ALAN (AL) VANWASHENOVA
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FRENCHTOWN CHARTER TOWNSHIP

2744 Vivian Road - Monroe, Michigan 48162-9212 - (734) 242-3282

CHRISTIAAN CARLTON
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TRUSTEES
ASSESSING DEPARTMENT
(734) 242-8588

November 29, 2021

Michigan Department of Treasury
Office of Revenue and Tax Analysis
P.O. Box 30722
Lansing, MI 48909

VIA EMAIL TO TreasRevenueSharing@michigan.gov

Re: City, Village and Township Revenue Sharing Program (CVTRS) Fiscal Year 2022

Dear Michigan Department of Treasury:

As requested pursuant to the September 2021 Detailed Guidance regarding the CVTRS Program requirements enclosed please find the following:

1. Form 4886 Certification of Accountability and Transparency.
2. Citizens Guide (in draft) for Frenchtown Charter Township including most recent local finances and recognition of unfunded liabilities. (Once approved by the State the final approved document will be inserted on website and Clerk's Office in place of the draft)
3. Performance Dashboard for Frenchtown Charter Township.
4. Debt Service Report (all funds) for Frenchtown Charter Township.
5. Projected Budget Report for Frenchtown Charter Township with attached Statement of Assumptions.

As required by the Program the enclosed documents are all available for public viewing and review in the Frenchtown Charter Township Clerk's Office. If you require anything further in order to complete the requirements of the CVTRS Program please let me know and we will address them immediately. Thank you.

Very truly yours,
FRENCHTOWN CHARTER TOWNSHIP

Alan Vanwashenova

Alan Vanwashenova, Supervisor

JAM/
cc: Township Board (w/o enclosures)
Frenchtown Charter Township
Kerry L. Bondy, Township Attorney (via email to kbondy@monroelaw.biz)

Deptoftreasforfy2022fctcvtrspd

FORM 4886 CERTIFICATION OF ACCOUNTABILITY AND TRANSPARENCY

Michigan Department of Treasury
4886 (Rev. 09-21)

City, Village, and Township Revenue Sharing and County Incentive Program Certification

Issued under authority of 2021 Public Act 87. Filing is mandatory to qualify for payments.

Each city/village/township/county applying for City, Village, and Township Revenue Sharing or County Incentive Program payments must:

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has produced and made available to the public a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report as required by 2021 Public Act 87. The local unit must include in any mailing of general information to its citizens, the Internet website address or the physical location where all the documents are available for public viewing in the clerk's office.
2. Submit to Treasury a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report.

This certification, along with a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report, **must be received by December 1, 2021,** (or the first day of a payment month) in order to qualify for that month's payment. Postmark dates will not be considered. For questions, call 517-335-7484.

PART 1: LOCAL UNIT INFORMATION

Local Unit Name Frenchtown Charter Township		Local Unit County Name Monroe	
Local Unit Code 58-1070		Contact E-Mail Address al@frenchtownchartertwp.org	
Contact Name Alan Vanwashenova	Contact Title Supervisor	Contact Telephone Number (734) 242-3282	Extension 131
Website Address, if reports are available online frenchtowntownship.org		Current Fiscal Year End Date December 31, 2021	

PART 2: CITIZEN'S GUIDE

Check any of the following that apply:

☐ The local unit has elected to use Treasury's online Citizen's Guide to comply with the legislative requirements. Therefore, a copy of the Citizen's Guide will not be submitted to Treasury.

☐ The local unit does not have any unfunded liabilities (pensions or other postemployment benefits (OPEB)).

PART 3: CERTIFICATION

In accordance with 2021 Public Act 87, the undersigned hereby certifies to Treasury that the above mentioned local unit 1) has produced a Citizen's Guide, a Performance Dashboard, a Debt Service Report, and a Projected Budget Report and 2) will include in any mailing of general information to our citizens, the Internet website address or the physical location where all the documents are available for public viewing in the clerk's office. The Citizen's Guide, Performance Dashboard, Debt Service Report, and Projected Budget Report are attached to this signed certification, unless otherwise noted in Part 2.

Chief Administrative Officer Signature (as defined in MCL 141.422b) Al Van Washenova	Printed Name of Chief Administrative Officer (as defined in MCL 141.422b) Alan Vanwashenova
Title Supervisor	Date Nov. 28, 2021

Completed and signed form (including required attachments) should be e-mailed to: **TreasRevenueSharing@michigan.gov**.
If you are unable to submit via e-mail, fax to 517-335-3298 or mail the completed form and required attachments to:

Michigan Department of Treasury
Revenue Sharing and Grants Division
PO Box 30722
Lansing MI 48909

TREASURY USE ONLY

CVTRS/CIP Eligible Y N	Certification Received	Citizen's Guide Received
Performance Dashboard Received	Debt Service Report Received	Projected Budget Report Received
Final Certification	CVTRS/CIP Notes	

CITIZENS GUIDE FOR FRENCHTOWN CHARTER TOWNSHIP

Frenchtown Charter Township, Michigan

Year Ended
December 31, 2020

Financial
Statements

Rehmann

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FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

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FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

November 18, 2021

The Members of the Board of
Frenchtown Charter Township
Frenchtown Township, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

DRAFT

Opinions

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

Restatement of Beginning Net Position and Fund Balance

As described in Note 17, the beginning net positions of governmental activities, general fund, fire special revenue fund, street lighting special revenue fund, business-type activities, water enterprise fund, the discretely presented component unit, and the fiduciary component unit have been adjusted to correct prior year errors. Our opinion is not modified with respect to these matters.

Required Supplementary Information

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

Other Information

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

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

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Management's Discussion and Analysis

As management of Frenchtown Charter Township, Michigan (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2020.

Financial Highlights

· Total net position	$ 85,365,835
· Change in total net position	2,234,479
· Fund balances, governmental funds	28,921,514
· Change in fund balances, governmental funds	521,966
· Unassigned fund balance, general fund	22,865,776
· Change in fund balance, general fund	1,026,430

Overview of the Financial Statements

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

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

The statement of net position and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township finances. The 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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The governmental activities of the Township include general government, public safety, public works, and culture and recreation. The business-type activities of the Township include water operations.

The government-wide financial statements include not only the Township itself (known as the primary government), but also a legally separate entity for which the Township is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 Township's operation in more detail than the government-wide financial statements by providing information about the Township's most significant funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Management's Discussion and Analysis

The Township maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, fire, and sewer funds, each of which are considered to be major funds. Data from 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 elsewhere in this report.

Proprietary Funds. The Township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses an enterprise fund to account for its water operations.

