

**BATH CHARTER TOWNSHIP**

**REPORT ON FINANCIAL STATEMENTS**  
**(with required and other**  
**supplementary information)**

**YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Township Board  
Charter Township of Bath, Michigan

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Charter Township of Bath, Michigan, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Charter Township of Bath, Michigan, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management 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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, as listed in the 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.

**Supplementary Information**

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

*Siegfried Crandall P.C.*

May 24, 2022

**BATH CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

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

**Financial Highlights**

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

- Total net position related to the Township's governmental and business-type activities increased by \$1,198,474.
- Total fund balances related to the Township's governmental funds increased by \$374,570.
- Property tax revenue increased by \$133,764. The increase is primarily the result of increases in taxable value.

**Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to Bath Charter 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 statement of net position and the statement of activities provide information about the activities of Bath Charter Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). In addition, both government-wide financial statements include a column for the Township's discretely presented component unit.

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

**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.

**BATH CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Using this Annual Report - continued**

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.

Bath Charter Township maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report.

The Township adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

***Proprietary Funds.*** Bath Charter Township maintains two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses Enterprise Funds to account for its sewer system and water system activity.

***Fiduciary Funds.*** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as this MD&A and the General Fund budgetary comparison schedule. Combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information.



**BATH CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**The Township as a Whole**

The following table shows, in a condensed format, a comparative analysis of the net position as of December 31, 2021 and 2020:

	Governmental Activities December 31,		Business-type Activities December 31,		Totals December 31,	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 9,789,032	\$ 8,200,555	\$ 6,558,399	\$ 6,136,326	\$ 16,347,431	\$ 14,336,881
Capital assets, net	3,667,928	3,701,886	11,719,356	12,029,033	15,387,284	15,730,919
Total assets	<u>13,456,960</u>	<u>11,902,441</u>	<u>18,277,755</u>	<u>18,165,359</u>	<u>31,734,715</u>	<u>30,067,800</u>
Deferred outflows of resources	<u>676,272</u>	<u>508,057</u>	<u>98,069</u>	<u>112,576</u>	<u>774,341</u>	<u>620,633</u>
Liabilities						
Current liabilities	1,367,730	541,423	1,130,298	1,097,044	2,498,028	1,638,467
Noncurrent liabilities	<u>2,056,784</u>	<u>2,139,132</u>	<u>5,730,747</u>	<u>6,325,717</u>	<u>7,787,531</u>	<u>8,464,849</u>
Total liabilities	<u>3,424,514</u>	<u>2,680,555</u>	<u>6,861,045</u>	<u>7,422,761</u>	<u>10,285,559</u>	<u>10,103,316</u>
Deferred inflows of resources	<u>4,018,189</u>	<u>3,667,112</u>	<u>-</u>	<u>-</u>	<u>4,018,189</u>	<u>3,667,112</u>
Net position						
Net investment in capital assets	3,667,928	3,701,886	5,393,639	5,128,346	9,061,567	8,830,232
Restricted	609,311	552,277	-	-	609,311	552,277
Unrestricted	<u>2,413,290</u>	<u>1,808,668</u>	<u>6,121,140</u>	<u>5,726,828</u>	<u>8,534,430</u>	<u>7,535,496</u>
Total net position	<u>\$ 6,690,529</u>	<u>\$ 6,062,831</u>	<u>\$ 11,514,779</u>	<u>\$ 10,855,174</u>	<u>\$ 18,205,308</u>	<u>\$ 16,918,005</u>

Net position may serve over time as a useful indicator of a government's financial position. Bath Charter Township's assets exceeded liabilities by \$18,116,479 as of December 31, 2021. A significant portion of the Township's net position (50%) reflects its investment in capital assets (e.g., land, buildings, equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (approximately 2%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$8,445,601) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**BATH CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**The Township as a Whole - continued**

The Township's net position increased by \$1,198,474 during the current year as discussed below.

	Governmental Activities		Business-type Activities		Totals	
	December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Charges for services	\$ 681,521	\$ 602,837	\$ 2,211,945	\$ 2,161,024	\$ 2,893,466	\$ 2,763,861
Operating grants and contributions	191,577	301,364	-	-	191,577	301,364
Capital grants and contributions	-	-	89,520	79,550	89,520	79,550
General revenue:						
Property taxes	3,224,271	3,090,507	-	-	3,224,271	3,090,507
State shared revenue	1,451,805	1,060,823	-	-	1,451,805	1,060,823
Investment earnings	15,996	49,535	509	7,599	16,505	57,134
Equity interest in SCCMUA	-	-	-	116,832	-	116,832
Gain on sale of assets	6,800	12,079	-	-	6,800	12,079
Miscellaneous	33,631	44,562	110,375	132,397	144,006	176,959
Residual equity transfer	174,723	-	-	-	174,723	-
Total revenue	<u>5,780,324</u>	<u>5,161,707</u>	<u>2,412,349</u>	<u>2,497,402</u>	<u>8,192,673</u>	<u>7,659,109</u>
Program Expenses						
General government	1,665,445	1,552,232	-	-	1,665,445	1,552,232
Public safety	2,253,239	2,205,852	-	-	2,253,239	2,205,852
Public works	932,899	793,599	-	-	932,899	793,599
Recreation and cultural	389,872	344,522	-	-	389,872	344,522
Sewer system	-	-	1,742,261	1,766,559	1,742,261	1,766,559
Water system	-	-	10,483	6,483	10,483	6,483
Total program expenses	<u>5,241,455</u>	<u>4,896,205</u>	<u>1,752,744</u>	<u>1,773,042</u>	<u>6,994,199</u>	<u>6,669,247</u>
Change in Net Position	<u>\$ 538,869</u>	<u>\$ 265,502</u>	<u>\$ 659,605</u>	<u>\$ 724,360</u>	<u>\$ 1,198,474</u>	<u>\$ 989,862</u>

**Governmental Activities**

Governmental activities increased the Township's net position by \$538,869 during fiscal year 2021. Key elements of this increase are as follows:

The Township's governmental activities' revenues totaled \$5,780,324 with the greatest revenue source being property taxes. Tax revenues increased approximately \$133,764 as a result of increases in taxable value. Operating grants and contributions decreased \$109,787, primarily due to COVID related grant funding in the prior year.

The Township incurred expenses of \$5,241,455 during the year which was \$345,250 more than the prior year. This increase is largely due to increases in general government and public works expenses related to road improvements. The majority of governmental expense is associated with the public safety function, which includes fire and police services.

**Business-type Activities**

Business-type activities increased the Township's net position by \$659,605 during fiscal year 2021 due to usage fees, tap-in fees on developments within the Township, and the Township's investment in SCCMUA. The majority (92%) of the revenue of the business-type activities is generated through user charges.

**BATH CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**The Township's Funds**

**Governmental Funds.** The analysis of the Township's governmental funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not Bath Charter Township as a whole. Bath Charter Township's Board of Trustees creates funds to help manage money for specific purposes. The Township's major governmental fund for the fiscal year ended December 31, 2021 was the General Fund.

The General Fund pays for most of the Township's governmental services. The most significant service provided during the fiscal year was for public safety, which incurred expenditures of \$2,102,330 across all governmental funds for the fiscal year. Public Safety services are partially supported by a police and fire millage.

**Proprietary Funds.** The Township's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer System Fund and the Water System Fund at the end of the year amounted to \$5,985,550 and \$135,590, respectively. Net position for the Sewer System Fund increased by \$666,918 and the net position for the Water System Fund decreased by \$7,313 for the fiscal year.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to recognize differences in anticipated expenditures and to reallocate expenditures. Budgetary-basis revenues and other financing sources were not amended during the year. Actual revenues and other financing sources came in \$53,785 more than the amended budget. This surplus is primarily due to State shared revenues coming in higher than anticipated. Budgetary basis expenditures and other financing uses were increased \$401,098 to adjust for increased general government cost. Actual expenditures and other financing uses came in \$394,658 under budget, due primarily to less expenditures in general government than anticipated.

**Public Safety Fund**

During the year the Township established the Public Safety Fund to account for the restricted resources related to the Township's police and fire millage, which was previously reported with the General Fund. The Public Safety Fund added \$278,497 of fund balance during the year ended December 31, 2021., ending the year with a committed fund balance of \$278,497.

**ARPA Grant Fund**

The ARPA Grant Fund received \$680,555 during the year in the form of a Federal grant. As of December 31, 2021 the entire amount was reported as unearned.

