	5.73% (net investment expense, including inflation)
20-year Aa Municipal bond rate	5.73% (S&P Muni Bond 20-Year High Year Grade Rate Index)
Health cost trend rates	Pre 65 – 8.25% graded 0.25% to 4.50% per annum Post 65 – 7.00% graded 0.25% to 4.50%
Mortality	2010 Headcount weighed Public General Public Safety Employees and Healthy Retirees with MP-2019 mortality improvement

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
MERS Total Market Portfolio	50.0%	4.85%
Large Cap Stock Index	50.5%	1.60%

Discount Rate

The discount rate used to measure the OPEB liability was 6.29%. The projection of cash flows used to determine the discount rate assumed that the Township contributions of \$100,000 per year will be made for 30 years under a Corrective Action Plan adopted by the Township. Based on those assumptions, the Plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current Plan participants until 2063 – the cross-over point. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefits payments were not projected were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate used for December 31, 2020 was 5.00%.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/19	\$ 9,477,898	\$128,199	\$9,349,699
<u>Changes for the Year</u>			
Service Cost	116,494		116,494
Interest on Total Pension Liability	593,135		593,135
Changes in benefits	-		-
Difference between expected and actual experience	(105,809)		(105,809)
Changes in assumptions	2,149,519		2,149,519
Employer Contributions to OPEB Trust		111,069	(111,069)
Employer Contributions		329,153	(329,153)
Net investment income		50,564	(50,564)
Benefit payments, including refunds of employee contributions	(329,153)	(329,153)	-
Administrative expense		(386)	386
Other changes	-	-	-
Net changes	<u>2,424,186</u>	<u>161,247</u>	<u>2,262,939</u>
Balances as of 12/31/20	<u>\$11,902,084</u>	<u>\$289,446</u>	<u>\$11,612,638</u>

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following table represents the total OPEB Liability of the Township, calculated using the discount rate of 5.00%, as well as what the Township's total OPEB Liability would be using a discount rate that is 1 percentage point lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$13,949,051	\$11,902,084	\$10,290,820
Plan Fiduciary Net Position	<u>289,446</u>	<u>289,446</u>	<u>289,446</u>
Net OPEB Liability at 12/31/20	<u>\$13,659,605</u>	<u>\$11,612,638</u>	<u>\$10,001,374</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

8. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates

The following table represents the total OPEB Liability of the Township, calculated using the current rate, as well as what the Township's total OPEB Liability would be using a discount rate that is 1 percentage point lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$10,072,733	\$11,902,084	\$14,257,923
Plan Fiduciary Net Position	<u>289,446</u>	<u>289,446</u>	<u>289,446</u>
Net OPEB Liability at 12/31/20	<u>\$ 9,783,287</u>	<u>\$11,612,638</u>	<u>\$13,968,477</u>

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

For the year ended December 31, 2020 the employer recognized OPEB expense of (\$309,927). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ -	\$ 616,434
Differences in assumptions	1,855,752	4,760,117
Investment earnings	<u>-</u>	<u>32,650</u>
Total	<u>\$ 1,855,752</u>	<u>\$ 5,409,201</u>

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

<u>Year ended</u>	
2021	\$ (668,022)
2022	(857,748)
2023	(857,750)
2024	(1,156,744)
2025	(13,185)

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

9. DEFINED CONTRIBUTION PENSION PLAN

The Charter Township of Blackman contributes to the Blackman Township pension plan, which is a defined contribution pension plan administered by John Hancock Company. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All office employees and union staff electing this plan participate in the plan. Contributions made by an employee vest immediately and contributions made by the Township vest after 20 months of full employment. An employee who leaves the employment of the Township is entitled to their contributions made and the earnings on those contributions immediately. An employee is entitled to the Township's portion of contributions and the earnings on those contributions twelve months after termination of employment, if vesting requirements are satisfied.