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. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

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.* This is limited to this management's discussion and analysis and the schedules for the other postemployment benefit plan.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by $85,365,835 at the close of the most recent year. The following table shows, in a condensed format, the net position as of the current date and compared to the prior year:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 39,471,072	$ 36,512,701	$ 23,064,373	$ 22,142,995	$ 62,535,445	$ 58,655,696
Capital assets, net	9,031,255	8,621,231	27,446,110	27,457,442	36,477,365	36,078,673
Total assets	48,502,327	45,133,932	50,510,483	49,600,437	99,012,810	94,734,369
Deferred outflows of resources	2,097,609	1,595,810	327,373	249,483	2,424,982	1,845,293
Current and other liabilities	1,699,413	802,442	624,724	847,001	2,324,137	1,649,443
Long-term debt	57,084	150,481	-	-	57,084	150,481
Total liabilities	1,756,497	952,923	624,724	847,001	2,381,221	1,799,924
Deferred inflows of resources	11,378,320	7,869,508	2,312,416	1,796,194	13,690,736	9,665,702
Net position						
Investment in capital assets	9,031,255	8,621,231	27,446,110	27,457,442	36,477,365	36,078,673
Restricted	6,173,193	6,578,546	-	-	6,173,193	6,578,546
Unrestricted	22,260,671	22,707,534	20,454,606	19,749,283	42,715,277	42,456,817
Total net position	$ 37,465,119	$ 37,907,311	$ 47,900,716	$ 47,206,725	$ 85,365,835	$ 85,114,036

Management's Discussion and Analysis

One of the largest portions of the Township's net position, $36,477,365, reflects its investment in capital assets (e.g., land, construction in progress, improvements other than buildings, buildings and system, machinery and equipment, and infrastructure), less any debt used to acquire those assets still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the Township's net position, $6,173,193, represents resources that are subject to external restriction on how they may be used. The remaining net position of $42,715,277 is unrestricted.

The government's net position increased by $2,234,479 during the current fiscal year. This increase was a combination of an increase of $1,226,193 in governmental activities and an increase of $1,008,286 in business-type activities.

The following table shows the changes in net position during the current year with a comparison to prior year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	$ 1,329,089	$ 997,891	$ 2,827,929	$ 2,594,714	$ 4,157,018	$ 3,592,605
Operating grants and contributions	342,689	328,298	-	-	342,689	328,298
Capital grants and contributions	96,000	-	107,090	59,134	203,090	59,134
General revenues:						
Property taxes	7,022,131	6,310,341	1,784,153	1,659,134	8,806,284	7,969,475
Grants and contributions not restricted to specific programs	2,036,185	1,875,172	-	-	2,036,185	1,875,172
Unrestricted investment earnings	205,680	336,450	91,668	279,993	297,348	616,443
Net income from equity in joint venture	-	-	4,740	6,258	4,740	6,258
Other revenue	-	606,620	-	-	-	606,620
Total revenues	11,031,774	10,454,772	4,815,580	4,599,233	15,847,354	15,054,005
Expenses						
General government	2,434,391	1,301,899	-	-	2,434,391	1,301,899
Public safety	4,675,151	4,535,303	-	-	4,675,151	4,535,303
Public works	2,446,836	2,727,751	-	-	2,446,836	2,727,751
Culture and recreation	249,203	335,009	-	-	249,203	335,009
Water	-	-	3,807,294	3,352,409	3,807,294	3,352,409
Total expenses	9,805,581	8,899,962	3,807,294	3,352,409	13,612,875	12,252,371
Change in net position	1,226,193	1,554,810	1,008,286	1,246,824	2,234,479	2,801,634
Net position, beginning of year, as restated	36,238,926	36,352,501	46,892,430	45,959,901	83,131,356	82,312,402
Net position, end of year	$ 37,465,119	$ 37,907,311	$ 47,900,716	$ 47,206,725	$ 85,365,835	$ 85,114,036

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the Township's net position by $1,226,193 a decrease in change in net position over the prior year by $328,617. This is primarily the result of increase in general government expenses of $905,619 due to the change in the OPEB liability and related deferred outflows and inflows of resources in the current year as well as an increase in state assessor services expense netted with the increase of property taxes revenue of $711,790 as a result of continued property tax values and growth in the area.

Business-type Activities. Business-type activities increased the Township's net position by $1,008,286. This was primarily the result of charges for services increasing $233,215 due to increased water usage and expenses increasing $454,885 due to the addition of water plant staff and related benefits.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of $28,921,514, an increase of $521,9666 in comparison with the prior year. Of this total amount, $22,748,321, constitutes unassigned fund balance. The remainder of fund balance is restricted for fire, sewer, and liquor law enforcement.

General Fund Highlights

The general fund is the chief operating fund of the Township. The fund balance of the Township's general fund increased by $1,026,430 during the current fiscal year. At the end of the current fiscal year, the total fund balance of the general fund was unassigned ($22,865,776).

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned (and total) fund balance represents 408.1 percent of total general fund expenditures.

General government expenditures totaled $2,554,828, which includes the various administrative departments, insurance, and special projects activities of the general fund. This was the most significant category which was approximately 45.6 percent of the total general fund expenditures.

As shown in the budget to actual statement, the Township had originally budgeted operational expenditures of $6,484,700. During the course of the year, the Township did not authorize any budget amendments. Actual operating results were less than the budget by $881,795, primarily due to street lighting public works expenditures being less than budget by $413,371, building and grounds general government expenditures being less than budget by $238,551, and recreation expenditures being less than budget by $202,589 due to the pandemic.

Fire Fund Highlights

The fire fund is a major fund of the Township. The fund balance of the fire fund decreased by $597,205 during the current fiscal year. Fund balance decreased in the current year as a result of capital outlay expenditures being greater than budget by $320,838 due to the capital purchases. At the end of the current fiscal year, the total fund balance of the fire fund was $970,212. Total expenditures for the fiscal year were $4,607,081 for various fire services.

Management's Discussion and Analysis

Sewer Fund Highlights

The sewer fund is a major fund of the Township. The fund balance of the sewer fund increased by $152,017 during the current fiscal year. Fund balance increased in the current year as a result of fees and interest revenues of $152,277 with only $260 in other expenditures. At the end of the current fiscal year, the total fund balance of the sewer fund was $5,194,843. Total expenditures for the fiscal year were $260.

Capital Asset Administration

Capital Assets. The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to $36,477,365 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system, improvements other than buildings, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Storage barn for water plant ($1.5 million)
- Two firetrucks ($1.2 million)

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 1,172,588	$ 1,087,668	$ 115,800	$ 115,800	$ 1,288,388	$ 1,203,468
Construction in progress	-	-	751,962	1,591,234	751,962	1,591,234
Buildings and system	3,378,444	3,527,806	25,975,743	25,229,444	29,354,187	28,757,250
Improvements other than buildings	280,467	318,572	-	-	280,467	318,572
Machinery and equipment	1,734,293	586,795	602,605	520,964	2,336,898	1,107,759
Infrastructure	2,465,463	3,100,390	-	-	2,465,463	3,100,390
Total capital assets, net	$ 9,031,255	$ 8,621,231	$ 27,446,110	$ 27,457,442	$ 36,477,365	$ 36,078,673

Additional information on the Township's capital assets can be found in the notes to financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Township's budget for the 2021 year:

- The General Fund tax revenues and taxable values are anticipated to be slightly higher for the FY 2021.
- In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. As of the date of these financial statements, the outbreak has negatively impacted economic markets, business operations and the provision of many governmental services. Management anticipates the pandemic will have a negative impact on the Township with respect to financial operations and investment results; however, the extent of the impact is uncertain and cannot be reasonably predicted at this time.

Contacting the Township's Management

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, you are welcome to contact the clerk's office.