**BATH CHARTER TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Capital Asset and Debt Administration**

**Capital Assets.** At the end of the fiscal year, the Township had approximately \$27,451,067 invested in a broad range of capital assets, including buildings, land, equipment, and utilities. In addition, the Township has made certain investments in roads and drains within Bath Charter Township. These assets are not reported in Bath Charter Township's fund statements because under Michigan law these roads and drains are the property of the Clinton County Road and Drain Commissions, respectively. During the year the Township continued to invest in its sewer system. Refer to Note 6 for further details related to the Township's capital assets.

**Long-term Debt.** The Township made principal payments on existing obligations in the amount of \$565,000. The carrying amount of the Township's obligation for compensated absences decreased by \$10,929. Refer to Note 7 for further details related to the Township's long-term debt.

**Current Economic Factors**

Bath Charter Township continues to maintain a stable financial outlook due to conservative budgeting and fiscal management and to a significant growth curve in new residential and commercial construction.

This is not to say that Bath Township does not face some challenges. While Township growth has been significant for more than a decade, the new residents represent additional demands for services and infrastructure improvements, particularly in the sanitary sewer system, which requires additional resources.

**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 demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Superintendent or Treasurer at the Township Hall.

## **BASIC FINANCIAL STATEMENTS**

**BATH CHARTER TOWNSHIP  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Primary Government			Component Unit (DDA)
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 5,734,023	\$ 2,360,511	\$ 8,094,534	\$ -
Investments	1,355,045	103,776	1,458,821	-
Receivables	1,981,176	514,608	2,495,784	-
Internal balances	(61,790)	61,790	-	-
Due from other governmental units	447,056	-	447,056	-
Prepays	72,875	-	72,875	-
<b>Total current assets</b>	<b>9,528,385</b>	<b>3,040,685</b>	<b>12,569,070</b>	<b>-</b>
Noncurrent assets				
Investments	260,647	-	260,647	-
Investment in SCCMUA	-	3,517,714	3,517,714	-
Capital assets not being depreciated	1,226,560	-	1,226,560	-
Capital assets, net of accumulated depreciation	2,441,368	11,719,356	14,160,724	-
<b>Total noncurrent assets</b>	<b>3,928,575</b>	<b>15,237,070</b>	<b>19,165,645</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>13,456,960</b>	<b>18,277,755</b>	<b>31,734,715</b>	<b>-</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	98,069	98,069	-
Deferred outflows of resources related to pensions	676,272	-	676,272	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>676,272</b>	<b>98,069</b>	<b>774,341</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	349,858	1,681	351,539	-
Accrued liabilities	141,939	-	141,939	-
Accrued interest payable	-	36,602	36,602	-
Unearned revenue	680,555	497,045	1,177,600	-
Current portion of compensated absences	195,378	-	195,378	-
Current portion of long-term debt	-	594,970	594,970	-
<b>Total current liabilities</b>	<b>1,367,730</b>	<b>1,130,298</b>	<b>2,498,028</b>	<b>-</b>
Noncurrent liabilities				
Noncurrent portion of long-term debt	-	5,730,747	5,730,747	-
Net pension liability	2,056,784	-	2,056,784	-
<b>Total noncurrent liabilities</b>	<b>2,056,784</b>	<b>5,730,747</b>	<b>7,787,531</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,424,514</b>	<b>6,861,045</b>	<b>10,285,559</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	3,568,774	-	3,568,774	-
Special assessments levied for subsequent year	88,829	-	88,829	-
Deferred inflows of resources related to pensions	449,415	-	449,415	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,018,189</b>	<b>-</b>	<b>4,018,189</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,667,928	5,393,639	9,061,567	-
Restricted for public safety	295,626	-	295,626	-
Restricted for public works	128,456	-	128,456	-
Restricted for budget stabilization	183,210	-	183,210	-
Restricted for recreation and culture	2,019	-	2,019	-
Unrestricted	2,413,290	6,121,140	8,534,430	-
<b>TOTAL NET POSITION</b>	<b>\$ 6,690,529</b>	<b>\$ 11,514,779</b>	<b>\$ 18,205,308</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit (DDA)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
Governmental activities								
General government	\$ 1,665,445	\$ 417,234	\$ 72,573	\$ -	\$ (1,175,638)	\$ -	\$ (1,175,638)	\$ -
Public safety	2,253,239	256,071	32,073	-	(1,965,095)	-	(1,965,095)	-
Public works	932,899	-	84,677	-	(848,222)	-	(848,222)	-
Recreation and culture	389,872	8,216	2,254	-	(379,402)	-	(379,402)	-
Total governmental activities	<u>5,241,455</u>	<u>681,521</u>	<u>191,577</u>	<u>-</u>	<u>(4,368,357)</u>	<u>-</u>	<u>(4,368,357)</u>	<u>-</u>
Business-type activities								
Sewer system	1,742,261	2,208,845	-	89,520	-	556,104	556,104	-
Water system	10,483	3,100	-	-	-	(7,383)	(7,383)	-
Total business-type activities	<u>1,752,744</u>	<u>2,211,945</u>	<u>-</u>	<u>89,520</u>	<u>-</u>	<u>548,721</u>	<u>548,721</u>	<u>-</u>
Total primary government	<u>\$ 6,994,199</u>	<u>\$ 2,893,466</u>	<u>\$ 191,577</u>	<u>\$ 89,520</u>	<u>(4,368,357)</u>	<u>548,721</u>	<u>(3,819,636)</u>	<u>-</u>
<b>Component Unit</b>								
Downtown Development Authority	<u>\$ 100,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,145)</u>
General revenues								
Property taxes					3,224,271	-	3,224,271	77,583
State shared revenue					1,451,805	-	1,451,805	-
Investment earnings					15,996	509	16,505	25
Gain on sale of assets					6,800	-	6,800	-
Miscellaneous					33,631	110,375	144,006	-
Residual equity transfer					174,723	-	174,723	(174,723)
Total general revenues					<u>4,907,226</u>	<u>110,884</u>	<u>4,843,387</u>	<u>(97,115)</u>
Change in net position					538,869	659,605	1,198,474	(197,260)
Net position, beginning of the year					<u>6,062,831</u>	<u>10,855,174</u>	<u>16,918,005</u>	<u>197,260</u>
Net position, end of the year					<u>\$ 6,601,700</u>	<u>\$ 11,514,779</u>	<u>\$ 18,116,479</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2021**

	General Fund	Public Safety	ARPA Grant	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,991,287	\$ 954,398	\$ 680,555	\$ 1,107,783	\$ 5,734,023
Investments	1,615,692	-	-	-	1,615,692
Receivables					
Accounts	34,576	-	-	-	34,576
Taxes	972,585	759,305	-	170,854	1,902,744
Special assessments	-	-	-	43,856	43,856
Due from other governmental units	438,171	7,232	-	1,653	447,056
Prepays	69,991	2,884	-	-	72,875
	<u>\$ 6,122,302</u>	<u>\$ 1,723,819</u>	<u>\$ 680,555</u>	<u>\$ 1,324,146</u>	<u>\$ 9,850,822</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 217,326	\$ 20,727	\$ -	\$ 111,805	\$ 349,858
Accrued liabilities	141,939	-	-	-	141,939
Due to other funds	61,790	-	-	-	61,790
Unearned revenue	-	-	680,555	-	680,555
	<u>421,055</u>	<u>20,727</u>	<u>680,555</u>	<u>111,805</u>	<u>1,234,142</u>
<b>TOTAL LIABILITIES</b>					
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for subsequent year	1,823,628	1,424,595	-	320,551	3,568,774
Special assessments levied for subsequent year	-	-	-	88,829	88,829
Unavailable revenue	217,656	-	-	-	217,656
	<u>2,041,284</u>	<u>1,424,595</u>	<u>-</u>	<u>409,380</u>	<u>3,875,259</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>					
<b>FUND BALANCES</b>					
Nonspendable	69,991	2,884	-	-	72,875
Restricted	183,210	-	-	426,101	609,311
Committed	-	275,613	-	335,260	610,873
Assigned	970,823	-	-	41,600	1,012,423
Unassigned	2,435,939	-	-	-	2,435,939
	<u>3,659,963</u>	<u>278,497</u>	<u>-</u>	<u>802,961</u>	<u>4,741,421</u>
<b>TOTAL FUND BALANCES</b>					
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
	<u>\$ 6,122,302</u>	<u>\$ 1,723,819</u>	<u>\$ 680,555</u>	<u>\$ 1,324,146</u>	<u>\$ 9,850,822</u>

See accompanying notes to financial statements.