All full time office and electing union employees of the Township are covered by the plan. The total payroll covered by the plan for the year was \$373,647. The contribution rate for 2015 was 12.5% for employees hired prior to November 1, 2006, and 5% for employees hired after November 1, 2006, of regular pay.

During the year the Township's required contributions was \$19,386 and actual contributions amounted to \$15,322, including \$802 accrued at year end, after applying \$7,532 of forfeiture credits.

10. EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description

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

CHARTER TOWNSHIP OF BLACKMAN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

10. EMPLOYEE RETIREMENT SYSTEM AND PLAN (Continued)

Benefits Provided

02 – Public Safety: Open Division

	2020 Valuation	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	25 and Out	25 and Out
Early Retirement (Reduced):	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	20.38%	17.80%
RS50% Percentage:	50%	50%
Act 88:	Yes (Adopted 1/23/2003)	Yes (Adopted 1/23/2003)

Employees covered by benefit terms

At the December 31, 2019 valuation date, rolled forward to December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefit	1
Active employees	<u>40</u>
	<u>56</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the public safety employees, the plan provides that the employer and employees contribute amounts necessary to fund the actuarially determined benefits. Employees were required to contribute 17.18% of compensation for the current year and the employer contributions were 12.50% based on annual payroll for open division.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2019, rolled forward to December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

10. EMPLOYEE RETIREMENT SYSTEM AND PLAN (Continued)

Although no specific price inflation assumptions are needed for the valuation, the 3% long-term wage inflation assumption plus a percentage based on an age-related scale to reflect merit, longevity and promotional pay increases.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2013-2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	55.5%	8.65%
Global Fixed Income	18.5%	3.76%
Real Assets	13.5%	9.72%
Diversifying Strategies	12.5%	7.50%

Discount rate

The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

10. EMPLOYEE RETIREMENT SYSTEM AND PLAN (Continued)

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

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

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability at 12/31/20	\$7,022,742	\$ 4,974,148	\$3,294,755

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/19	\$14,822,195	\$9,190,078	\$5,632,117
<u>Changes for the Year</u>			
Service Cost	515,567		515,567
Interest on Total Pension Liability	1,124,965		1,124,965
Changes in benefits	(34,563)		(34,563)
Difference between expected and actual experience	272,312		272,312
Changes in assumptions	444,562		444,562
Employer Contributions		386,204	(386,204)
Employee Contributions		658,143	(658,143)
Net investment income		1,268,903	(1,268,903)
Benefit payments, including employee refunds	(555,627)	(555,627)	-
Administrative expense		(19,024)	19,024
Other changes	<u>(686,586)</u>	<u>-</u>	<u>(686,586)</u>
Net changes	<u>1,080,630</u>	<u>1,738,599</u>	<u>(657,969)</u>
Balances as of 12/31/20	<u>\$15,902,825</u>	<u>\$10,928,677</u>	<u>\$4,974,148</u>

CHARTER TOWNSHIP OF BLACKMAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

10. EMPLOYEE RETIREMENT SYSTEM AND PLAN (Continued)

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

For the year ended December 31, 2020 the employer recognized pension expense of \$ (307,600). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 228,315	\$ -
Differences in assumptions	827,995	-
Excess (Deficit) Investment Returns	<u>-</u>	<u>401,075</u>
Total	<u>\$1,056,310</u>	<u>\$ 401,075</u>

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

<u>Year ended</u>	
2021	\$ 165,406
2022	134,984
2023	(16,170)
2024	72,123
2025	196,482
2026	102,410

11. TAX ABATEMENTS

Industrial Facilities Tax (IFT) – The Township entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovations and expansion of aging facilities, assist in building new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50% of the taxes levied. The Township can elect to freeze the taxable values for rehabilitation properties. The Township can recoup the taxes abated if the terms of the contract are not met.