BASIC FINANCIAL STATEMENTS

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FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Net Position
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Resort District Authority
Assets				
Cash and cash equivalents	$ 29,809,457	$ 19,340,827	$ 49,150,284	$ 1,375,134
Receivables	8,657,345	2,301,059	10,958,404	1,750,728
Internal balances	498,535	(498,535)	-	-
Inventory	-	109,982	109,982	-
Capital assets not being depreciated	1,172,588	867,762	2,040,350	6,716
Capital assets being depreciated, net	7,858,667	26,578,348	34,437,015	758,447
Equity in joint venture	-	1,732,110	1,732,110	-
Net other postemployment benefit asset	505,735	78,930	584,665	-
Total assets	48,502,327	50,510,483	99,012,810	3,891,025
Deferred outflows of resources				
Deferred other postemployment benefit amounts	2,097,609	327,373	2,424,982	-
Liabilities				
Accounts payable and accrued liabilities	1,699,413	624,724	2,324,137	295,508
Long-term debt -				
Compensated absences (due within one year)	57,084	-	57,084	-
Total liabilities	1,756,497	624,724	2,381,221	295,508
Deferred inflows of resources				
Taxes levied for a subsequent period	8,186,000	1,814,193	10,000,193	1,828,098
Deferred other postemployment benefit amounts	3,192,320	498,223	3,690,543	-
Total deferred inflows of resources	11,378,320	2,312,416	13,690,736	1,828,098
Net position				
Investment in capital assets	9,031,255	27,446,110	36,477,365	765,163
Restricted for:				
Fire operations	970,212	-	970,212	-
Sewer improvements	5,194,843	-	5,194,843	-
Public safety	8,138	-	8,138	-
Unrestricted	22,260,671	20,454,606	42,715,277	1,002,256
Total net position	$ 37,465,119	$ 47,900,716	$ 85,365,835	$ 1,767,419

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2020

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 2,434,391	$ 1,042,254	$ 27,979	$ -	$ (1,364,158)
Public safety	4,675,151	27,828	314,710	-	(4,332,613)
Public works	2,446,836	259,007	-	96,000	(2,091,829)
Culture and recreation	249,203	-	-	-	(249,203)
Total governmental activities	9,805,581	1,329,089	342,689	96,000	(8,037,803)
Business-type activities -					
Water	3,807,294	2,827,929	-	107,090	(872,275)
Total primary government	$ 13,612,875	$ 4,157,018	$ 342,689	$ 203,090	$ (8,910,078)
Component unit					
Resort District Authority	$ 1,092,370	$ -	$ -	$ -	$ (1,092,370)

continued...

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Resort District Authority
Changes in net position				
Net (expense) revenue	$ (8,037,803)	$ (872,275)	$ (8,910,078)	$ (1,092,370)
General revenues:				
Property taxes	7,022,131	1,784,153	8,806,284	1,874,397
Grants and contributions not restricted to specific programs	2,036,185	-	2,036,185	-
Unrestricted investment earnings	205,680	91,668	297,348	7,233
Net income from equity in joint venture	-	4,740	4,740	-
Other	-	-	-	49,009
Total general revenues	9,263,996	1,880,561	11,144,557	1,930,639
Change in net position	1,226,193	1,008,286	2,234,479	838,269
Net position, beginning of year, as restated	36,238,926	46,892,430	83,131,356	929,150
Net position, end of year	$ 37,465,119	$ 47,900,716	$ 85,365,835	$ 1,767,419

concluded.

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2020

	General	Fire	Sewer
Assets			
Cash and cash equivalents	$ 20,792,593	$ 4,012,718	$ 5,193,940
Receivables:			
Accounts	12,486	-	-
Taxes	2,993,727	4,453,749	-
Special assessments	81,652	-	1,033
Due from other governments	825,871	72,982	-
Due from other funds	2,762,055	-	-
Total assets	$ 27,468,384	$ 8,539,449	$ 5,194,973
Liabilities			
Negative equity in cash and cash equivalents	$ -	$ -	$ -
Accounts payable	831,978	112,017	130
Accrued payroll	339,925	355,853	-
Due to other funds	900	2,263,520	-
Total liabilities	1,172,803	2,731,390	130
Deferred inflows of resources			
Taxes levied for a subsequent period	3,348,153	4,837,847	-
Unavailable revenue - special assessments	81,652	-	-
Total deferred inflows of resources	3,429,805	4,837,847	-
Fund balances			
Restricted for:			
Fire protection	-	970,212	-
Sewer projects	-	-	5,194,843
Liquor law enforcement	-	-	-
Unassigned (deficit)	22,865,776	-	-
Total fund balances	22,865,776	970,212	5,194,843
Total liabilities, deferred inflows of resources, and fund balances	$ 27,468,384	$ 8,539,449	$ 5,194,973

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 7,238	$ 30,006,489
139,087	151,573
-	7,447,476
76,758	159,443
-	898,853
900	2,762,955
$ 223,983	$ 41,426,789
$ 197,032	$ 197,032
59,510	1,003,635
-	695,778
-	2,264,420
256,542	4,160,865
-	8,186,000
76,758	158,410
76,758	8,344,410
-	970,212
-	5,194,843
8,138	8,138
(117,455)	22,748,321
(109,317)	28,921,514
$ 223,983	$ 41,426,789

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FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2020

Fund balances - total governmental funds	$ 28,921,514
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,172,588
Capital assets being depreciated, net of accumulated depreciation	7,858,667
Certain liabilities, such as bonds payable, and deferred outflows of resources are not due and payable in the current period, and therefore are not reported in the funds.	
Compensated absences	(57,084)
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Deferred inflows for special assessments receivable	158,410
Certain other postemployment benefit-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net other postemployment benefit asset	505,735
Deferred outflows related to the net other postemployment benefit asset	2,097,609
Deferred inflows related to the net other postemployment benefit asset	(3,192,320)
Net position of governmental activities	$ 37,465,119

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds
For the Year Ended December 31, 2020

	General	Fire	Sewer
Revenues			
Property taxes	$ 3,345,738	$ 3,676,393	$ -
Special assessments	32,743	-	-
Licenses and permits	986,165	-	-
Intergovernmental	2,064,164	314,710	-
Charges for services	-	12,139	-
Fees	-	-	96,000
Interest	144,436	4,967	56,277
Other	56,089	1,667	-
Total revenues	6,629,335	4,009,876	152,277
Expenditures			
Current:			
General government	2,554,828	-	-
Public safety	1,032,794	3,331,243	-
Public works	1,838,429	-	260
Culture and recreation	176,854	-	-
Capital outlay	-	1,275,838	-
Total expenditures	5,602,905	4,607,081	260
Net change in fund balances	1,026,430	(597,205)	152,017
Fund balances, beginning of year, as restated	21,839,346	1,567,417	5,042,826
Fund balances (deficit), end of year	$ 22,865,776	$ 970,212	$ 5,194,843

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

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 7,022,131
182,539	215,282
14,022	1,000,187
-	2,378,874
-	12,139
-	96,000
-	205,680
-	57,756
196,561	10,988,049
-	2,554,828
5,884	4,369,921
249,953	2,088,642
-	176,854
-	1,275,838
255,837	10,466,083
(59,276)	521,966
(50,041)	28,399,548
$ (109,317)	$ 28,921,514