**BATH CHARTER TOWNSHIP  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

**Total fund balance - governmental funds** \$ 4,741,421

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 7,827,031	
Accumulated depreciation is	<u>(4,159,103)</u>	
Capital assets, net		3,667,928

Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the funds.		217,656
--	--	---------

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	676,272	
Deferred inflows of resources related to pensions	<u>(449,415)</u>	
		226,857

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year end consist of:

Compensated absences	(195,378)	
Net pension liability	<u>(2,056,784)</u>	
		<u>(2,252,162)</u>

**Net position of governmental activities** \$ 6,601,700

**BATH CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2021**

	General Fund	Public Safety	ARPA Grant	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 1,815,948	\$ 1,360,364	\$ -	\$ 307,531	\$ 3,483,843
Special assessments	-	-	-	84,677	84,677
Licenses and permits	36,901	-	-	229,132	266,033
Intergovernmental	1,289,102	7,232	-	3,028	1,299,362
Charges for services	95,807	-	-	45,167	140,974
Interest and rents	70,065	147	-	34	70,246
Other	42,810	-	-	-	42,810
<b>TOTAL REVENUES</b>	<b>3,350,633</b>	<b>1,367,743</b>	<b>-</b>	<b>669,569</b>	<b>5,387,945</b>
<b>EXPENDITURES</b>					
Current					
General government	1,769,114	-	-	-	1,769,114
Public safety	-	1,869,058	-	233,272	2,102,330
Public works	827,910	-	-	98,237	926,147
Recreation and culture	75,098	-	-	307,299	382,397
<b>TOTAL EXPENDITURES</b>	<b>2,672,122</b>	<b>1,869,058</b>	<b>-</b>	<b>646,918</b>	<b>5,188,098</b>
<b>EXCESS OF REVENUES OVER UNDER EXPENDITURES</b>	<b>678,511</b>	<b>(501,315)</b>	<b>-</b>	<b>22,651</b>	<b>199,847</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	12,000	779,812	-	47,285	839,097
Residual equity transfer in	-	-	-	174,723	174,723
Transfers out	(827,097)	-	-	(12,000)	(839,097)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(815,097)</b>	<b>779,812</b>	<b>-</b>	<b>210,008</b>	<b>174,723</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(136,586)</b>	<b>278,497</b>	<b>-</b>	<b>232,659</b>	<b>374,570</b>
Fund balances, beginning of year	3,796,549	-	-	570,302	4,366,851
Fund balances, end of year	<b>\$ 3,659,963</b>	<b>\$ 278,497</b>	<b>\$ -</b>	<b>\$ 802,961</b>	<b>\$ 4,741,421</b>

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

**Net change in fund balances - total governmental funds** \$ 374,570

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 205,504	
Depreciation expense	<u>(239,462)</u>	
Excess of depreciation expense over capital outlay capital outlay		(33,958)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable revenue was: 217,656

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	10,929	
Decrease in net pension liability	82,348	
(Increase) in deferred inflows of resources related to pensions	(280,891)	
Increase in deferred outflows of resources related to pensions	<u>168,215</u>	
		<u>(19,399)</u>

**Change in net position of governmental activities** \$ 538,869

**BATH CHARTER TOWNSHIP  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2021**

	Business-type Activities		
	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,328,697	\$ 31,814	\$ 2,360,511
Investments	-	103,776	103,776
Due from other funds	61,790	-	61,790
Accounts receivable	514,608	-	514,608
	<u>2,905,095</u>	<u>135,590</u>	<u>3,040,685</u>
Total current assets			
Noncurrent assets			
Investment in SCCMUA	3,517,714	-	3,517,714
Capital assets, net of accumulated depreciation	11,719,356	-	11,719,356
	<u>15,237,070</u>	<u>-</u>	<u>15,237,070</u>
Total noncurrent assets			
	<u>18,142,165</u>	<u>135,590</u>	<u>18,277,755</u>
<b>TOTAL ASSETS</b>			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	98,069	-	98,069
	<u>98,069</u>	<u>-</u>	<u>98,069</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	1,681	-	1,681
Accrued interest payable	36,602	-	36,602
Unearned revenue	497,045	-	497,045
Current portion of long-term debt	594,970	-	594,970
	<u>1,130,298</u>	<u>-</u>	<u>1,130,298</u>
Total current liabilities			
Noncurrent liabilities			
Noncurrent portion of long-term debt	5,730,747	-	5,730,747
	<u>5,730,747</u>	<u>-</u>	<u>5,730,747</u>
<b>TOTAL LIABILITIES</b>			
	<u>6,861,045</u>	<u>-</u>	<u>6,861,045</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,393,639	-	5,393,639
Unrestricted	5,985,550	135,590	6,121,140
	<u>5,985,550</u>	<u>135,590</u>	<u>6,121,140</u>
<b>TOTAL NET POSITION</b>			
	<u>\$ 11,379,189</u>	<u>\$ 135,590</u>	<u>\$ 11,514,779</u>

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities		
	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
OPERATING REVENUES			
Charges for services	\$ 2,208,845	\$ 3,100	\$ 2,211,945
OPERATING EXPENSES			
Contractual services	1,077,408	-	1,077,408
Administrative expenses	55,000	10,000	65,000
Supplies	5,769	-	5,769
Other	-	483	483
Depreciation	389,279	-	389,279
<b>TOTAL OPERATING EXPENSES</b>	<b>1,527,456</b>	<b>10,483</b>	<b>1,537,939</b>
<b>OPERATING INCOME (LOSS)</b>	<b>681,389</b>	<b>(7,383)</b>	<b>674,006</b>
NONOPERATING REVENUES (EXPENSES)			
Equity interest in SCCMUA operations	32,085	-	32,085
Tap in fees	79,550	-	79,550
Investment earnings	439	70	509
Paying agent fees	(850)	-	(850)
Interest expense	(231,533)	-	(231,533)
Amortization of deferred charges	(14,507)	-	(14,507)
Amortization of bond premiums and discounts	9,970	-	9,970
Refunds and reimbursements	110,375	-	110,375
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(14,471)</b>	<b>70</b>	<b>(14,401)</b>
<b>CHANGE IN NET POSITION</b>	<b>666,918</b>	<b>(7,313)</b>	<b>659,605</b>
Net position, beginning of year	10,712,271	142,903	10,855,174
Net position, end of year	\$ 11,379,189	\$ 135,590	\$ 11,514,779

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities		
	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 2,222,972	\$ 3,100	\$ 2,226,072
Cash paid for interfund services	(122,135)	(16,000)	(138,135)
Cash paid to suppliers	(1,083,115)	(483)	(1,083,598)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,017,722</b>	<b>(13,383)</b>	<b>1,004,339</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Other receipts	110,375	-	110,375
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Tap in fees	79,550	-	79,550
Interest paid	(234,500)	-	(234,500)
Payments on borrowings	(565,000)	-	(565,000)
Capital acquisitions	(79,602)	-	(79,602)
Paying agent fees	(850)	-	(850)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(800,402)</b>	<b>-</b>	<b>(800,402)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	(52)	(52)
Interest received	439	70	509
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>439</b>	<b>18</b>	<b>457</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>328,134</b>	<b>(13,365)</b>	<b>314,769</b>
Cash and cash equivalents, beginning of year	2,000,563	45,179	2,045,742
Cash and cash equivalents, end of year	<b>\$ 2,328,697</b>	<b>\$ 31,814</b>	<b>\$ 2,360,511</b>

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS (continued)  
 YEAR ENDED DECEMBER 31, 2021**

	Business-type Activities		
	Sewer System	Nonmajor Enterprise Fund (Water System)	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 681,389	\$ (7,383)	\$ 674,006
Depreciation	389,279	-	389,279
(Increase) in:			
Accounts receivable	(2,032)	-	(2,032)
Due from other funds	(61,790)	-	(61,790)
Increase (decrease) in:			
Accounts payable	62	-	62
Due to other funds	(5,345)	(6,000)	(11,345)
Unearned revenue	16,159	-	16,159
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,017,722</u>	<u>\$ (13,383)</u>	<u>\$ 1,004,339</u>

Note: The Township also adjusted its equity interest in 2021 Southern Clinton County Municipal Utilities Authority operations in the Sewer System Fund by \$32,085, to reflect the current year activity at SCCMUA.