For the year ended December 31, 2020, the Township abated property tax revenue for general operations, public safety services, and park improvements totaling \$57,372 under this program. From the Township’s IFT collected of the same amount, the Blackman Local Development Finance Authority captured \$36,146.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLACKMAN
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
REVENUES:				
Taxes and penalties	\$ 661,743	\$ 661,743	\$ 728,830	\$ 67,087
Licenses and permits	266,904	266,904	254,770	(12,134)
Federal sources	-	-	9,170	9,170
State sources	1,816,713	1,816,286	1,910,941	94,655
Charges for services	35,938	35,938	25,991	(9,947)
Interest	15,000	15,000	15,941	941
Other revenues	4,330	4,330	6,214	1,884
Total revenues	<u>2,800,628</u>	<u>2,800,201</u>	<u>2,951,857</u>	<u>151,656</u>
EXPENDITURES				
Current:				
General government:				
Committees	1,615	1,615	969	646
Township Board	26,883	27,563	24,476	3,087
Supervisor	279,345	279,107	264,679	14,428
Elections	65,350	82,350	76,447	5,903
Clerk	151,136	153,236	134,449	18,787
Retiree health insurance	184,887	160,488	160,571	(83)
Board of Review	2,790	2,790	1,577	1,213
Treasurer	63,466	64,680	57,225	7,455
Cemetery	9,776	9,776	5,765	4,011
Township Hall	88,491	93,707	91,819	1,888
Public Works:				
Drains at large	17,132	17,132	16,173	959
Highways, streets and bridges	2,000	2,000	-	2,000
Community economic development				
Planning	14,739	14,739	8,261	6,478
Zoning	46,651	26,651	17,992	8,659
Other:				
Technology improvements	1,000	1,000	600	400
P.A. 425 Contractual payments	500	500	286	214
Tax Tribunal	5,000	5,000	1,982	3,018
Capital outlay	15,064	17,064	4,829	12,235
Total expenditures	<u>975,825</u>	<u>959,398</u>	<u>868,100</u>	<u>91,298</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,824,803</u>	<u>1,840,803</u>	<u>2,083,757</u>	<u>242,954</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	616	616	-	(616)
Operating transfers (out)	(1,718,188)	(1,718,188)	(300,000)	1,418,188
Total other financing sources (uses)	<u>(1,717,572)</u>	<u>(1,717,572)</u>	<u>(300,000)</u>	<u>1,417,572</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	107,231	123,231	1,783,757	1,660,526
FUND BALANCE - BEGINNING OF YEAR	<u>4,161,744</u>	<u>4,161,744</u>	<u>4,161,744</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,268,975</u>	<u>\$ 4,284,975</u>	<u>\$ 5,945,501</u>	<u>\$ 1,660,526</u>

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

CHARTER TOWNSHIP OF BLACKMAN
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND
 Year Ended December 31, 2020

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
REVENUES:				
Taxes and penalties	\$ 993,511	\$ 993,511	\$ 992,692	\$ (819)
Federal sources	100,000	1,439,585	516,756	(922,829)
State sources	1,102,323	1,102,323	2,179,170	1,076,847
Contribution from local units	1,615,450	1,683,460	1,566,551	(116,909)
Fines and forfeitures	84,897	50,000	43,844	(6,156)
Charges for services	12,240	12,240	24,985	12,745
Other revenues	130,807	136,376	88,572	(47,804)
Total revenues	<u>4,039,228</u>	<u>5,417,495</u>	<u>5,412,570</u>	<u>(4,925)</u>
EXPENDITURES				
Public Safety:				
Public Safety	5,461,840	5,518,828	5,457,946	60,882
Other:				
P.A. 425 Contractual payments	2,732	2,732	689	2,043
Tax Tribunal	4,244	4,244	2,767	1,477
Capital outlay	228,600	1,317,775	274,605	1,043,170
Debt service	65,000	65,000	64,212	788
Total expenditures	<u>5,762,416</u>	<u>6,908,579</u>	<u>5,800,219</u>	<u>1,108,360</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,723,188)</u>	<u>(1,491,084)</u>	<u>(387,649)</u>	<u>1,103,435</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	5,000	5,000	1,000	(4,000)
Operating transfers in	1,718,188	1,718,188	300,000	(1,418,188)
Total other financing sources (uses)	<u>1,723,188</u>	<u>1,723,188</u>	<u>301,000</u>	<u>(1,422,188)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	232,104	(86,649)	(318,753)
FUND BALANCE - BEGINNING OF YEAR	<u>231,707</u>	<u>231,707</u>	<u>231,707</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 231,707</u>	<u>\$ 463,811</u>	<u>\$ 145,058</u>	<u>\$ (318,753)</u>