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FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds	$	521,966
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets purchased / constructed		1,282,979
Depreciation expense		(872,955)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.		
Change in deferred special assessments receivable		43,725
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Change in the accrual for compensated absences		93,397
Change in total other post employment benefits liability and related deferred inflows/outflows of resources		157,081
Change in net position of governmental activities	$	1,226,193

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 3,307,998	$ 3,307,998	$ 3,345,738	$ 37,740
Special assessments	-	-	32,743	32,743
Licenses and permits	788,500	788,500	986,165	197,665
Intergovernmental	2,041,599	2,041,599	2,064,164	22,565
Interest	90,000	90,000	144,436	54,436
Other	967,509	967,509	56,089	(911,420)
Total revenues	7,195,606	7,195,606	6,629,335	(566,271)
Expenditures				
Current:				
General government:				
Township board	62,500	62,500	57,812	(4,688)
Supervisor	166,000	166,000	189,783	23,783
Elections	125,150	125,150	109,520	(15,630)
Clerk	166,200	166,200	169,788	3,588
Treasurer	170,200	170,200	156,245	(13,955)
Auditing	100,000	100,000	22,799	(77,201)
Legal	140,000	140,000	220,506	80,506
Assessing	323,300	323,300	501,184	177,884
Building and grounds	399,100	399,100	160,549	(238,551)
General operating	932,500	932,500	890,858	(41,642)
Senior citizens	53,500	53,500	17,001	(36,499)
Industrial park	4,500	4,500	559	(3,941)
Planning and zoning	153,000	153,000	58,224	(94,776)
Total general government	2,795,950	2,795,950	2,554,828	(241,122)
Public safety:				
Building department	526,500	526,500	476,881	(49,619)
Police protection	510,200	510,200	555,913	45,713
Total public safety	1,036,700	1,036,700	1,032,794	(3,906)

continued...

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public works -				
Street lighting	$ 2,251,800	$ 2,251,800	$ 1,838,429	$ (413,371)
Culture and recreation:				
Library	62,400	62,400	41,593	(20,807)
Recreation	337,850	337,850	135,261	(202,589)
Total culture and recreation	400,250	400,250	176,854	(223,396)
Total expenditures	6,484,700	6,484,700	5,602,905	(881,795)
Net change in fund balance	710,906	710,906	1,026,430	315,524
Fund balance, beginning of year, as restated	21,839,346	21,839,346	21,839,346	-
Fund balance, end of year	$ 22,550,252	$ 22,550,252	$ 22,865,776	$ 315,524

concluded.

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Fire Special Revenue Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 3,632,800	$ 3,632,800	$ 3,676,393	$ 43,593
Intergovernmental	25,000	25,000	314,710	289,710
Charges for services	62,000	62,000	12,139	(49,861)
Interest	22,000	22,000	4,967	(17,033)
Other	-	-	1,667	1,667
Total revenues	3,741,800	3,741,800	4,009,876	268,076
Expenditures				
Current -				
Public safety:				
Wages	1,855,706	1,855,706	1,758,689	(97,017)
Benefits	1,253,500	1,253,500	1,122,423	(131,077)
Professional fees	14,000	14,000	43,643	29,643
Utilities	37,000	37,000	35,782	(1,218)
Repair and maintenance	70,000	70,000	66,926	(3,074)
Supplies	79,000	79,000	77,833	(1,167)
Other	188,500	188,500	225,947	37,447
Capital outlay	955,000	955,000	1,275,838	320,838
Total expenditures	4,452,706	4,452,706	4,607,081	154,375
Net change in fund balance	(710,906)	(710,906)	(597,205)	113,701
Fund balance, beginning of year, as restated	1,567,417	1,567,417	1,567,417	-
Fund balance, end of year	$ 856,511	$ 856,511	$ 970,212	$ 113,701

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Sewer Special Revenue Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fees	$ -	$ -	$ 96,000	$ 96,000
Interest revenue	-	-	56,277	56,277
Total revenues	-	-	152,277	152,277
Expenditures				
Current -				
Public works -				
Other	-	-	260	260
Net change in fund balance	-	-	152,017	152,017
Fund balance, beginning of year	5,042,826	5,042,826	5,042,826	-
Fund balance, end of year	$ 5,042,826	$ 5,042,826	$ 5,194,843	$ 152,017

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Net Position

Proprietary Fund - Water Enterprise Fund
December 31, 2020

Assets	
Current assets:	
Cash and cash equivalents	$ 19,340,827
Receivables:	
Accounts	607,433
Taxes	1,622,142
Due from other governments	71,484
Inventory	109,982
Total current assets	21,751,868
Noncurrent assets:	
Capital assets not being depreciated	867,762
Capital assets being depreciated, net	26,578,348
Equity in joint venture	1,732,110
Net other postemployment benefit asset	78,930
Total noncurrent assets	29,257,150
Total assets	51,009,018
Deferred outflows of resources	
Deferred other postemployment benefit amounts	327,373
Liabilities	
Current liabilities:	
Accounts payable	325,644
Accrued payroll	299,080
Due to other funds	498,535
Total liabilities	1,123,259
Deferred inflows of resources	
Taxes levied for a subsequent period	1,814,193
Deferred other postemployment benefit amounts	498,223
Total deferred inflows of resources	2,312,416
Net position	
Investment in capital assets	27,446,110
Unrestricted	20,454,606
Total net position	$ 47,900,716

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Fund - Water Enterprise Fund
For the Year Ended December 31, 2020

Operating revenues	
Charges for services	$ 2,775,201
Other	27,541
Total operating revenues	2,802,742
Operating expenses	
Wages and benefits	1,583,293
Insurance	67,437
Pump station	106,969
Repairs and maintenance	511,897
Raw water costs	220,224
Professional services	40,193
Supplies	133,718
Other	80,871
Depreciation	1,062,692
Total operating expenses	3,807,294
Operating loss	(1,004,552)
Nonoperating revenues	
Property taxes	1,784,153
Special assessments	25,187
Interest revenue	91,668
Net income from equity in joint venture	4,740
Total nonoperating revenues	1,905,748
Income before capital contributions	901,196
Capital contributions	
Tap in Fees	107,090
Change in net position	1,008,286
Net position, beginning of year, as restated	46,892,430
Net position, end of year	$ 47,900,716

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Cash Flows

Proprietary Fund - Water Enterprise Fund
For the Year Ended December 31, 2020

Cash flows from operating activities	
Receipts from customers and users	$ 3,164,580
Payments to suppliers and contractors	(1,008,935)
Payments to employees for services	(1,434,594)
Net cash provided by operating activities	721,051
Cash flows from capital and related financing activities	
Taxes collected	1,813,428
Special assessments collected	25,187
Purchase/construction of capital assets	(1,051,360)
Customer assessments - tap in fees received	107,090
Net cash provided by capital and related financing activities	894,345
Cash flows from investing activities	
Sale of investments	10,357,007
Interest received	91,668
Net cash provided by investing activities	10,448,675
Net change in cash and cash equivalents	12,064,071
Cash and cash equivalents, beginning of year	7,276,756
Cash and cash equivalents, end of year	$ 19,340,827

continued...