**BATH CHARTER TOWNSHIP  
 FIDUCIARY FUND  
 STATEMENT OF FIDUCIARY NET POSITION  
 DECEMBER 31, 2021**

	Current Tax Collections
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,486,266
<b>LIABILITIES</b>	
Undistributed tax collections	2,486,266
<b>NET POSITION</b>	\$ -



**BATH CHARTER TOWNSHIP  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED DECEMBER 31, 2021**

	Current Tax Collections
ADDITIONS	
Collection of taxes for other governments	\$ 18,476,301
DEDUCTIONS	
Payment of taxes collected for other governments	18,476,301
Net change in fiduciary net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

See accompanying notes to financial statements.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bath Charter Township, Michigan (the Township), was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of 16 townships in Clinton County. The Township operates under an appointed Township Superintendent and an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four Trustees and provides services to its residents in many areas including general government, fire protection, law enforcement, and sewer utility services.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township's more significant accounting policies are described below.

Reporting Entity

These financial statements present the financial activities of Bath Charter Township (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

DISCRETELY PRESENTED COMPONENT UNIT

Downtown Development Authority - The Downtown Development Authority (DDA) is governed by a nine member board appointed by the Township Board. Its purpose is to promote the revitalization, development, and use of certain properties. During the year the DDA was dissolved and the remaining assets of the DDA were distributed on a prorated basis back to the municipalities that the taxes were originally captured from.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of Bath Charter Township contain all the funds controlled by the Township Board.

Joint Venture

Bath Charter Township is a member of the Southern Clinton County Municipal Utilities Authority (SCCMUA). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system for the benefit of the constituent municipalities.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Joint Venture (continued)

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. Bath Charter Township currently is represented by two of the 10 members of the Authority board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a 2/3 vote of the members-elect of the Authority.

The members of the Authority and approximate percentage of ownership are as follows:

Bath Charter Township	17%
DeWitt Charter Township	56%
City of DeWitt	11%
Watertown Township	16%

For the year ended December 31, 2021, Bath Charter Township contributed \$1,057,765 to cover its share of operational costs and reserve activities.

Additionally, an investment in SCCMUA is recorded to reflect the current carrying value at December 31, 2021, of the cumulative effect of SCCMUA operations relating to the Township equity share in the joint venture from inception-to-date. Bath Charter Township had recorded their portion of the initial cost of construction of the Authority facilities as capital assets in the Sewer and Water System (Enterprise) Funds, however the portion of those costs relating to the Water System has been eliminated as the Township transferred ownership of its water system to the Lansing Board of Water & Light during the fiscal year ended December 31, 1999.

Related Organizations

The Township participates in the following activity which is considered to be a related organization in relation to the Township due to the Township appointing all of the Board Members of the organization. There is no ongoing day-to-day financial interest or responsibility.

Bath Charter Township Housing Commission - The Township appoints all of the five Commission members. The Township does not have an ongoing day-to-day financial interest or responsibility for the Commission. The Commission operates a low-income housing project within the County which is subsidized by HUD in accordance with the U.S. Housing Act of 1937 and is regulated by the Department of HUD.

Accounting principles generally accepted in the United States of America allows, because the Commission is legally separate and fiscally independent, for the Commission's financial information to be presented within the Township's notes to the financial statements only instead of in the body of the financial statements. The following financial information was obtained from the most recent audited financial statements available of the Commission for their year ended December 31, 2020. A copy of the financial statements is available at the Commission's administrative offices. As of December 31, 2020, the Commission had total assets of \$648,097; total liabilities of \$14,075, and total net position of \$634,022. For the year ended December 31, 2020, the Commission had total operating revenues of \$319,406; total operating expenses of \$393,273; and a decrease in net position of \$68,961

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are 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.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. 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. The major individual governmental fund and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The Township reports the following major governmental fund:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- The Public Safety Fund is used to account for expenditures incurred related to providing police and fire services that are financed primarily through property taxes.
- The ARPA Grant Fund is used to account for the restricted resources provided by the American Rescue Plan Act.

The Township reports the following major enterprise fund:

- The Sewer System Fund is used to account for the operations required to provide sewer services to the general public; the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The Township also reports as a fiduciary fund the tax collection fund (custodial fund).

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenues recognition in the governmental fund financial statements is 60 days. Revenues which are considered measurable, but not available, are recorded as a receivable and unavailable revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenues and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary and custodial funds are accounting for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources if they are needed.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Budgets and Budgetary Accounting

The General Fund and major special revenue fund budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. The Township budgets and accounts for certain activities using separate funds even though these activities do not meet the criteria of Special Revenue Funds and are reported as part of the General Fund for external reporting purposes in accordance with GASB Statement No. 54.

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Superintendent submits a proposed operating budget for the fiscal year commencing the following January 1 to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
- c. Prior to December 15, the budget is adopted through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. Formal budgetary integration is employed as a management control device during the year.
- f. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31 are not carried forward to the following fiscal year.
- g. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and investment trust fund accounts. The cash equivalents are recorded at cost, which approximates fair value.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at fair value.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Cash, Cash Equivalents, and Investments (continued)

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the two (2) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services, amounts owed to the Township from special assessment, and taxes levied that have not been collected.

Property Tax

Bath Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Clinton County Treasurer on March 1 of the year following the levy. The Clinton County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Property Tax (continued)

The Township's property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2021 tax is levied and collectible on December 31, 2021, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

The Township is permitted to levy up to \$5 per \$1,000 of taxable valuation for general governmental service and additional amounts for special and debt services. For the year ended December 31, 2021, the Township levied 3.6153 mills for general governmental services, 3.0000 mills for police and fire services, and 0.6751 mills for the public library. The total taxable value for the 2020 levy for property within the Township was \$460,185,738.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	15 - 20 years
Buildings and improvements	10 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	2 - 8 years
Sewer system and improvements	15 - 40 years
Flowage rights	50 years

Unearned Revenue

Unearned revenue consists of grant funds received but not yet earned as well sewer usage fees the Township bills in advance of services provided.



**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Compensated Absences

Township employees are granted sick and vacation leave in varying amounts. In the event of termination, an employee is paid for accumulated sick and vacation time. All employees with accumulated unused sick and vacation time pay at December 31, 2021, were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the government-wide financial statements.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and 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/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

The Township reports deferred outflows of resources in the statement of net position which correspond to debt refunding and the Township's net pension liability. The deferred amounts on refunding results from the difference between the par amount of the refunding bonds and the par amount of the new bonds. This amount is deferred and amortized over the shorter of the life of the refunded debt or the life of the new debt. The deferred amounts related to the Township's net pension liability consist of differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date.

The Township reports deferred inflows of resources in the statement of net position which corresponds to the Township's net pension liability and consists of differences between expected and actual experience. The Township also reports deferred inflows of resources in connection with long-term receivables that are not considered available to liquidate liabilities of the current period.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized on the Township's government-wide financial statements.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The following are the five classifications of fund balance:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, Bath Charter Township's highest level of decision-making authority is the Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

For assigned fund balance, the Township Trustees are authorized to assign amounts to a specific purpose. The authorization has been delegated by the Township Trustees to the Township Superintendent.

For the classification of fund balances, Bath Charter Township considers restricted amounts to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, Bath Charter Township considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

Tax Abatements

The Township's tax revenues have been reduced by tax abatements. Management has determined these amounts to be immaterial to the financial statements.

Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of December 31, 2021, the Township had deposits subject to the following risk:

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2021, \$9,817,291 of the Township's bank balance of \$11,222,715 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount on the books for deposits at the end of the year was \$10,306,537.

Custodial credit risk - investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the Township will not be able to recover the value of its investments or the collateral securities that are in the possession of an outside party.

The Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments that are in possession of an outside party by diversifying its investments by institution to ensure that potential losses on individual securities do not exceed the income generated by the remainder of the portfolio.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of December 31, 2021, the Township did not have any investments that would be subject to rating.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Interest Rate Risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

	Fair Value	Weighted Average Maturity
Michigan CLASS	\$ 1,993,731	68 days

Concentration of Credit Risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio by security type to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

	Fair Value	Rating	Rating Agency
Michigan CLASS	\$ 1,993,731	AAAm	Standard & Poor's

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Fair Value Measurements

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

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

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool investment in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended December 31, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan CLASS	\$ 1,993,731	\$ -	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions in the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of December 31, 2021:

	Primary Government	Component Unit	Fiduciary Fund	Total
Cash and cash equivalents	\$ 8,094,534	\$ -	\$ 2,486,266	\$ 10,580,800
Investments - current	1,458,821	-	-	1,458,821
	\$ 9,814,002	\$ -	\$ 2,486,266	\$ 12,300,268

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INTERFUND RECEIVABLE AND PAYABLES**

The composition of interfund balances as of December 31, 2021 was as follows:

Due to Sewer Fund from:	
General Fund	<u><u>\$ 61,790</u></u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE 4 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to General Fund from:	
Nonmajor governmental funds	<u><u>\$ 12,000</u></u>
Transfers to Public Safety Fund from:	
General Fund	<u><u>\$ 779,812</u></u>
Transfers to nonmajor funds from:	
General Fund	<u><u>\$ 47,285</u></u>

Transfers were used to move unrestricted resources to fund current year operating costs.