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

CHARTER TOWNSHIP OF BLACKMAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
December 31, 2020

	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$ 515,567	\$ 492,439	\$ 450,463	\$ 399,627	\$ 344,339
Interest	1,124,965	1,054,844	987,048	949,625	870,004
Changes of Benefit Terms	(34,563)	(58,313)	15,027	(1,638)	(102,658)
Difference between expected and actual experience	272,312	190,680	(96,872)	(222,678)	(70,280)
Changes of assumptions	444,562	467,824	-	-	676,692
Benefit payments with employee refunds	(555,627)	(529,209)	(529,209)	(454,983)	(482,583)
Other	(686,586)	-	-	(190,473)	48,052
Net Change in Total Pension Liability	1,080,630	1,618,265	826,457	479,480	1,283,566
Total Pension Liability beginning	14,822,195	13,203,930	12,377,473	11,897,993	10,614,427
Total Pension Liability ending	\$ 15,902,825	\$ 14,822,195	\$ 13,203,930	\$ 12,377,473	\$ 11,897,993
Plan Fiduciary Net Position					
Contributions-employer	386,204	364,071	331,740	312,369	289,703
Contributions-employee	658,143	668,906	436,382	438,920	393,261
Net Investment income	1,268,903	1,071,534	(314,463)	888,760	663,061
Benefit payments with employee refunds	(555,627)	(529,209)	(529,209)	(454,983)	(482,583)
Administrative expense	(19,024)	(18,525)	(15,191)	(14,014)	(13,060)
Other	-	-	-	403	-
Net Change in Plan Fiduciary Net Position	1,738,599	1,556,777	(90,741)	1,171,455	850,382
Plan Fiduciary Net Position beginning	9,190,078	7,633,301	7,724,042	6,552,587	5,702,205
Plan Fiduciary Net Position ending	10,928,677	9,190,078	7,633,301	7,724,042	6,552,587
Employer Net Pension Liability	\$ 4,974,148	\$ 5,632,117	\$ 5,570,629	\$ 4,653,431	\$ 5,345,406
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69%	62%	58%	62%	55%
Covered Employee Payroll	\$ 3,091,607	\$ 2,995,374	\$ 2,716,906	\$ 2,400,162	\$ 2,169,432
Employer's Net Pension Liability as a percentage of covered employee payroll	161%	188%	205%	194%	246%