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Cash Flows

Proprietary Fund - Water Enterprise Fund
For the Year Ended December 31, 2020

Reconciliation of operating income to net cash provided by operating activities	
Operating loss	$ (1,004,552)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,062,692
Changes in assets and liabilities:	
Accounts receivable	381,866
Taxes receivable	31,719
Special assessment receivable	3,134
Due from other governments	(30,346)
Inventory	100,804
Accounts payable	226,989
Accrued payroll	240,851
Due to other governments	(649,570)
Due to other funds	382,179
Net other postemployment benefits	(24,715)
Net cash provided by operating activities	$ 721,051

concluded.

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2020

	Retiree Medical Plan Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	$ 33,287	$ 462,990
Investments, at fair value - mutual fund	9,944,758	-
Accounts receivable	-	871,439
Total assets	9,978,045	1,334,429
Liabilities		
Accrued liabilities	33,287	-
Undistributed receipts	-	1,334,429
Total liabilities	33,287	1,334,429
Net position		
Restricted for OPEB benefits	$ 9,944,758	$ -

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

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds
For the Year Ended December 31, 2020

	Retiree Medical Plan Trust Fund	Custodial Funds
Additions		
Contributions-		
Employer	$ 221,644	$ -
Investment income -		
Interest and dividends	1,189,072	-
Collection of taxes for other governments	-	15,660,885
Collection of sewer fees for other governments	-	2,834,211
Total additions	1,410,716	18,495,096
Deductions		
OPEB benefit payments, including refunds of employee contributions	221,644	-
Payment of taxes to other governments	-	15,660,885
Payment of sewer fees to other governments	-	2,834,211
Total deductions	221,644	18,495,096
Change in net position	1,189,072	-
Net position, beginning of year	8,755,686	-
Net position, end of year	$ 9,944,758	$ -

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

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Frenchtown Charter Township, Michigan (the "Township") is a Michigan Municipal Corporation governed by the Township Board. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the Township is financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely presented component unit

The Frenchtown Charter Township Resort District Authority (the "Authority") - The Authority was created as a separate legal entity under Public Act 59 of 1986 of the State of Michigan. The purpose of the Authority is to prevent deterioration, encourage historic preservation, and promote rehabilitation with the resort district. The Authority performs the following functions: (1) Manages drainage, road improvements, and construction that are bonded; (2) oversees debt retirement of bonded debt that was used to finance the construction project and improvements; (3) provides certain services including street lighting and garbage collection; and, (4) performs other services as needed to fulfill its duties. The governing body of the Authority is appointed by the Township Board for a fixed term. The Township approves the annual budget and any capital projects of the Authority. Prior approval by the Township is needed on any taxation by the Authority and the Township's approval is needed for any borrowing done by the Authority. Separate financial statements are prepared. The Authority uses governmental fund type accounting and is reported in a separate column. This report can be obtained by contacting their office at 2979 Nadeau Road, Monroe, MI 48162.

Fiduciary component unit

The *Retiree Medical Plan Trust Fund* (the "Plan") was created by the Township to provide funding for future retiree healthcare payments to retirees. The Township has approved an investment policy for the fund which dictates how the assets are invested. Assets are invested in the VantageCare Retirement Health Savings Plan (ICMARC) and one financial institution. The Township has the ability to impose its will upon the trust fund.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, 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. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

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

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, intergovernmental revenue, fees, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The *fire special revenue fund* accounts for the tax and assessment revenues restricted for fire

The *sewer special revenue fund* accounts for tap revenues restricted for sewer projects.

Notes to Financial Statements

The Township reports the following major proprietary fund -

The *water fund* accounts for the operation and maintenance of the water treatment and distribution systems, capital additions and improvements, and retirement of related long-term debt. Financing is provided by user charges.

Additionally, the Township reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Custodial fund accounts for assets held by the Township in a custodial capacity for other governments and entities. Primarily this includes undistributed collections of current property taxes and sewer billings collected on behalf of the City of Monroe.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position is reported for amounts that are subject to restrictions beyond the Township's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Township pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Receivables and payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are recorded as unearned revenue.

Capital assets

Capital assets, which include land, construction in progress, improvements other than buildings, buildings and systems, machinery and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	Years
Buildings and systems	20-50
Improvements other than buildings	20
Machinery and equipment	5-20
Infrastructure	20

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township reports deferred outflows for other postemployment benefit amounts.

Compensated absences

It is the Township's policy to permit employees to accumulate earned but unused sick time. A liability for sick time is accrued when incurred in the government-wide and proprietary fund financial statements, whereas it is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements.

Deferred inflows of resources

In addition to liabilities, the statement of financial position 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 that applies to future periods and so will not be recognized as an inflow of resources until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from special assessment receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also reports deferred inflows of resources for taxes levied for subsequent period, unavailable revenue related to property taxes, and other postemployment benefit amounts.

Fund balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Township Board. A formal resolution of the Township Board is required to establish, modify, or rescind a fund balance commitment. The Township currently has no committed fund balance. The Township has no assigned fund balance as the Township Board has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund or for any fund in a deficit position.

When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

Property taxes

Township property taxes are attached as an enforceable lien on property as of the property tax due date. The taxes are levied July 1 and December 1 and are due without penalty on or before September 14 and February 14. The Township bills and collects its own property taxes for general governmental services. Unpaid real property taxes are turned over to Monroe County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60-day rule.

Other Postemployment Benefits

For purposes of measuring the total other postemployment benefit liability (asset), deferred outflows of resources, and deferred inflows of resources related to other postemployment benefit plan, and other postemployment benefit expenses, information about the fiduciary net position of the plan, where applicable, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of estimates

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

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually.

The budget document presents information by fund, function, activity, and line items. The legal level of budgetary control adopted by the governing body is the department level. Expenditures at this level in excess of amounts budgeted for activities are a violation of Michigan law. Budget amendments are proposed as needed and subject to formal approval by the Township Board.

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS AND DEFICIT FUND BALANCES

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township were adopted at the activity level for the general fund and special revenue funds. During the year ended December 31, 2020, the Township incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Variance with Final Budget
General Fund:			
General government:			
Supervisor	$ 166,000	$ 189,783	$ 23,783
Clerk	166,200	169,788	3,588
Legal	140,000	220,506	80,506
Assessing	323,300	501,184	177,884
Public safety -			
Police protection	510,200	555,913	45,713
Fire Special Revenue Fund -			
Capital outlay	955,000	1,275,838	320,838
Sewer Special Revenue Fund -			
Public works -			
Other	-	260	260
Street Lighting Special Revenue Fund -			
Public works	225,000	249,953	24,953

Deficit Fund Equity

At year end, the Township reported an unassigned fund balance deficit in the Street Lighting Special Revenue fund of $117,455.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Following is a reconciliation of cash and cash equivalents and investments as of December 31, 2020:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	$ 49,150,284	$ 1,375,134	$ 50,525,418
Statement of Fiduciary Net Position			
Cash and cash equivalents	496,277	-	496,277
Investments	9,944,758	-	9,944,758
Total	$ 59,591,319	$ 1,375,134	$ 60,966,453

Deposits and Investments	
Demand deposits (checking/savings accounts and CD's)	$ 51,021,387
Retiree medical plan trust fund investments	9,944,758
Cash on hand	308
Total	$ 60,966,453

Primary Government - Deposit and Investment Risk

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The primary government had no investments at year-end.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, $50,626,977 of the Township's bank balance of $51,376,977 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. The Township had no investments subject to concentration of credit risk at December 31, 2020.