**NOTE 5 - RISK MANAGEMENT**

The Township participates in the Michigan Township Participating Plan (the Plan) with other municipalities for auto, property, wrongful acts, law enforcement, crime, inland marine, and liability losses. The Plan is organized under Public Act 138 of 1982, as amended. The Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to the transfer of risk to U.S. Specialty Insurance Company ("USSIC") backing the Michigan Township Participating Plan under a master policy. Due to this Master Policy purchase, there is no pooling of risk between members but instead it is commercial insurance. Settled claims relating to this insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Township also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance Jan. 1, 2021	Additions	Deletions	Balance Dec. 31, 2021
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,215,560	\$ 11,000	\$ -	\$ 1,226,560
Capital assets being depreciated				
Land improvements	1,057,759	135,570	-	1,193,329
Buildings and improvements	2,557,775	17,400	-	2,575,175
Machinery and equipment	680,362	29,034	-	709,396
Flowage rights	76,017	-	-	76,017
Vehicles	1,909,997	-	-	1,909,997
Office equipment and furniture	124,057	12,500	-	136,557
Subtotal	<u>6,405,967</u>	<u>194,504</u>	<u>-</u>	<u>6,600,471</u>
Less accumulated depreciation for:				
Land improvements	(790,358)	(25,018)	-	(815,376)
Buildings and improvements	(1,171,892)	(58,597)	-	(1,230,489)
Machinery and equipment	(500,931)	(47,066)	-	(547,997)
Flowage rights	(24,325)	(1,521)	-	(25,846)
Vehicles	(1,327,050)	(100,998)	-	(1,428,048)
Office equipment and furniture	(105,085)	(6,262)	-	(111,347)
Subtotal	<u>(3,919,641)</u>	<u>(239,462)</u>	<u>-</u>	<u>(4,159,103)</u>
Net capital assets being depreciated	<u>2,486,326</u>	<u>(44,958)</u>	<u>-</u>	<u>2,441,368</u>
Capital assets, net	<u>\$ 3,701,886</u>	<u>\$ (33,958)</u>	<u>\$ -</u>	<u>\$ 3,667,928</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 65,043
Public safety	140,679
Public works	9,433
Recreation and culture	<u>24,307</u>
Total depreciation expense	<u>\$ 239,462</u>

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (continued)**

	Balance Jan. 1, 2021	Additions	Deletions	Balance Dec. 31, 2021
<b>Business-type activities</b>				
Capital assets being depreciated				
Sewer System	\$ 19,439,234	\$ 79,602	\$ -	\$ 19,518,836
Equipment	105,200	-	-	105,200
Subtotal	<u>19,544,434</u>	<u>79,602</u>	<u>-</u>	<u>19,624,036</u>
Less accumulated depreciation for:				
Sewer System	(7,410,201)	(389,279)	-	(7,799,480)
Equipment	(105,200)	-	-	(105,200)
Subtotal	<u>(7,515,401)</u>	<u>(389,279)</u>	<u>-</u>	<u>(7,904,680)</u>
Net capital assets being depreciated	<u>12,029,033</u>	<u>(309,677)</u>	<u>-</u>	<u>11,719,356</u>
Capital assets, net	<u>\$ 12,029,033</u>	<u>\$ (309,677)</u>	<u>\$ -</u>	<u>\$ 11,719,356</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the Township for the year ended December 31, 2021:

	Balance Jan. 1, 2021	Additions	Deletions	Balance Dec. 31, 2021	Amounts Due Within One Year
<b>Governmental activities</b>					
Other long-term obligations					
Compensated absences	\$ 206,307	\$ 249,306	\$ (260,235)	\$ 195,378	\$ 195,378
<b>Business-type activities</b>					
General obligation bonds					
2013 Refunding Bonds	775,000	-	(185,000)	590,000	195,000
2013 Sewer System Bonds	2,270,000	-	(90,000)	2,180,000	95,000
2018 General Obligation Bonds	1,750,000	-	(75,000)	1,675,000	80,000
2019 Refunding Bonds	2,055,000	-	(215,000)	1,840,000	215,000
Bond discounts/premiums	50,687	-	(9,970)	40,717	9,970
Total general obligation bonds	<u>6,900,687</u>	<u>-</u>	<u>(574,970)</u>	<u>6,325,717</u>	<u>594,970</u>
	<u>\$ 7,106,994</u>	<u>\$ 249,306</u>	<u>\$ (835,205)</u>	<u>\$ 6,521,095</u>	<u>\$ 790,348</u>



**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

General Obligation Bonds

\$2,225,000 Bath Township General Obligation Refunding Bonds, Series 2013, dated January 30, 2013, due in annual installments ranging from \$195,000 to \$200,000 through November 1, 2024, with interest of 2.50%, payable semi-annually.	\$ 590,000
\$2,800,000 Bath Township General Obligation Bonds, Series 2013A, dated September 4, 2013, due in annual installments ranging from \$95,000 to \$175,000 through November 1, 2038, with interest ranging from 4.00% to 4.75%, payable semi-annually.	2,180,000
\$2,000,000 Bath Township General Obligation Bonds, Series 2018, dated May 2, 2018, due in annual installments ranging from \$80,000 to \$135,000 through November 1, 2037, with interest ranging from 3.00% to 5.00%, payable semi-annually.	1,675,000
\$2,300,000 Bath Township General Obligation Limited Tax Refunding Bonds, Series 2019, dated March 26, 2019, due in annual installments ranging from \$190,000 to \$215,000 through May 1, 2030, with interest of 2.71%, payable semi-annually.	1,840,000
	\$ 6,285,000

The annual requirements to pay the debt principal and interest outstanding are as follows:

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 585,000	\$ 216,699
2023	590,000	198,198
2024	595,000	179,514
2025	405,000	160,573
2026	400,000	148,050
2027-2031	1,895,000	550,830
2032-2036	1,340,000	275,777
2037-2038	475,000	29,177
	\$ 6,285,000	\$ 1,758,818

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused sick and vacation time. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the government-wide financial statements, amounted to approximately \$195,378 at December 31, 2021, of which all has been classified as a current liability.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS**

**Defined Benefit Plan**

The Township 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's 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 by accessing MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Summary of Significant Accounting Policies

For the 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 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 these purposes, 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.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all eligible employees of the Township. The plan is open to new hires.

Retirement benefits for employees are calculated at 2.50% of the employee's three-year final average compensation times the employee's years of service with a maximum of 80% of final average compensation. Normal retirement age is 60 with an unreduced benefit at age 55 with 20 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 6 years of service and for duty related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accrued interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Township Board, generally after negotiations of those terms with the effected unions.

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

Inactive employees or beneficiaries receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>25</u>
Total	<u><u>49</u></u>

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2021, the active employee contribution rate was 21.15% of annual payroll. Employer contributions were 10% based on annual payroll.

Payable to the Pension Plan

At December 31, 2021, there were no amounts outstanding by the Township for contributions to the pension plan required for the year ended December 31, 2021.

Net Pension Liability

The Township's net pension liability was measured as of 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.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at December 31, 2019	\$ 9,121,750	\$ 6,982,618	\$ 2,139,132
Changes for the Year			
Service cost	309,011	-	309,011
Interest on total pension liability	689,898	-	689,898
Changes in benefits	(64,011)	-	(64,011)
Difference between expected and actual experience	133,670	-	133,670
Changes in assumptions	280,081	-	280,081
Employer contributions	-	161,891	(161,891)
Employee contributions	-	272,477	(272,477)
Net investment income	-	1,010,785	(1,010,785)
Benefit payments, including employee refunds	(397,290)	(397,290)	-
Administrative expense	-	(14,156)	14,156
Net changes	<u>951,359</u>	<u>1,033,707</u>	<u>(82,348)</u>
Balances at December 31, 2020	<u>\$ 10,073,109</u>	<u>\$ 8,016,325</u>	<u>\$ 2,056,784</u>

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

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

For the year ended December 31, 2021, the Township recognized pension expenses of \$224,548. The Township 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	\$ 100,252	\$ 102,131
Differences in assumptions	381,752	-
Net difference between projected and actual earnings on pension plan investments	-	347,284
Contributions subsequent to the measurement date*	<u>194,268</u>	<u>-</u>
Total	<u>\$ 676,272</u>	<u>\$ 449,415</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2022.