CHARTER TOWNSHIP OF BLACKMAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OTHER POSTEMPLOYMENT BENEFIT
(OPEB) PLAN
For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service Cost	\$ 116,494	\$ 326,683	\$ 280,699
Interest	593,135	511,428	520,753
Changes of Benefit Terms	-	-	-
Difference between expected and actual experience	(105,809)	(787,409)	(84,245)
Changes of assumptions	2,149,519	(7,134,239)	1,763,897
Benefit payments including employee refunds	<u>(329,153)</u>	<u>(318,995)</u>	<u>(317,791)</u>
Net Change in Total OPEB Liability	2,424,186	(7,402,532)	2,163,313
Total OPEB liability beginning	<u>9,477,898</u>	<u>16,880,430</u>	<u>14,711,775</u>
 Total OPEB liability ending	 <u>\$ 11,902,084</u>	 <u>\$ 9,477,898</u>	 <u>\$ 16,875,088</u>
 Plan Fiduciary Net Position			
Contributions to OPEB trust	111,069	116,601	-
Contributions/benefits payments made from general operating funds	329,153	313,653	-
Net Investment income	50,564	11,758	-
Benefit payments including employee refunds	(329,153)	(313,653)	-
Administrative expense	(386)	(160)	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	<u>161,247</u>	<u>128,199</u>	<u>-</u>
Plan Fiduciary Net Position beginning	<u>128,199</u>	<u>-</u>	<u>-</u>
 Plan Fiduciary Net Position ending	 <u>289,446</u>	 <u>128,199</u>	 <u>-</u>
 Employer Net OPEB Liability	 <u>\$ 11,612,638</u>	 <u>\$ 9,349,699</u>	 <u>\$ 16,875,088</u>
 Covered Payroll	 \$ 3,383,506	 \$ 3,319,892	 \$ 3,036,824
 Total OPEB liability as a percentage of covered payroll	 343.21%	 281.63%	 555.68%

Notes to Schedule

The total OPEB liability amount presented for each fiscal year was determined as of the fiscal year-end. The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

CHARTER TOWNSHIP OF BLACKMAN
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS
 For the year ended December 31, 2020

	2020	2019	2018
Actuarial Determined Contributions (ADC)	\$ 1,178,395	\$ 1,747,109	\$ 1,298,094
Contributions in relation to the actuarially determined contribution	(440,222)	(430,254)	(317,791)
Contribution deficiency (excess)	\$ 738,173	\$ 1,316,855	\$ 980,303
 Covered Employee Payroll	 \$ 3,383,506	 \$ 3,319,892	 \$ 3,036,824
 ADC as a percentage of covered employee payroll	 34.8%	 52.6%	 42.7%
 Contributions as a percentage of covered employee payroll	 13.0%	 13.1%	 10.5%

Notes to Schedule

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Assumptions

Actuarial cost method	Entry Age Normal Cost Method
Salary increase	3.50%
Inflation	2.10%
Municipal Bond Rate	1.93%
Investment rate of return	5.73%
Health cost trend rates	Pre 65 - 8.25% graded 0.25% to 4.50% per annum Post 65 - 7.00% graded 0.25% to 4.50% per annum
Mortality	2010 Headcount weighted Public General Safety Employees and Healthy Retiree with MP-2019 mortality improvement scale

OTHER SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2020

	Non-Major Special Revenue Funds			Permanent Fund	Total Non-Major Governmental Funds
	Parks	Building Department	Street Lights	Cemetery	
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 186,528	\$ 307,449	\$ 127,627	\$ 31,743	\$ 653,347
Prepaid expenses	-	1,789	-	-	1,789
Receivables:					
Taxes	106,759				106,759
Special assessments	-	-	93,894	-	93,894
Due from other funds	1,334	-	-	-	1,334
Total assets	<u>\$ 294,621</u>	<u>\$ 309,238</u>	<u>\$ 221,521</u>	<u>\$ 31,743</u>	<u>\$ 857,123</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u>					
Liabilities:					
Accounts payable	\$ 2,378	\$ 4,022	\$ 10,801	\$ -	\$ 17,201
Accrued liabilities	-	2,094	-	-	2,094
Due to other funds	-	13,329	5,744	-	19,073
Total liabilities	<u>2,378</u>	<u>19,445</u>	<u>16,545</u>	<u>-</u>	<u>38,368</u>
Deferred inflows of resources:					
Unavailable special assessment	-	-	114,066	-	114,066
Property taxes levied for following year	<u>126,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,708</u>
Total deferred inflows of resources	<u>126,708</u>	<u>-</u>	<u>114,066</u>	<u>-</u>	<u>240,774</u>
Fund balance:					
Nonspendable:					
Prepaid items	-	1,789	-	-	1,789
Permanent fund corpus	-	-	-	17,286	17,286
Restricted:					
Public Safety	-	288,004	-	-	288,004
Public Works	-	-	90,910	-	90,910
Recreation	165,535	-	-	-	165,535
Permanent fund spendable portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,457</u>	<u>14,457</u>
Total fund balance	<u>165,535</u>	<u>289,793</u>	<u>90,910</u>	<u>31,743</u>	<u>577,981</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 294,621</u>	<u>\$ 309,238</u>	<u>\$ 221,521</u>	<u>\$ 31,743</u>	<u>\$ 857,123</u>