Retiree Medical Plan Trust Fund - Investment Risk

The Plan's investments are held by a third-party financial institution. The Plan invests in collective trust funds, including equity stock funds, target risk funds, fixed income funds, target date funds, and cash management funds. The third-party financial institution selects the particular funds into which the Township's contributions are made.

Plan investments in a mutual fund as of December 31 are summarized as follows -

VantageCare Retirement Health Savings Plan - VT II Model Portfolio Moderate	$ 9,944,758

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the Plan had no direct investments in fixed income instruments. Accordingly, the Plan's investments are not exposed to credit risk. The Township's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2020, the Plan had no direct investments in fixed income instruments. Accordingly, the Plan's investments are not exposed to custodial credit risk. The Township's investment policy does not address custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2020, the Plan had no direct investments in fixed income instruments. Accordingly the Plan's investments are not exposed to interest rate risk.

Fair Value Measurements. The Plan categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the Plan. At December 31, 2020, all of the Plan's investments are determined to be Level 1 (fair value determined based on quoted prices in active markets for identical assets).

Notes to Financial Statements

5. RECEIVABLES

Receivables at year end are as follows:

	Governmental Activities	Business-type Activities	Component Unit
Receivables:			
Accounts	$ 151,573	$ 607,433	$ -
Taxes	7,447,476	1,622,142	1,750,728
Special assessments	159,443	-	-
Due from other governments	898,853	71,484	-
	$ 8,657,345	$ 2,301,059	$ 1,750,728

6. CAPITAL ASSETS

Primary government

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets not being depreciated -				
Land	$ 1,087,668	$ 84,920	$ -	$ 1,172,588
Capital assets being depreciated:				
Buildings	7,577,065	-	-	7,577,065
Improvements other than buildings	1,311,845	-	-	1,311,845
Machinery and equipment	4,432,666	1,198,059	-	5,630,725
Infrastructure	8,773,809	-	-	8,773,809
	22,095,385	1,198,059	-	23,293,444
Less accumulated depreciation for:				
Buildings	(4,049,260)	(149,361)	-	(4,198,621)
Improvements other than buildings	(993,267)	(38,111)	-	(1,031,378)
Machinery and equipment	(3,569,143)	(327,289)	-	(3,896,432)
Infrastructure	(5,950,152)	(358,194)	-	(6,308,346)
	(14,561,822)	(872,955)	-	(15,434,777)
Total capital assets being depreciated, net	7,533,563	325,104	-	7,858,667
Governmental activities capital assets, net	$ 8,621,231	$ 410,024	$ -	$ 9,031,255

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	$ 115,800	$ -	$ -	$ 115,800
Construction in progress	1,591,234	-	(839,272)	751,962
	1,707,034	-	(839,272)	867,762
Capital assets being depreciated:				
Buildings and systems	42,412,668	817,846	839,272	44,069,786
Machinery and equipment	3,985,468	233,514	-	4,218,982
	46,398,136	1,051,360	839,272	48,288,768
Less accumulated depreciation for:				
Buildings and systems	(17,183,224)	(910,819)	-	(18,094,043)
Machinery and equipment	(3,464,504)	(151,873)	-	(3,616,377)
	(20,647,728)	(1,062,692)	-	(21,710,420)
Total capital assets being depreciated, net	25,750,408	(11,332)	839,272	26,578,348
Business-type activities capital assets, net	$ 27,457,442	$ (11,332)	$ -	$ 27,446,110

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

Depreciation of governmental activities by function	
General government	$ 102,633
Public safety	339,779
Public works	358,194
Culture and recreation	72,349
Total governmental activities	$ 872,955
Depreciation of business-type activities by function	
Water	$ 1,062,692

At December 31, 2020, the Township had no material outstanding commitments for construction contracts.

Notes to Financial Statements

Component unit - Resort District Authority

Capital asset activity for the Authority for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component unit - Resort District Authority				
Capital assets not being depreciated -				
Land	$ 6,716	$ -	$ -	$ 6,716
Capital assets being depreciated:				
Machinery and equipment	43,826	-	-	43,826
Improvements other than buildings	108,521	-	-	108,521
Infrastructure	1,455,322	-	-	1,455,322
	1,607,669	-	-	1,607,669
Less accumulated depreciation for:				
Machinery and equipment	(43,226)	(600)	-	(43,826)
Improvements other than buildings	(81,390)	(5,426)	-	(86,816)
Infrastructure	(675,140)	(43,440)	-	(718,580)
	(799,756)	(49,466)	-	(849,222)
Total capital assets being depreciated, net	807,913	(49,466)	-	758,447
Component unit - Resort District Authority capital assets, net	$ 814,629	$ (49,466)	$ -	$ 765,163

Depreciation expense was charged to functions/programs as follows:

Depreciation by function	
General government	$ 6,026
Public works	43,440
Total	$ 49,466

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities at year end are as follows:

	Governmental Activities	Business-type Activities	Component Unit
Accounts payable	$ 1,003,635	$ 325,644	$ 295,508
Accrued payroll	695,778	299,080	-
	$ 1,699,413	$ 624,724	$ 295,508

8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2020 is summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 150,481	$ 57,084	$ (150,481)	$ 57,084	$ 57,084

Compensated absences are generally liquidated by the general fund.

9. RISK MANAGEMENT

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

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

10. CONTINGENCIES

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

11. EMPLOYEE DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

Defined Contribution Pension Plan

The Township provides pension benefits for all of its permanent employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For employees hired after 2000, the Township contributes a maximum of 10% of base wages for each employee, as follows: no contribution the first year, 2% the second year, with an additional 2% for years 3-6 until the employee reaches the maximum of 10%. Employees may voluntarily contribute up to a maximum of 10% of wages. An employee is fully vested after five years of service. An insurance company administers the Plan.

For employees hired prior to 2001, the Township contributes 15% of base wages for each employee. Employees may voluntarily contribute up to a maximum of 10% of wages. An employee is fully vested after three years of service. An insurance company administers the Plan.

The Township's total payroll for the year ended December 31, 2020 was $2,342,308. The Township made the required contribution of $350,015.

Deferred Compensation Plan

The Frenchtown Charter Township Board offers all Frenchtown Charter Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Township's financial statements.

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information About the Plan

Plan Description. Frenchtown Charter Township Retiree Medical Plan (the "Plan") is a single employer plan established and administered by the Township and can be amended at the Board's discretion. The Plan does not issue stand-alone financial statements.

Benefits Provided. Benefit eligibility and employer benefits provided are detailed, below:

- Benefit eligibility:
  - Non-union employees hired after 1999: Age plus service equal to 80 and 20 years of service and not eligible for equivalent benefits from other sources
  - All others: Age plus service equal to 80 and 20 years of service

- Employer benefits:
  - Non-union Township Hall employees who retired on or before November 20, 2008: Payment of medical, dental and vision premiums and prescription co-pay reimbursement of $10/$20 or $20/$40 plans to $2.00 for retiree and spouse
  - All others: Payment of medical, dental and vision premiums for retiree and spouse

Employees Covered by Benefit Terms. At January 1, 2019, the date of the most recent actuarial valuation, plan membership consisted of the following:

Retirees and survivors	20
Active employees	53
Total membership	73

Contributions. The Plan was established and is being funded under the authority of the Township. The Plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan.