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

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2022	\$ 21,073
2023	119,198
2024	(11,835)
2025	(95,847)

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: 2.50%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return: 7.35%, net of investment expenses, including inflation.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

Actuarial Assumptions (continued)

The valuation incorporates fully generational mortality. The base mortality tables used are constructed as noted and are based on amount weighted sex distinct rates. Pre-retirement mortality - 1. the Pub-2010 Juvenile Mortality Tables, 2. the Pub-2010 Employee Mortality Tables, and 3. the Pub-2010 Healthy Retiree Tables. Non-disabled retired plan members and beneficiaries - 1. 106% of the Pub-2010 Juvenile Mortality Tables, 2. 106% of the Pub-2010 Employee Mortality Tables, and 3. 106% of the Pub-2010 Healthy Retiree Tables. Disabled retired plan members - 1. the Pub-2010 Juvenile Mortality Tables, 2. PubNS-2010 Disabled

The actuarial assumptions used in the valuation were based on the results of the 2014-2018 Five-Year Experience Study.

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.

Change in Assumptions

The actuarial assumptions were changed during the year as follows:  
Increase in merit and longevity pay assumption.

Projected Cash Flows

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.

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.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

Projected Cash Flows (continued)

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>	<u>Expected Money-Weighted Rate of Return</u>
Global Equity	60.00%	5.25%	3.15%
Global Fixed Income	20.00%	1.25%	0.25%
Private Investments	<u>20.00%</u>	7.25%	1.45%
	<u><u>100.00%</u></u>		
	Inflation		2.50%
	Administrative expense netted above		<u>0.25%</u>
	Investment rate of return		<u><u>7.60%</u></u>

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

The following presents the net pension liability of the employer, calculated using the discount rates of 7.60%, as well as what the Township's net pension liability would be using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 3,547,813</u>	<u>\$ 2,056,784</u>	<u>\$ 856,071</u>

**Defined Contribution Plan**

Bath Charter Township is the sponsor of a defined contribution retirement plan for the sole benefit of the Board Members for the Township. The Bath Charter Township Pension Plan is a money purchase defined contribution pension benefit plan. The plan is administered by the John Hancock Life Insurance Company. Contributions are based on a pre-established wage-based contribution schedule with the Township contributing 100% of the amount. Employees may elect to contribute additional amounts ranging from 1 to 10 percent of their compensation. During the year ended December 31, 2021, the Township made contributions for all eligible participating employees equal to 10% of their base compensation.

For the year ended December 31, 2021, the Township made employer contributions to the retirement plan in the amount of \$3,103. There were no employee contributions for the year.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - DETAILS OF FUND BALANCE CLASSIFICATIONS**

The following are the fund balance constraints as of December 31, 2021:

	General Fund	Public Safety	ARPA Grant	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 69,991	\$ 2,884	\$ -	\$ -	\$ 72,875
Restricted					
Public safety	-	-	-	295,626	295,626
Public works	-	-	-	128,456	128,456
Library	-	-	-	2,019	2,019
Budget stabilization	183,210	-	-	-	183,210
Committed					
Cemetery	-	-	-	160,537	160,537
Public safety	-	275,613	-	-	275,613
Downtown development	-	-	-	174,723	174,723
Assigned					
Subsequent year expenditures	919,952	-	-	-	919,952
Senior Center	30,518	-	-	-	30,518
Farmers' Market	20,353	-	-	-	20,353
Capital projects	-	-	-	41,600	41,600
Unassigned	2,435,939	-	-	-	2,435,939
	<u>\$ 3,659,963</u>	<u>\$ 278,497</u>	<u>\$ -</u>	<u>\$ 802,961</u>	<u>\$ 4,741,421</u>

**NOTE 10 - CONTINGENT LIABILITY**

The Township participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The periodic program compliance audits of many of the programs have not yet been completed or final resolution has not been received. Accordingly, Township's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022 fiscal year.

**BATH CHARTER TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)**

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

**NOTE 12 - UNCERTAINTIES**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Township expects this matter to potentially negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.



**REQUIRED SUPPLEMENTARY INFORMATION**

**BATH CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts			Variances with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Taxes				
Current property taxes				
General	\$ 1,668,479	\$ 1,668,479	\$ 1,556,376	\$ (112,103)
Other	46,803	46,803	47,795	992
Trailer taxes	3,168	3,168	2,406	(762)
Tax collection fees	192,318	192,318	209,371	17,053
<b>Total taxes</b>	<b>1,910,768</b>	<b>1,910,768</b>	<b>1,815,948</b>	<b>(94,820)</b>
Licenses and permits				
Franchise fees	45,000	45,000	36,901	(8,099)
Intergovernmental				
State grants	2,000	2,000	1,792	(208)
State shared revenue	1,060,787	1,060,787	1,234,149	173,362
Federal revenue	-	-	23,466	23,466
Metro act revenue	12,000	12,000	13,806	1,806
Local community stabilization	-	-	8,730	8,730
Liquor licenses	5,000	5,000	7,159	2,159
<b>Total intergovernmental</b>	<b>1,079,787</b>	<b>1,079,787</b>	<b>1,289,102</b>	<b>209,315</b>
Charges for services				
Administration fees	68,105	68,105	65,303	(2,802)
Court fees	30,200	30,200	14,169	(16,031)
Park and recreation fees	17,500	17,500	3,741	(13,759)
Police fees	2,000	2,000	2,030	30
Fire fees	-	-	943	943
<b>Total charges for services</b>	<b>117,805</b>	<b>117,805</b>	<b>86,186</b>	<b>(31,619)</b>
Interest and rents				
Interest - regular	54,300	54,300	15,258	(39,042)
Interest - tax collections	4,000	4,000	557	(3,443)
Rental fees	70,000	70,000	51,465	(18,535)
<b>Total interest and rents</b>	<b>128,300</b>	<b>128,300</b>	<b>67,280</b>	<b>(61,020)</b>
Other				
Refunds and rebates	-	-	1,623	1,623
Reimbursements	500	500	28,701	28,201
Other revenue	500	500	10,704	10,204
<b>Total other</b>	<b>1,000</b>	<b>1,000</b>	<b>41,028</b>	<b>40,028</b>
<b>TOTAL REVENUES</b>	<b>3,282,660</b>	<b>3,282,660</b>	<b>3,336,445</b>	<b>53,785</b>

**BATH CHARTER TOWNSHIP  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) - CONTINUED  
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Current				
General government				
Township board	\$ 175,662	\$ 175,812	\$ 151,521	\$ 24,291
Supervisor	21,077	21,634	20,268	1,366
Superintendent	205,147	206,652	184,516	22,136
Elections	24,400	28,364	12,953	15,411
Assessor	173,733	178,890	149,104	29,786
Clerk	204,376	215,576	209,085	6,491
Board of review	4,015	4,015	1,369	2,646
Treasurer	240,898	271,598	263,914	7,684
Building and grounds	163,300	325,410	306,874	18,536
Other	339,177	446,127	361,606	84,521
Total general government	<u>1,551,785</u>	<u>1,874,078</u>	<u>1,661,210</u>	<u>212,868</u>
Public works				
Department of public works	<u>840,386</u>	<u>907,191</u>	<u>827,910</u>	<u>79,281</u>
Recreation and culture				
Parks and recreation	<u>133,263</u>	<u>145,263</u>	<u>75,098</u>	<u>70,165</u>
<b>TOTAL EXPENDITURES</b>	<u>2,525,434</u>	<u>2,926,532</u>	<u>2,564,218</u>	<u>362,314</u>
<b>EXCESS OF REVENUES   OVER EXPENDITURES</b>	<u>757,226</u>	<u>356,128</u>	<u>772,227</u>	<u>416,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,000	12,000	12,000	-
Transfers out	<u>(956,660)</u>	<u>(956,660)</u>	<u>(924,316)</u>	<u>32,344</u>
<b>TOTAL OTHER FINANCING   SOURCES (USES)</b>	<u>(944,660)</u>	<u>(944,660)</u>	<u>(912,316)</u>	<u>32,344</u>
Net change in fund balance (Budgetary basis)	<u>\$ (187,434)</u>	<u>\$ (588,532)</u>	(140,089)	<u>\$ 448,443</u>
Budgetary perspective difference			<u>3,503</u>	
Net change in fund balance (GAAP basis)			<u>\$ (136,586)</u>	