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	Non-Major Special Revenue Funds			Permanent Fund	Total Non-Major Governmental Funds
	Parks	Building Department	Street Lights	Cemetery	
REVENUES:					
Taxes	\$ 125,430	\$ -	\$ -	\$ -	\$ 125,430
Licenses and permits	-	144,545	-	-	144,545
State sources	10,226	-	-	-	10,226
Charges for services	3,461	-	-	240	3,701
Interest	-	31	200	140	371
Other revenues	-	700	114,065	-	114,765
Total revenues	<u>139,117</u>	<u>145,276</u>	<u>114,265</u>	<u>380</u>	<u>399,038</u>
EXPENDITURES:					
Current:					
Public Safety	-	161,784	-	-	161,784
Public Works	-	-	131,152	-	131,152
Recreation	25,469	-	-	-	25,469
Debt Payments	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	<u>25,469</u>	<u>161,784</u>	<u>131,152</u>	<u>-</u>	<u>318,405</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,648	(16,508)	(16,887)	380	80,633
FUND BALANCE - BEGINNING OF YEAR	<u>51,887</u>	<u>306,301</u>	<u>107,797</u>	<u>31,363</u>	<u>497,348</u>
FUND BALANCE - END OF YEAR	<u>\$ 165,535</u>	<u>\$ 289,793</u>	<u>\$ 90,910</u>	<u>\$ 31,743</u>	<u>\$ 577,981</u>

CHARTER TOWNSHIP OF BLACKMAN
 OTHER SUPPLEMENTAL INFORMATION
 COMBINING STATEMENT OF ASSETS AND LIABILITIES -
 FIDUCIARY FUNDS
 December 31, 2020

Custodial Funds

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Total Custodial Funds</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ <u>807,652</u>	\$ <u>1,942</u>	\$ <u>809,594</u>
Total assets	\$ <u><u>807,652</u></u>	\$ <u><u>1,942</u></u>	\$ <u><u>809,594</u></u>
<u>LIABILITIES:</u>			
Due to others	\$ 15,222	\$ 510	\$ 15,732
Due to other governmental units	<u>792,430</u>	<u>1,432</u>	<u>793,862</u>
Total liabilities	\$ <u><u>807,652</u></u>	\$ <u><u>1,942</u></u>	\$ <u><u>809,594</u></u>

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
CUSTODIAL FUNDS
COMBINING STATEMENT OF REVENUE AND EXPENSE
Year Ended Decembr 31, 2020

	Custodial Funds		
	Tax Collection Fund	Trailer Fees Fund	Total Custodial Funds
ADDITIONS:			
Property taxes collected for other governments	\$ 20,487,482	\$ 349,733	\$ 20,837,215
Total additions	20,487,482	349,733	20,837,215
DEDUCTIONS:			
Payment of property taxes to other governments	20,487,482	349,733	20,837,215
	20,487,482	349,733	20,837,215
NET CHANGES IN NET POSITION	-	-	-

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
COMPONENT UNITS - GOVERNMENTAL FUNDS
December 31, 2020