Actuarial Assumptions. The Township's net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation — Included in investment rate of return

Salary increases — 3.50% (for purpose of allocating liability (asset))

Investment rate of return — 5.04% (including inflation)

20-year Aa Municipal bond rate — 1.93% (S&P Municipal Bond 20-Year High Grade Rate Index)

Healthcare cost trend rates — Pre-Medicare, 8.5% graded down to 4.5% by 0.25% per year; Post-Medicare, 7.0% graded down to 6.5% after one year and then by 0.25% per year to an ultimate rate of 4.5%

Mortality — Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted

Improvement scale — MP-2019

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Fixed income	35.00%	3.90%	1.37%
Multi strategy	7.00%	3.30%	0.23%
Large cap	44.00%	6.60%	2.90%
Mid cap	2.00%	9.00%	0.18%
Small cap	1.00%	9.50%	0.10%
International stock	11.00%	2.40%	0.26%
	100.00%		
Investment rate of return			5.04%

Discount Rate. The discount rate used to measure the total OPEB liability (asset) at December 31, 2020 was 5.04%. The projection of cash flows used to determine the discount rate assumed that the Township will continue to make annual contributions of up to $550,000 to achieve and maintain full funding of the Plan. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits.

Changes in the Net OPEB Liability (Asset). The components of the change in the net OPEB liability (asset) are summarized as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at December 31, 2019	$ 9,055,591	$ 8,755,686	$ 299,905
Changes for the year:			
Service cost	286,111	-	286,111
Interest	465,237	-	465,237
Differences between expected and actual experience	(91,995)	-	(91,995)
Changes in assumptions	(133,207)	-	(133,207)
Benefits payments and refunds	(221,644)	(221,644)	-
Employer contributions	-	221,644	(221,644)
Net investment income	-	1,189,072	(1,189,072)
Net changes	304,502	1,189,072	(884,570)
Balances at December 31, 2020	$ 9,360,093	$ 9,944,758	$ (584,665)

For the fiscal year ended December 31, 2020, the post-Medicare medical trend was updated, resulting in a change in assumption, as noted above.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following table presents the net OPEB liability (asset), calculated using a single discount rate of 5.04%, as well as what the net OPEB liability (asset) would be if it were calculated using a single discount rate that is one-percentage-point lower (4.04%) or one-percentage-point higher (6.04%) than the current rate:

1% Decrease (4.04%)	Current Discount Rate (5.04%)	1% Increase (6.04%)
$ 964,552	$ (584,665)	$ (1,831,821)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate Assumption. The following table presents the net OPEB liability (asset) of the Township, as well as what the Township's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% lower (7.50% decreasing to 3.50%) or 1% higher (9.50% decreasing to 5.50%) than the current healthcare cost trend rates:

1% Decrease (7.50% Decreasing to 3.50%)	Current Discount Rate (8.50% Decreasing to 4.50%)	1% Increase (9.50% Decreasing to 5.50%)
$ (2,211,407)	$ (584,665)	$ 1,572,278

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the statement of fiduciary net position and statement of changes in fiduciary net position.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2020, total OPEB expense amounted to $39,848. At December 31, 2020, the Township reported OPEB-related deferred outflows of resources and deferred inflows of resources from the following sources:

Total Plan	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	$ -	$ 2,633,044	$ (2,633,044)
Changes in assumptions	2,424,982	250,518	2,174,464
Net difference between projected and actual investment earnings on OPEB plan investments	-	806,981	(806,981)
Total	$ 2,424,982	$ 3,690,543	$ (1,265,561)

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

Year Ended December 31,	Amount
2021	$ (270,213)
2022	(218,729)
2023	(371,111)
2024	(217,100)
2025	(67,543)
Thereafter	(120,865)
	$ (1,265,561)

Payable to the OPEB Plan. At December 31, 2020, the Township reported no amount payable to the OPEB plan.

For the governmental activities, the total OPEB liability is generally liquidated by the general fund.

13. INVESTMENT IN CAPITAL ASSETS

Following is a summary of the Township's investment in capital assets as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities	Resort District Authority	Total
Capital assets:				
Capital assets not being depreciated	$ 1,172,588	$ 867,762	6,716	$ 2,047,066
Capital assets being depreciated, net	7,858,667	26,578,348	758,447	35,195,462
Investment in capital assets	$ 9,031,255	$ 27,446,110	$ 765,163	$ 37,242,528

14. ECONOMIC DEPENDENCE

The Township receives approximately 40% of its tax revenue from one taxpayer. The taxpayer has requested a substantial reduction in valuation, negotiations and appraisals are ongoing. Any reduction will not be retroactive.

15. JOINT VENTURE

Monroe - Frenchtown Raw Water Intake Supply Partnership

The Township owns an 8/26 interest in the Monroe - Frenchtown Raw Water Intake Supply Partnership. Operational costs are allocated based on water consumption. The Partnership provides water to the Township's treatment plant.

Summary financial information as of, and for the fiscal year ended June 30, 2020 is as follows:

Total assets and deferred outflows of resources	$ 5,669,449
Total liabilities and deferred inflows of resources	40,088
Total equity	5,629,361
Total revenue	378,857
Total expenses	363,451
Increase in equity	15,406

The Township's equity interest is recorded in the water fund in the amount of $1,732,110.

Complete financial statements can be obtained from the City of Monroe, 120 E. First Street, Monroe, Michigan.

16. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the Township's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the Township for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the Township's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

17. RESTATEMENTS

Governmental Activities

Beginning fund balance of the general fund was decreased by $477,959 related to prior year understated Local Community Stabilization Authority revenues by $67,701, and prior year overstated cash by $545,660.

Beginning fund balance of the fire special revenue fund was increased by $47,584 related to prior year understated Local Community Stabilization Authority revenues.

Beginning fund balance of the street lighting special revenue fund was decreased by $65,928 related to prior year overstated special assessments revenues.

Beginning net position of governmental activities was decreased by $7,942,083 related to prior year understated Local Community Stabilization Authority revenues ($115,285), prior year overstated cash ($545,660), prior year overstated tax revenue and understated deferred inflows for property taxes levied for subsequent year ($6,959,081), prior year understated deferred inflows of resources related to special assessments revenue ($65,928), and prior year understated deferred outflows/inflows of resources related to other postemployment benefits ($486,698).

Business-type Activities/Water Enterprise Fund

Beginning net position of business-type activities and the water enterprise fund were decreased by $1,861,006 related to prior year understated deferred inflow for taxes levied for subsequent year and overstated tax revenue ($1,784,918), and prior year understated deferred outflows/inflows of resources related to other postemployment benefits ($76,089).

Component Unit

Beginning net position of the component unit was decreased by $1,952,051 related to prior year overstated tax revenue and understated deferred inflows for property taxes levied for subsequent year ($1,874,680), prior year overstated taxes receivable and tax revenue ($123,953), and prior year overstated deferred inflows or resources and understated tax revenue ($46,582).