**BATH CHARTER TOWNSHIP  
PUBLIC SAFETY FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 1,384,515	\$ 1,384,515	\$ 1,360,364	\$ (24,151)
Intergovernmental	-	-	7,232	7,232
Interest and rents	-	-	147	147
	<u>1,384,515</u>	<u>1,384,515</u>	<u>1,367,743</u>	<u>(16,772)</u>
TOTAL REVENUES	1,384,515	1,384,515	1,367,743	(16,772)
EXPENDITURES				
Current				
Public safety	<u>2,164,327</u>	<u>2,194,028</u>	<u>1,869,058</u>	<u>324,970</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(779,812)</u>	<u>(809,513)</u>	<u>(501,315)</u>	<u>308,198</u>
OTHER FINANCING SOURCES				
Transfers in	<u>779,812</u>	<u>779,812</u>	<u>779,812</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(29,701)	278,497	308,198
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (29,701)</u>	<u>\$ 278,497</u>	<u>\$ 308,198</u>

**BATH CHARTER TOWNSHIP  
 ARPA GRANT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BATH CHARTER TOWNSHIP**  
**SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST SEVEN MEASUREMENT YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 309,011	\$ 275,149	\$ 276,549	\$ 256,295	\$ 256,152	\$ 227,767	\$ 232,409
Interest	689,898	664,820	624,167	590,207	567,512	502,305	460,276
Changes of benefit terms	(64,011)	(65,367)	(12,020)	(6,706)	3,987	(48,117)	-
Difference between expected and actual experience	133,670	(37,227)	(37,815)	(79,706)	(228,603)	255,479	-
Changes of assumptions	280,081	286,151	-	-	-	302,728	-
Benefit payments including employee refunds	(397,290)	(348,925)	(335,090)	(356,329)	(274,532)	(223,487)	(138,332)
Other	-	-	-	(1)	(1)	-	(1)
Net Change in Total Pension Liability	951,359	774,601	515,791	403,760	324,515	1,016,675	554,352
Total Pension Liability, beginning	9,121,750	8,347,149	7,831,358	7,427,598	7,103,083	6,086,408	5,532,056
Total Pension Liability, ending	<u>\$ 10,073,109</u>	<u>\$ 9,121,750</u>	<u>\$ 8,347,149</u>	<u>\$ 7,831,358</u>	<u>\$ 7,427,598</u>	<u>\$ 7,103,083</u>	<u>\$ 6,086,408</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 161,891	\$ 164,029	\$ 156,543	\$ 149,977	\$ 146,768	\$ 141,669	\$ 135,526
Contributions - employee	272,477	251,293	224,185	213,313	166,600	158,976	144,798
Net investment income	1,010,785	835,714	(252,901)	745,843	571,922	(77,388)	292,403
Benefit payments including employee refunds	(397,290)	(348,925)	(335,090)	(356,329)	(274,532)	(223,487)	(138,332)
Administrative expense	(14,156)	(14,411)	(12,362)	(11,785)	(11,278)	(11,099)	(10,810)
Net Change in Plan Fiduciary Net Position	1,033,707	887,700	(219,625)	741,019	599,480	(11,329)	423,585
Plan Fiduciary Net Position, beginning	6,982,618	6,094,918	6,314,543	5,573,524	4,974,044	4,985,373	4,561,788
Plan Fiduciary Net Position, ending	<u>\$ 8,016,325</u>	<u>\$ 6,982,618</u>	<u>\$ 6,094,918</u>	<u>\$ 6,314,543</u>	<u>\$ 5,573,524</u>	<u>\$ 4,974,044</u>	<u>\$ 4,985,373</u>
Employer Net Pension Liability	<u>\$ 2,056,784</u>	<u>\$ 2,139,132</u>	<u>\$ 2,252,231</u>	<u>\$ 1,516,815</u>	<u>\$ 1,854,074</u>	<u>\$ 2,129,039</u>	<u>\$ 1,101,035</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80%	77%	73%	81%	75%	70%	82%
Covered payroll	\$ 1,617,859	\$ 1,532,861	\$ 1,561,542	\$ 1,462,870	\$ 1,457,065	\$ 1,395,633	\$ 1,424,074
Employer's Net Pension Liability as a percentage of covered payroll	127%	140%	144%	104%	127%	153%	77%

**BATH CHARTER TOWNSHIP  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST SEVEN FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)  
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 194,268	\$ 161,939	\$ 164,029	\$ 156,543	\$ 149,977	\$ 146,768	\$ 141,669
Contributions in relation to the actuarially determined contribution	<u>\$ 194,268</u>	<u>161,939</u>	<u>164,029</u>	<u>156,543</u>	<u>149,977</u>	<u>146,768</u>	<u>141,669</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,942,676	\$ 1,619,392	\$ 1,640,291	\$ 1,565,431	\$ 1,499,767	\$ 1,467,319	\$ 1,416,691
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	10%	10%

**BATH CHARTER TOWNSHIP  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 - BUDGET/GAAP RECONCILIATION**

Bath Charter Township budgets the activities of the Senior Center and Farmers' Market separately from the General Fund. For financial statement purposes and the GAAP-basis basic financial statements, however, the activities of the above-mentioned funds are combined with the General Fund as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The budgetary perspective difference shown on the General Fund Budgetary Comparison Schedule (Non-GAAP budgetary basis) reconciles the change in fund balance to the GAAP-basis basic financial statements and the details related to these amounts are as follows:

Net change in fund balance (Budgetary Basis)	\$ (140,089)
To adjust for revenues and expenditures generated related to various activities accounted for in separate funds	(93,716)
To remove transfers out from the budgetary basis schedule	<u>97,219</u>
Net actual change in fund balance (GAAP Basis)	<u><u>\$ (136,586)</u></u>

**NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Section 18 and 19, as amended provides that a local governmental unit not incur expenditures in excess of the amounts appropriated. The Township's budgeted expenditures in the General Fund have been adopted at the activity level and at the total fund level for the Special Revenue Funds.

During the year ended December 31, 2021, the Township incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Street Lighting Fund	\$ 84,431	\$ 92,449	\$ 8,018
Building and Zoning Fund	176,285	230,572	54,287

**NOTE 3 - EMPLOYEE RETIREMENT PLAN**

Changes of benefits terms: There were no significant changes in benefit terms in plan year 2020.

Changes in assumptions: Increases in merit and longevity pay assumptions.



## **OTHER SUPPLEMENTARY INFORMATION**

**BATH CHARTER TOWNSHIP  
GENERAL FUND  
COMBINING BALANCE SHEET  
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Budget Stabilization</u>	<u>Senior Center</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,755,884	\$ 183,210	\$ 31,840
Investments	1,615,692	-	-
Receivables			
Accounts	34,576	-	-
Taxes	972,585	-	-
Due from other governmental units	438,171	-	-
Prepays	69,991	-	-
	<u>5,886,899</u>	<u>183,210</u>	<u>31,840</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,886,899</u></u>	<u><u>\$ 183,210</u></u>	<u><u>\$ 31,840</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 216,004	\$ -	\$ 1,322
Accrued liabilities	141,939	-	-
Due to other funds	61,790	-	-
	<u>419,733</u>	<u>-</u>	<u>1,322</u>
<b>TOTAL LIABILITIES</b>	<u>419,733</u>	<u>-</u>	<u>1,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for subsequent year	1,823,628	-	-
Unavailable revenue	217,656	-	-
	<u>2,041,284</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,041,284</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	69,991	-	-
Restricted	-	183,210	-
Assigned	919,952	-	30,518
Unassigned	2,435,939	-	-
	<u>3,425,882</u>	<u>183,210</u>	<u>30,518</u>
<b>TOTAL FUND BALANCES</b>	<u>3,425,882</u>	<u>183,210</u>	<u>30,518</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 5,886,899</u></u>	<u><u>\$ 183,210</u></u>	<u><u>\$ 31,840</u></u>