	Local Development Financing Authority		Downtown Development Authority		
	General Fund	SmartZone General Fund	General Fund	Total	
<u>ASSETS:</u>					
Cash and cash equivalents	\$ 345,276	\$ 132,936	\$ 999,779	\$ 1,477,991	
Receivables:					
Taxes	20,135	56,090	295,806	372,031	
Due from primary government	-	-	6,443	6,443	
Total assets	\$ 365,411	\$ 189,026	\$ 1,302,028	\$ 1,856,465	
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u>					
Liabilities:					
Accounts payable	\$ 120	\$ 510	\$ 6,958	\$ 7,588	
Total liabilities	120	510	6,958	7,588	
Deferred inflows of resources:					
Deferred property taxes	20,135	56,090	295,806	372,031	
Total deferred inflows of resources	20,135	56,090	295,806	372,031	
Fund balance:					
Restricted:					
Community development	345,156	132,426	999,264	1,476,846	
Total fund balance	345,156	132,426	999,264	1,476,846	
Total liabilities, deferred inflows of resources, and fund balances	\$ 365,411	\$ 189,026	\$ 1,302,028	\$ 1,856,465	

CHARTER TOWNSHIP OF BLACKMAN
 OTHER SUPPLEMENTAL INFORMATION
 RECONCILIATION OF FUND BALANCES ON
 THE BALANCE SHEET FOR COMPONENT UNITS TO
 THE STATEMENT OF NET POSITION
 December 31, 2020

Fund balances - total discretely presented component units		\$ 1,476,846
<p>Amounts reported for component units in the statement of net position are different because:</p>		
Inventory held by component units is not a financial resources and is not reported in the funds		4,952,802
Capital assets are used in component units are not financial resources and are not reported in the funds, net of depreciation		4,241
<p>Long-term liabilities not due and payable in the current period and are not reported in the component units:</p>		
Notes and bonds payable		(1,725,000)
Accrued interest payable is not included as a liability in the component units		<u>(3,479)</u>
Net position of component units		\$ <u><u>4,705,410</u></u>

CHARTER TOWNSHIP OF BLACKMAN
OTHER SUPPLEMENTAL INFORMATION
COMPONENT UNITS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE
Year Ended December 31, 2020

	Local Development Financing Authority		Downtown Development Authority	
	SmartZone			
	General	General	General	
	Fund	Fund	Fund	Total
REVENUES:				
Taxes	\$ 35,475	\$ 164,444	\$ 429,130	\$ 629,049
State sources	87,953	4,842	28,301	121,096
Interest income	32	-	2,178	2,210
Other revenues	-	-	3,000	3,000
Total revenues	123,460	169,286	462,609	755,355
EXPENDITURES:				
Current:				
Other	20,405	18,268	39,875	78,548
Debt payments		-	259,850	259,850
Capital outlay	-	18,592	6,635	25,227
Total expenditures	20,405	36,860	306,360	363,625
EXCESS OF REVENUES OVER EXPENDITURES	103,055	132,426	156,249	391,730
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of land	-	-	33,000	33,000
Total other financing sources	-	-	33,000	33,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	103,055	132,426	189,249	424,730
FUND BALANCE - BEGINNING OF YEAR	242,101	-	810,015	1,052,116
FUND BALANCE - END OF YEAR	\$ 345,156	\$ 132,426	\$ 999,264	\$ 1,476,846

CHARTER TOWNSHIP OF BLACKMAN
 OTHER SUPPLEMENTAL INFORMATION
 RECONCILIATION OF STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF COMPONENT UNITS
 TO THE STATEMENT OF ACTIVITIES
 December 31, 2020

Net change in fund balance - total component units	\$ 424,730
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Amounts reported for governmental activities in the statement of activities are different because:

Inventory and capital assets are reported as an expenditure in the governmental funds, but not in the statement of operations and when disposed of or sold, the basis is offset against the proceeds	(40,353)
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Depreciation on capital assets	(748)
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Interest expense is reported in the statement of activities when incurred; it is not reported in the component units governmental funds until paid	402
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Repayment of note/bond principal is an expenditure in the governmental funds, but not in the statement of activities, where it reduces long-term debt	<u>200,000</u>
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Changes in net position of component units	<u><u>\$ 584,031</u></u>
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