Fiduciary Component Unit

Beginning net position of the Retiree Medical Plan Trust Fund fiduciary component unit was decreased by $12,264 related to prior year variances between the fund and the Township Retiree Medical Plan actuarial valuation as prepared by the Township's actuaries by $557,924 and prior year understated cash by $545,660.

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REQUIRED SUPPLEMENTARY INFORMATION

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Required Supplementary Information

Retiree Medical Plan Trust

Schedule of Changes in Net Other Postemployment Benefits Liability (Asset) and Related Ratios

	Year Ended December 31,			
	2020	2019	2018	2017
Total OPEB liability				
Service cost	$ 286,111	$ 181,555	$ 189,051	$ 188,083
Interest on total OPEB liability	465,237	499,359	472,587	518,638
Differences between expected and actual experience	(91,995)	(1,227,979)	(88,949)	(2,156,397)
Changes of assumptions	(133,207)	2,171,891	(179,224)	906,287
Benefit payments (including refunds of employee contributions)	(221,644)	(235,395)	(199,284)	(189,518)
Net change in total OPEB liability	304,502	1,389,431	194,181	(732,907)
Total OPEB liability, beginning of year	9,055,591	7,666,160	7,471,979	8,204,886
Total OPEB liability, end of year	9,360,093	9,055,591	7,666,160	7,471,979
Plan fiduciary net position				
Employer contributions	221,644	2,064,783	315,961	1,593,252
Net investment income (loss)	1,189,072	1,206,203	(377,174)	518,420
Benefit payments (including refunds of employee contributions)	(221,644)	(235,395)	(199,284)	(189,518)
Administrative expense	-	-	(745)	-
Other	-	(116,677)	-	-
Net change in plan fiduciary net position	1,189,072	2,918,914	(261,242)	1,922,154
Plan fiduciary net position, beginning of year	8,755,686	5,836,772	6,098,014	4,175,860
Plan fiduciary net position, end of year	9,944,758	8,755,686	5,836,772	6,098,014
Net OPEB liability (asset)	$ (584,665)	$ 299,905	$ 1,829,388	$ 1,373,965
Plan fiduciary net position as a percentage of total OPEB liability	106.25%	96.69%	76.14%	81.61%
Covered-employee payroll	$ 3,437,400	$ 3,697,124	$ 3,700,397	n/a
Net OPEB liability (asset) as a percentage of covered-employee payroll	-17.0%	8.1%	49.4%	n/a

See notes to required supplementary information.

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Required Supplementary Information

Retiree Medical Plan Trust
Schedule of Contributions

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Actual Contribution as a Percentage of Covered-Employee Payroll
2020	$ 319,407	$ 221,644	$ 97,763	$ 3,437,400	6.45%
2019	342,410	2,064,783	(1,722,373)	3,697,124	55.85%
2018	285,197	315,961	(30,764)	3,700,397	8.54%
2017	305,464	1,593,252	(1,287,788)	n/a	n/a

See notes to required supplementary information.

Notes to Required Supplementary Information

OPEB Information

GASB 75 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The significant changes in assumptions for each of the fiscal years ended December 31 were as follows:

- 2020 - The post-Medicare medical trend was updated.
- 2019 - The mortality tables and discount rate were updated.
- 2018 - The salary scales, mortality tables, trend rates, and discount rate were updated.

Notes to Schedule of Contributions

Valuation date	January 1, 2019
Measurement date	December 31, 2020
Reporting date	December 31, 2020
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of compensation
Remaining amortization period	19 years
Asset valuation method	Market value
Inflation	Included in investment rate of return
Salary increases	3.50%
Investment rate of return	5.04%
20-year Aa municipal bond rate	1.93%
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, MP-2019
Utilization	100% of eligible employees will elect coverage at retirement; actual coverage used for non-active

COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
December 31, 2020

	Liquor Law Enforcement	Street Lighting	Total
Assets			
Cash and cash equivalents	$ 7,238	$ -	$ 7,238
Receivables:			
Accounts	-	139,087	139,087
Special assessments	-	76,758	76,758
Due from other funds	900	-	900
Total assets	$ 8,138	$ 215,845	$ 223,983
Liabilities			
Negative equity in cash and cash equivalents	$ -	$ 197,032	$ 197,032
Accounts payable	-	59,510	59,510
Total liabilities	-	256,542	256,542
Deferred inflows of resources			
Unavailable revenue - special assessments	-	76,758	76,758
Fund balances			
Restricted	8,138	-	8,138
Unassigned (deficit)	-	(117,455)	(117,455)
Total fund balances	8,138	(117,455)	(109,317)
Total liabilities, deferred inflows of resources, and fund balances	$ 8,138	$ 215,845	$ 223,983

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended December 31, 2020

	Liquor Law Enforcement	Street Lighting	Total
Revenues			
Special assessments	$ -	$ 182,539	$ 182,539
Licenses and permits	14,022	-	14,022
Total revenues	14,022	182,539	196,561
Expenditures			
Current:			
Public safety	5,884	-	5,884
Public works	-	249,953	249,953
Total expenditures	5,884	249,953	255,837
Net change in fund balances	8,138	(67,414)	(59,276)
Fund balances, beginning of year, as restated	-	(50,041)	(50,041)
Fund balances (deficit), end of year	$ 8,138	$ (117,455)	$ (109,317)

FRENCHTOWN TOWNSHIP, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2020

	Liquor Law Enforcement		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Special assessments	$ -	$ -	$ -
Licenses and permits	15,800	14,022	(1,778)
Total revenues	15,800	14,022	(1,778)
Expenditures			
Current:			
Public safety	15,800	5,884	(9,916)
Public works	-	-	-
Total expenditures	15,800	5,884	(9,916)
Net change in fund balances	-	8,138	8,138
Fund balances, beginning of year	-	-	-
Fund balances (deficit), end of year	$ -	$ 8,138	$ 8,138

Street Lighting		
Final Budget	Actual	Actual Over (Under) Final Budget
$ 225,000	$ 182,539	$ (42,461)
-	-	-
225,000	182,539	(42,461)
-	-	-
225,000	249,953	24,953
225,000	249,953	24,953
-	(67,414)	(67,414)
(50,041)	(50,041)	-
$ (50,041)	$ (117,455)	$ (67,414)

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds
December 31, 2020

	Tax Collections	Sewer Collections	Total
Assets			
Cash and cash equivalents	$ 378,670	$ 84,320	$ 462,990
Accounts receivable	-	871,439	871,439
Total assets	378,670	955,759	1,334,429
Liabilities			
Undistributed receipts	378,670	955,759	1,334,429
Net position	$ -	$ -	$ -

FRENCHTOWN CHARTER TOWNSHIP, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2020

	Tax Collections	Sewer Collections	Total
Additions			
Collection of taxes for other governments	$ 15,660,885	$ -	$ 15,660,885
Collection of sewer fees for other governments	-	2,834,211	2,834,211
Total additions	15,660,885	2,834,211	18,495,096
Deductions			
Payment of taxes to other governments	15,660,885	-	15,660,885
Payment of sewer fees to other governments	-	2,834,211	2,834,211
Total deductions	15,660,885	2,834,211	18,495,096
Change in net position	-	-	-
Net position, beginning of year	-	-	-
Net position, end of year	$ -	$ -	$ -

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