<u>Farmers'</u> <u>Market</u>	<u>Total</u>
\$ 20,353	\$ 2,991,287
-	1,615,692
-	34,576
-	972,585
-	438,171
-	69,991
<u>\$ 20,353</u>	<u>\$ 6,122,302</u>
\$ -	\$ 217,326
-	141,939
	61,790
<u>-</u>	<u>421,055</u>
-	1,823,628
-	217,656
<u>-</u>	<u>2,041,284</u>
-	69,991
-	183,210
20,353	970,823
-	2,435,939
<u>20,353</u>	<u>3,659,963</u>
<u>\$ 20,353</u>	<u>\$ 6,122,302</u>

**BATH CHARTER TOWNSHIP  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Budget Stabilization</u>	<u>Senior Center</u>
<b>REVENUES</b>			
Taxes	\$ 1,815,948	\$ -	\$ -
Licenses and permits	36,901	-	-
Intergovernmental	1,289,102	-	-
Charges for services	86,186	-	9,621
Interest and rents	67,280	-	280
Other	41,028	-	802
	<u>3,336,445</u>	<u>-</u>	<u>10,703</u>
<b>EXPENDITURES</b>			
Current			
General government	1,661,210	-	95,834
Public works	827,910	-	-
Recreation and culture	75,098	-	-
	<u>2,564,218</u>	<u>-</u>	<u>95,834</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	<u>772,227</u>	<u>-</u>	<u>(85,131)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	12,000	-	85,131
Transfers out	(924,316)	-	-
	<u>(912,316)</u>	<u>-</u>	<u>85,131</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	(140,089)	-	-
Fund balances, beginning of year	<u>3,565,971</u>	<u>183,210</u>	<u>30,518</u>
Fund balances, end of year	<u>\$ 3,425,882</u>	<u>\$ 183,210</u>	<u>\$ 30,518</u>

Farmers' Market	Total Before Eliminations	Eliminations	Total
\$ -	\$ 1,815,948	\$ -	\$ 1,815,948
-	36,901	-	36,901
-	1,289,102	-	1,289,102
-	95,807	-	95,807
2,505	70,065	-	70,065
980	42,810	-	42,810
<u>3,485</u>	<u>3,350,633</u>	<u>-</u>	<u>3,350,633</u>
12,070	1,769,114	-	1,769,114
-	827,910	-	827,910
-	75,098	-	75,098
<u>12,070</u>	<u>2,672,122</u>	<u>-</u>	<u>2,672,122</u>
<u>(8,585)</u>	<u>678,511</u>	<u>-</u>	<u>678,511</u>
12,088	109,219	(97,219)	12,000
-	(924,316)	97,219	(827,097)
<u>12,088</u>	<u>(815,097)</u>	<u>-</u>	<u>(815,097)</u>
3,503	(136,586)	-	(136,586)
16,850	3,796,549	-	3,796,549
<u>\$ 20,353</u>	<u>\$ 3,659,963</u>	<u>\$ -</u>	<u>\$ 3,659,963</u>

**BATH CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2021**

	Special			
	Police Training	Street Lighting	Drug Forfeiture	Cemetery
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,983	\$ 173,429	\$ 6,497	\$ 160,537
Receivables				
Taxes	-	-	-	-
Special assessments	-	43,856	-	-
Due from other governmental units	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,983</b>	<b>\$ 217,285</b>	<b>\$ 6,497</b>	<b>\$ 160,537</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	-	-	-	-
Special assessments levied for subsequent year	-	88,829	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>88,829</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	4,983	128,456	6,497	-
Committed	-	-	-	160,537
Assigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>4,983</b>	<b>128,456</b>	<b>6,497</b>	<b>160,537</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 4,983</b>	<b>\$ 217,285</b>	<b>\$ 6,497</b>	<b>\$ 160,537</b>

Building and Zoning	Revenue			Capital Projects	Total
	Auto Theft Enforcement	Library	DDA	Capital Improvements	
\$ 266,684	\$ 24,231	\$ 150,063	\$ 274,868	\$ 46,491	\$ 1,107,783
-	-	170,854	-	-	170,854
-	-	-	-	-	43,856
-	-	1,653	-	-	1,653
<u>\$ 266,684</u>	<u>\$ 24,231</u>	<u>\$ 322,570</u>	<u>\$ 274,868</u>	<u>\$ 46,491</u>	<u>\$ 1,324,146</u>
<u>\$ 6,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,145</u>	<u>\$ 4,891</u>	<u>\$ 111,805</u>
-	-	320,551	-	-	320,551
-	-	-	-	-	88,829
-	-	320,551	-	-	409,380
259,915	24,231	2,019	-	-	426,101
-	-	-	174,723	-	335,260
-	-	-	-	41,600	41,600
<u>259,915</u>	<u>24,231</u>	<u>2,019</u>	<u>174,723</u>	<u>41,600</u>	<u>802,961</u>
<u>\$ 266,684</u>	<u>\$ 24,231</u>	<u>\$ 322,570</u>	<u>\$ 274,868</u>	<u>\$ 46,491</u>	<u>\$ 1,324,146</u>

**BATH CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2021**

	Special			
	Police Training	Street Lighting	Drug Forfeiture	Cemetery
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Special assessments	-	84,677	-	-
Intergovernmental	1,375	-	-	-
Charges for services	-	-	-	26,800
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,375</b>	<b>84,677</b>	<b>-</b>	<b>26,800</b>
EXPENDITURES				
Current				
Public safety	1,867	-	-	-
Public works	-	92,449	-	5,788
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,867</b>	<b>92,449</b>	<b>-</b>	<b>5,788</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(492)</b>	<b>(7,772)</b>	<b>-</b>	<b>21,012</b>
OTHER FINANCING (USES)				
Transfers in	-	-	-	-
Residual equity transfer in	-	-	-	-
Transfers out	-	-	-	(12,000)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(492)</b>	<b>(7,772)</b>	<b>-</b>	<b>9,012</b>
Fund balances, beginning of year	5,475	136,228	6,497	151,525
Fund balances, end of year	<u>\$ 4,983</u>	<u>\$ 128,456</u>	<u>\$ 6,497</u>	<u>\$ 160,537</u>



Building and Zoning	Revenue			Capital Projects	Total
	Auto Theft Enforcement	Library	DDA	Capital Improvements	
\$ -	\$ -	\$ 307,531	\$ -	\$ -	\$ 307,531
229,132	-	-	-	-	229,132
-	-	-	-	-	84,677
-	-	1,653	-	-	3,028
16,567	1,800	-	-	-	45,167
-	-	34	-	-	34
<u>245,699</u>	<u>1,800</u>	<u>309,218</u>	<u>-</u>	<u>-</u>	<u>669,569</u>
230,572	833	-	-	-	233,272
-	-	-	-	-	98,237
-	-	307,299	-	-	307,299
-	-	-	-	8,110	8,110
<u>230,572</u>	<u>833</u>	<u>307,299</u>	<u>-</u>	<u>8,110</u>	<u>646,918</u>
15,127	967	1,919	-	(8,110)	22,651
47,285	-	-	-	-	47,285
-	-	-	174,723	-	174,723
-	-	-	-	-	(12,000)
62,412	967	1,919	174,723	(8,110)	232,659
<u>197,503</u>	<u>23,264</u>	<u>100</u>	<u>-</u>	<u>49,710</u>	<u>570,302</u>
<u>\$ 259,915</u>	<u>\$ 24,231</u>	<u>\$ 2,019</u>	<u>\$ 174,723</u>	<u>\$ 41,600</u>	<u>\$ 802,961</u>

**BATH CHARTER TOWNSHIP  
COMPONENT UNIT FUND  
BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)  
DECEMBER 31, 2021**

ASSETS	
Cash and cash equivalents	\$ <u>          -</u>
FUND BALANCE	
Unassigned	<u>                  -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>                  -</u>

Note: Reconciliation of the governmental fund balance sheet to the statement of net position for this component unit is not required as the fund balance was equal to the component unit's net position as of December 31, 2021.

**BATH CHARTER TOWNSHIP  
 COMPONENT UNIT FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)  
 YEAR ENDED DECEMBER 31, 2021**

REVENUES	
Taxes	\$ 77,583
Interest	<u>25</u>
TOTAL REVENUES	<u>77,608</u>
EXPENDITURES	
Current	
Community and economic development	<u>100,145</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(22,537)
OTHER FINANCING USES	
Residual equity transfer out	<u>(174,723)</u>
NET CHANGE IN FUND BALANCE	(197,260)
Fund balance, beginning of year	<u>197,260</u>
Fund balance, end of year	<u><u>\$ -</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities is not required as the net change in fund balance was equal to the change in net position for the year ended December 31, 2021.